



Explanatory Memorandum  
on the  
Budget of the Governor-General in Council  
for  
1941-42.

# Budget 1941-42

## Explanatory Memorandum

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### INTRODUCTORY NOTES.

1. Unless otherwise stated, the amounts given in these statements are in lakhs of rupees, and the expressions "last year", "current year" and "next year" stand for the financial years 1939-40, 1940-41 and 1941-42, respectively.

2. In the figures relating to previous years expenditure incurred in sterling has been converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London throughout the year in question. The current year's sterling expenditure has been converted at the rate of 1s. 5 31/32d. on the basis of the actual rates during the first ten months of the year, but in accordance with the usual practice the budget estimates for 1941-42 are based on the standard rate of 1s. 6d.

3. The statements of revenue and expenditure are based on net figures, i.e., the totals include only the net expenditure on the Defence Services, the net surplus or deficit of the Posts and Telegraphs Department, and the net contribution paid by the Railways to general revenues. Unless otherwise stated, however, the cost of collection is treated as expenditure and is not deducted from the figures given on the revenue side.

## EXPLANATORY MEMORANDUM: GENERAL BUDGET.

## STATEMENT I.

	Revenue Estimates.			
	1939-40, Accounts.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
Customs . . . . .	45,88	39,16	37,75	35,11
Central Excise Duties . . . . .	6,52	10,14	8,50	12,10
Corporation Tax . . . . .	2,38	5,30	4,47	12,62
Taxes on Income other than Corporation Tax . . . . .	16,99	17,20	20,50	27,46
Salt . . . . .	10,86	8,20	7,70	8,30
Opium . . . . .	47	47	47	53
Interest . . . . .	76	61	62	61
Civil Administration . . . . .	1,07	1,05	1,13	1,13
Currency and Mint . . . . .	1,28	1,25	2,17	2,21
Civil Works . . . . .	30	33	31	28
Receipts from Indian States . . . . .	61	62	63	63
Other sources of revenue . . . . .	2,06	1,80	2,62	2,65
<b>Posts and Telegraphs :—</b>				
Net contribution to general revenues . . . . .	89	37	1,02	1,40
<b>Railways :—</b>				
Net contribution to general revenues . . . . .	4,33	5,31	9,96	10,18
<b>Deduct :—</b>				
Share of income tax revenue payable to Provinces . . . . .	—2,79	—3,00	—4,16	—4,46
<b>Total . . . . .</b>	<b>91,61</b>	<b>88,81</b>	<b>93,69</b>	<b>1,10,75</b>
<b>Add :—</b>				
Payments by Burma . . . . .	2,96	2,92	2,25	2,25
Transfers from Revenue Reserve Fund . . . . .	..	91	7,77	..
<b>GRAND TOTAL . . . . .</b>	<b>94,67</b>	<b>92,64</b>	<b>1,03,71</b>	<b>1,13,00</b>

## Notes on the revenue estimates.

*Customs and Central Excise Duties.*—The distribution of these estimates is shown in Statements II and III.

*Corporation Tax.*—As compared with the Budget Estimate of Rs. 5,30 lakhs for the current year, made up of Rs. 2,30 lakhs from ordinary collections and Rs. 3,00 lakhs from Excess Profits Tax, the Revised Estimate includes Rs. 2,57 lakhs on account of ordinary collections, Rs. 23 lakhs from the Central surcharge imposed last November and Rs. 1,67 lakhs on account of Excess Profits Tax receipts, five-sixths of which are estimated to relate to Companies. For next year on the existing basis ordinary collections have been taken at Rs. 1,56 lakhs, the yield of the 25 per cent. Central surcharge at Rs. 67 lakhs and Excess Profits Tax at Rs. 7,08 lakhs, making a total of Rs. 10,31 lakhs.

*Taxes on Income other than Corporation Tax.*—The Revised Estimate of Rs. 20,50 lakhs for the current year and the Budget Estimate of Rs. 25,37 lakhs for next year on the existing basis are made up as follows :—

	Revised, 1940-41.	Budget, 1941-42.
Ordinary collection . . . . .	18,54	18,94
Surcharge . . . . .	1,63	5,01
E. P. T. . . . .	33	1,42
	20,50	25,37

The share of income-tax revenue payable to the Provinces is calculated as follows :—

	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
Total taxes on income other than corporation tax, excluding Central surcharge . . . . .	17,20	18,87	20,36
<i>Deduct :—</i>			
Portion attributable to taxes on emoluments of officers serving under the Central Government and to centrally administered areas . . . . .	1,55	1,80	1,91
Share of cost of collection . . . . .	65	60	52
Balance . . . . .	15,00	16,47	17,93
<i>Deduct :—</i>			
Amount to be retained by the Central Government	12,00	12,74	13,47
Amount payable to Provinces . . . . .	3,00	3,73	4,46
<i>Add :—</i>			
Previous year's arrears . . . . .	..	43	..
Total . . . . .	3,00	4,16	4,46

*Salt and Opium.*—The distribution of these estimates is given in Statements IV and V.

*Currency and Mint.*—The main items are shown in Statement VI.

*Other Sources of Revenue.*—The Revised and Budget include Rs. 25 lakhs and Rs. 63 lakhs respectively on account of the premia received under the War Risks (Goods) Insurance Scheme the payment of which to the Insurance

Fund is provided on the expenditure side. Omitting this, there is an improvement of Rs. 57 lakhs in revised and Rs. 22 lakhs in budget. The former is due partly to a special credit of Rs. 11·5 lakhs on account of fees from the import of silver, and Rs. 10·81 lakhs on account of certain overpayments recovered from Burma while the balance of the increase is accounted for by larger revenue under Stamps, Forests, Stationery and Printing and Receipts connected with the War. The budget which does not include any special credit provides for less revenue under Stamps, Miscellaneous and Receipts connected with the War.

## STATEMENT II.

## Details of Customs Revenue.

	1939 40, Accounts.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
<b>SEA CUSTOMS—IMPORTS.</b>				
<i>I.—Revenue duties.</i>				
Ale, beer, porter, cider and other fermented liquors . . . . .	28.77	27.00	27.00	25.00
Spirits and liqueurs . . . . .	1,55.25	1,25.00	1,40.00	1,25.00
Wines, . . . . .	7.97	8.00	7.00	6.00
Spices . . . . .	27.75	21.00	16.00	16.00
Tea . . . . .	4.13	4.00	1.00	1.00
Tobacco . . . . .	1,67.86	1,32.00	1,70.00	1,60.00
Kerosene oil . . . . .	4,01.64	3,70.00	3,50.00	3,50.00
Motor spirit . . . . .	6,15.79	6,90.00	5,90.00	5,40.00
Oils, batching, fuel and lubricating . . . . .	45.68	40.00	48.00	40.00
Cotton, raw . . . . .	1,05.31	1,00.00	1,20.00	1,00.00
Boots and shoes . . . . .	2.84	2.00	1.00	1.00
Motor cars, cycles, scooters, omnibuses, chassis, vans, lorries and parts thereof . . . . .	1,52.59	1,25.00	88.00	90.00
Electric lighting bulbs . . . . .	13.07	13.00	11.00	10.00
Wireless reception instruments and apparatus . . . . .	21.19	18.00	19.00	18.00
Dyes derived from coal-tar and coal-tar derivatives . . . . .	28.16	22.00	40.00	25.00
Machinery . . . . .	1,85.17	1,70.00	1,54.00	1,55.00
Iron and Steel . . . . .	51.05	35.00	70.00	50.00
Silver bullion, coin, sheets, plates and other manufactures	1,48.67	35.00	24.00	24.00
Tin, block . . . . .	11.42	8.00	7.00	6.00
Metals, other than iron and steel, silver and block tin . . . . .	58.44	46.00	70.00	60.00
Railway plant and rolling stock . . . . .	12.86	14.00	12.00	12.00
Artificial silk yarn and thread . . . . .	72.46	40.00	85.00	116.00
Yarns and textile fabrics, others . . . . .	67.09	60.00	63.00	60.00
Cinematograph films . . . . .	14.79	14.00	11.00	11.00
Portland cement excluding white Portland cement . . . . .	.72	1.00	.15	.15
Pneumatic rubber tyres and tubes . . . . .	29.44	25.00	15.85	15.85
Toys, games and sports goods . . . . .	15.80	15.00	10.00	10.00
Betelnuts . . . . .	73.49	70.00	70.00	70.00
All other articles . . . . .	8,99.99	8,10.00	9,10.00	8,25.00

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	1939-40, Accounts.	1940-41, Budget. Revised.	1941-42, Budget.
<b>SEA CUSTOMS—IMPORTS—contd.</b>			
<i>II.—Protective duties.</i>			
Wheat and wheat flour . . . . .	10.72	...	.03 .03
Broken rice . . . . .	6.42	...	.06 .06
Sugar . . . . .	3,96.08	1,65.00	20.00 20.00
Heavy chemicals . . . . .	.06	.15	.15 .15
Iron and steel . . . . .	44.13	39.85	39.76 39.76
Silver wire, thread and other manufactures . . . . .	1.33	1.00	.27 .17
Paper and stationery . . . . .	14.50	15.00	9.73 7.83
Raw silk . . . . .	30.39	26.00	28.00 26.00
Silk yarn and thread . . . . .	10.09	8.00	12.00 10.00
Cotton yarn and thread . . . . .	32.92	28.00	22.00 20.00
Cotton fabrics of British manufacture . . . . .	64.09	55.00	29.00 29.00
Cotton fabrics not of British manufacture . . . . .	2,37.82	2,65.00	2,50.00 2,30.00
Silk fabrics . . . . .	30.82	30.00	27.00 20.00
Cotton hosiery . . . . .	6.37	6.00	6.00 5.00
Artificial silk fabrics . . . . .	1,07.98	95.00	1,10.00 1,00.00
Fabrics of artificial silk mixed with other materials . . . . .	14.12	12.00	12.00 12.00
Other textile manufactures . . . . .	36.75	28.00	25.00 20.00
Matches, match splints and veneers . . . . .	22.73	16.00	25.00 20.00
Wood pulp . . . . .	5.59	5.00	4.00 3.00
<b>TOTAL IMPORTS</b> . . . . .	<b>45,42.30</b>	<b>38,35.00</b>	<b>37,50.00 34,85.00</b>
<b>SEA CUSTOMS—EXPORTS.</b>			
Jute—			
Raw . . . . .	} 3,94.84	4,20.00	3,40.00 3,60.00
Manufactured . . . . .			
Rice . . . . .	11.77	10.00	11.00 10.00
Other agricultural produce . . . . .	..	..	12.00 12.00
<b>TOTAL EXPORTS</b> . . . . .	<b>4,06.61</b>	<b>4,30.00</b>	<b>3,63.00 3,82.00</b>
Land Customs . . . . .	79.85	50.00	30.00 30.00
Miscellaneous . . . . .	14.44	12.00	14.00 14.00
<b>TOTAL GROSS REVENUE</b> . . . . .	<b>50,43.20</b>	<b>43,27.00</b>	<b>41,57.00 39,11.00</b>
<i>Deduct—Refunds</i> . . . . .	<i>1,99.97</i>	<i>1,50.00</i>	<i>1,80.00 1,75.00</i>
<i>Deduct—Share of Jute Export Duty assigned to Provinces</i> . . . . .	<i>2,56.62</i>	<i>2,61.00</i>	<i>2,02.00 2,25.00</i>
<b>NET REVENUE</b> . . . . .	<b>46,87.61</b>	<b>39,16.00</b>	<b>37,75.00 35,11.00</b>



## STATEMENT III.

## Details of Revenue from Central Excise Duties.

	1939-40, Accounts.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
Motor spirit . . . . .	1,12.75	1,50.00	1,85.00	1,90.00
Kerosene . . . . .	50.38	60.00	70.00	70.00
Sugar . . . . .	2,49.06	5,25.00	3,15.00	4,85.00
Matches . . . . .	2,25.34	2,20.00	2,20.00	3,70.00
Steel ingots . . . . .	41.86	45.00	50.00	50.00
Coal Cess . . . . .	.57	24.00	24.00	24.00
Miscellaneous . . . . .	.10	..	..	35.00
	<u>6,80.06</u>	<u>10,24.00</u>	<u>8,64.00</u>	<u>12,24.00</u>
<i>Deduct -</i>				
Refunds	<u>27.56</u>	<u>10.00</u>	<u>14.00</u>	<u>14.00</u>
	<u>6,52.50</u>	<u>10,14.00</u>	<u>8,50.00</u>	<u>12,10.00</u>

## EXPLANATORY MEMORANDUM: GENERAL BUDGET.

## STATEMENT IV.

## Details of Salt Revenue.

	1939-40, Accounts.	1940-41, Budget. Revised.	1941-42, Budget.
<b>REVENUE.</b>			
Sale of Government Salt . . . . .	74.78	37.57	28.47
Excise duty on Salt manufactured locally . . . . .	7,87.55	5,53.83	5,37.65
Duty on imported Salt . . . . .	2,48.54	2,42.36	2,41.74
Other miscellaneous receipts . . . . .	12.83	11.69	10.81
<b>TOTAL RECEIPTS . . . . .</b>	<b>11,23 70</b>	<b>8,45.45</b>	<b>8,19.19</b>
<b>Deduct—Refunds . . . . .</b>	<b>37.82</b>	<b>26.45</b>	<b>21.62</b>
<b>NET REVENUE . . . . .</b>	<b>10,85.88</b>	<b>8,20.00</b>	<b>7,97.57</b>

The estimates are based on the following total consumption of duty-paid salt:—

	Maunds.
1939-40 (actuals) . . . . .	5,53,48,000
1940-41 (budget) . . . . .	5,20,00,000
1940-41 (revised) . . . . .	5,30,00,000
1941-42 (budget) . . . . .	5,00,00,000

## STATEMENT V.

## Details of Opium Revenue and Expenditure.

	1937-38.	1938-39.	1939-40.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
Medica opium . . . . .	.12	.11	.16	.14	.40	.40
Excise opium and miscellaneous (less refunds) . . . . .	50.63	50.78	46.98	47.23	46.77	52.45
<b>Total revenue (re- ceipts less refunds)</b>	<b>50.75</b>	<b>50.89</b>	<b>47.14</b>	<b>47.37</b>	<b>47.17</b>	<b>52.85</b>
Purchase of opium . . . . .	17.61	19.39	16.37	17.10	16.00	17.29
Other charges . . . . .	6.87	6.17	7.56	7.97	7.37	9.71
<b>Total expenditure</b>	<b>24.48</b>	<b>25.56</b>	<b>23.93</b>	<b>25.07</b>	<b>23.37</b>	<b>27.00</b>
<b>Net revenue . . . . .</b>	<b>26.27</b>	<b>25.33</b>	<b>23.21</b>	<b>22.30</b>	<b>23.80</b>	<b>25.85</b>

NOTE.—Exports of provision opium to foreign countries ceased at the end of December 1935. Since then the revenue under this head has been derived solely from opium sold for consumption in India.

## STATEMENT VI.

## Details of Currency and Mint Receipts.

	1939-40, Actuals.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
(1) Surplus profits of the Reserve Bank (a)	4.69	23.53	19.32	1,36.40
(2) Profits from circulation of bronze and nickel coin (b) . . . . .	95.33	69.86	1,65.50	45.00
(3) Other items (c) . . . . .	27.64	31.00	32.04	40.04
	<b>1,27.66</b>	<b>1,24.39</b>	<b>2,16.86</b>	<b>2,21.44</b>

(a) The estimates provide for the adjustment of Rs. 1.22 lakhs in the current and Rs. 8.60 lakhs next year as Burma's share.

(b) The large increase in the absorption of small coin has continued unabated since the beginning of the war. From next year a fixed sum of Rs. 45 lakhs only will be taken to revenue as explained in the Budget Speech. The estimates provide for the adjustment of Rs. 14.67 lakhs in the current year and Rs. 15.12 lakhs next year on account of Burma's share.

(c) The increase in Budget is mainly in the profits of the Currency Note Press.

## STATEMENT VII.

## Expenditure Estimates. (a)

Demand or Appropriation.	Actuals, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.
1. Customs . . . . .	82·84	82·89	83·18	89·88
2. Central Excise Duties . . . . .	42·76	55·80	30·49	68·08
3. Taxes on Income including Corpora- tion Tax . . . . .	76·86	80·05	79·89	84·01
4. Salt . . . . .	1,02·42	1,00·05	1,02·09	95·31
5. Opium . . . . .	23·93	25·07	23·37	27·00
6. Provincial Excise . . . . .	4·92	4·60	4·41	4·37
7. Stamps . . . . .	20·38	24·57	29·73	27·32
8. Forest . . . . .	8·25	9·48	8·55	9·73
9. Irrigation, Navigation, Embankment and Drainage Works (excluding Working Expenses) . . . . .	9·16	10·74	9·55	9·63
*10. Indian Posts and Telegraphs Depart- ment—				
Capital outlay charged to revenue . . . . .	—·09	—·34	—1·13	·12
11. Interest on Debt and other Obligations and Reduction or Avoidance of Debt. . . . .	12,00·23	12,11·13	11,40·16	12,05·75
12. Executive Council . . . . .	6·27	6·13	6·21	6·11
13. Council of State . . . . .	1·19	1·46	1·35	1·39
14. Legislative Assembly and Legislative Assembly Department . . . . .	7·27	8·77	8·57	8·69
15. Home Department . . . . .	28·08	28·25	31·32	32·96
16. Legislative Department . . . . .	6·08	5·48	5·05	5·73
17. Department of Education, Health and Lands . . . . .	8·40	8·02	7·62	7·94
18. Finance Department . . . . .	17·56	18·86	20·57	22·68
19. Commerce Department . . . . .	6·31	6·69	8·28	9·17
20. Department of Labour . . . . .	6·20	5·98	5·91	6·61
21. Department of Communications . . . . .	3·36	3·22	3·24	3·48
22. Central Board of Revenue . . . . .	7·47	7·32	7·24	7·53
23. India Office and High Commissioner's establishment charges . . . . .	42·55	41·72	40·63	40·71
Carried over . . . . .	17,12·40	17,45·94	16,56·28	17,74·20

(a) This statement differs from the Demands for Grants in the following respects:—

- (1) Token demands and demands relating to capital expenditure not charged to revenue and the disbursement of loans and advances have been omitted.
- (2) The amounts shown under "Irrigation" exclude working expenses since they have been taken in deduction of revenue in Statement I.
- (3) Apart from capital outlay charged to revenue, the expenditure of the Posts and Telegraphs Department has been excluded since Statement I shows only the net contribution paid by the Department to general revenues.
- (4) Capital expenditure of the Posts and Telegraphs Department has been taken net.

## EXPLANATORY MEMORANDUM: GENERAL BUDGET.

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Demand or Appropriation.	Actuals, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42
Brought forward . . . . .	17,12.40	17,45.94	16,56.28	17,74.20
24. Payments to other Governments, De- partments, etc. on account of the administration of Agency Subjects and management of Treasuries . . . . .	1.19	1.14	1.14	1.11
25. Audit . . . . .	97.05	1,02.17	1,00.75	97.97
26. Administration of Justice . . . . .	3.86	3.97	4.08	3.90
27. Police . . . . .	6.27	6.09	21.60	36.20
28. Ports and Pilotage . . . . .	23.16	23.82	23.55	23.26
29. Lighthouses and Lightships . . . . .	9.42	8.39	8.18	8.24
30. Survey of India . . . . .	21.57	25.92	28.17	21.26
31. Botanical Survey . . . . .	.64	.71	.74	.74
32. Zoological Survey . . . . .	1.85	1.74	1.84	1.71
33. Geological Survey . . . . .	4.35	4.36	4.69	4.76
34. Mines . . . . .	2.36	2.43	2.45	2.55
35. Archaeology . . . . .	10.58	11.19	10.83	12.33
36. Meteorology . . . . .	20.41	21.66	21.76	23.14
37. Other Scientific Departments . . . . .	2.73	2.82	2.81	2.77
38. Education . . . . .	6.54	6.39	6.46	7.13
39. Medical Services . . . . .	9.44	10.82	9.42	10.64
40. Public Health . . . . .	10.33	12.32	28.29	13.87
41. Agriculture . . . . .	28.44	26.94	25.93	29.95
42. Imperial Council of Agricultural Re- search . . . . .	8.64	8.50	11.62	17.45
43. Agricultural Marketing . . . . .	4.43	5.21	4.96	5.16
45. Civil Veterinary Services . . . . .	7.37	8.46	8.21	8.88
46. Industries . . . . .	8.36	8.24	8.22	9.17
47. Scientific and Industrial Research . . . . .	..	..	3.54	9.29
48. Aviation . . . . .	35.34	59.08	85.34	1,02.62
49. Broadcasting . . . . .	25.47	28.91	29.77	50.04
Carried over . . . . .	20,62.20	21,37.22	21,09.98	22,78.34

## EXPLANATORY MEMORANDUM: GENERAL BUDGET.

Demand or Appropriation.	Actuals, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.
Brought forward . . . . .	20,62·20	21,37·22	21,09·98	22,78·34
51. Indian Stores Department . . . . .	21·67	22·21	20·28	16·89
52. Emigration—Internal . . . . .	·08	·13	·12	·25
53. Emigration—External . . . . .	3·35	3·41	3·47	3·54
54. Commercial Intelligence and Statistics . . . . .	7·81	8·20	8·15	8·94
55. Census . . . . .	1·14	12·31	17·34	3·67
56. Joint Stock Companies . . . . .	1·56	1·60	1·58	1·70
57. Miscellaneous Departments . . . . .	4·81	5·83	6·59	8·03
58. Currency . . . . .	13·91	26·98	54·66	26·23
59. Mint . . . . .	25·32	34·65	55·56	70·98
60. Civil Works . . . . .	91·50	1,22·03	1,15·68	1,41·25
61. Central Road Fund . . . . .	1,61·00	1,73·00	1,64·00	2,07·00
62. Superannuation Allowances and Pen- sions. . . . .	2,78·86	2,80·54	2,17·78	2,10·60
63. Stationery and Printing . . . . .	53·86	37·99	45·87	34·02
64. Miscellaneous . . . . .	13·69	24·34	57·38	30·29
65. Miscellaneous Adjustments between the Central and Provincial Governments. . . . .	1·55	1·62	1·47	1·47
66. Delhi . . . . .	51·51	53·55	54·11	54·46
67. Ajmer-Merwara . . . . .	51·60	36·85	59·75	23·66
68. Panth Piploda . . . . .	·12	·12	·13	·13
69. Andaman and Nicobar Islands . . . . .	37·59	38·88	41·76	44·55
Transfer to Revenue Reserve Fund . . . . .	7,77·16	..	..	..
<i>Non-voted.</i>				
<i>Staff, Household and Allowances of the Governor General . . . . .</i>	<i>18·08</i>	<i>17·17</i>	<i>19·51</i>	<i>19·51</i>
<i>Secretariat of the Governor-General . . . . .</i>	<i>4·17</i>	<i>5·33</i>	<i>4·95</i>	<i>5·00</i>
<i>Federal Public Service Commission . . . . .</i>	<i>5·04</i>	<i>4·63</i>	<i>4·58</i>	<i>4·77</i>
<i>Defence Department . . . . .</i>	<i>6·42</i>	<i>6·10</i>	<i>6·28</i>	<i>6·97</i>
<i>Ecclesiastical . . . . .</i>	<i>30·23</i>	<i>31·17</i>	<i>29·60</i>	<i>6·67</i>
<i>Payments to Crown Representative . . . . .</i>	<i>1,41·05</i>	<i>1,39·14</i>	<i>1,39·75</i>	<i>1,37·09</i>
<i>Tribal Areas . . . . .</i>	<i>1,88·59</i>	<i>2,01·80</i>	<i>2,18·09</i>	<i>2,36·46</i>
<i>External Affairs . . . . .</i>	<i>69·56</i>	<i>67·38</i>	<i>68·89</i>	<i>66·64</i>
<i>Grants-in-aid to Provincial Governments</i>	<i>3,04·16</i>	<i>3,03·61</i>	<i>3,03·61</i>	<i>3,03·00</i>
<i>Baluchistan . . . . .</i>	<i>60·46</i>	<i>72·27</i>	<i>68·88</i>	<i>73·73</i>
<i>Defence Services (net) . . . . .</i>	<i>49,53·91</i>	<i>53,52·18</i>	<i>72,01·60</i>	<i>84,12·52</i>
<i>Department of Supply . . . . .</i>	<i>6·49</i>	<i>22·77</i>	<i>49·30</i>	<i>58·26</i>
<i>Miscellaneous expenditure connected with the War . . . . .</i>	<i>8·32</i>	<i>14·24</i>	<i>61·70</i>	<i>1,88·04</i>
<b>- TOTAL . . . . .</b>	<b>94,56·77</b>	<b>92,59·25</b>	<b>1,12,12·40</b>	<b>1,26,44·66</b>

**Notes on Expenditure Estimates.**

*Customs.*—Next year's increase is on account of larger payments to the Salt Department for services rendered and the provision of Rs. 3 lakhs for payment of compensation to the Janjira State under a recent Customs Agreement.

*Central Excise Duties.*—The decrease in revised is due to the decision to pay the States' share of the excise duty on matches in arrear in the following year, the payment in the current year being only the arrears carried over from last year. The budget provides Rs. 33 lakhs for payment to the States and Rs. 24 lakhs for payment to the Coal Mines Stowing Board on account of the net proceeds of the excise duty on coal and coke realised this year.

*Taxes on Income.*—The increase in budget is on account of the setting up of the Income Tax Tribunal, the creation of a special branch at Calcutta and additional expenditure on the collection of Excess Profits Tax.

*Salt.*—The decrease in budget is due to less expenditure anticipated on manufacture and larger recoveries from the Customs Department for services rendered.

*Opium.*—The budget provides for the replacement of the existing machinery at the Ghazipur Opium Factory and increased expenditure at Neemuch.

*Stamps.*—Additional stores had to be bought in the current year to meet increased requirements and to maintain an adequate reserve.

*Forest.*—Additional expenditure is to be incurred on the Paper Pulp section of the Forest Research Institute.

*Interest.*—The details are given in Statement VIII.

*Home Department.*—The revised and budget provide for the increase in officers and staff of the Public Information Bureau and the Intelligence Bureau and for the training of I. C. S. probationers in India.

*Finance Department.*—The increase in revised and budget is due to the expansion of the Military Finance Branch.

*Commerce Department.*—The increase in revised and budget is due to the appointment of Import and Export Trade Controllers which was not foreseen when the current year's budget was framed.

*Audit.*—The reduction in the budget is due to the transfer of the office of the Controller of Supply Accounts to the Defence Services estimates and the deputation of a large number of officers to other departments.

*Police.*—The expenditure on additional police required as a result of the war has been heavier than originally anticipated. A provision of Rs. 5 lakhs has been made in revised and Rs. 15 lakhs in budget for grants to Provincial Governments in connection with the training of Civic Guards.

*Survey of India.*—The increase in the revised is due to the expansion of the Mathematical Instrument Office to meet increased war demands, larger expenditure on the Map Publication Office and the purchase of additional stores. The budget provides for the normal requirements of the department and takes credit for the recoveries from other departments and Governments for the services rendered.

*Archaeology.*—The budget provides a grant of Rs. 1,75,000 for repairs to the Badshahi Mosque at Lahore.

*Meteorology.*—The increase in budget is due to additional expenditure on equipment and weather telegrams and payments to the Posts and Telegraphs Department and expansion of the Upper Air Office, Delhi.

*Education.*—The budget provides for a grant of Rs. 50,000 to the Indian Women's University and Rs. 25,000 to the Viswabharathi University.

*Medical Services.*—The increase in budget is due to the appointment of an additional Deputy Director-General, two Directors of Production and a Chief Advisory Chemist and additional staff to cope with the additional work due to the war. Provision has also been made for a Drugs Technical Advisory Board and for the conversion of the Bio-Chemical Standardisation Laboratory into a Control Drugs Laboratory.

*Public Health.*—The revised includes Rs. 15 lakhs for the purchase of a reserve stock of quinine. A grant of Rs. 2 lakhs to the Indian Tuberculosis Association is provided this year and a further grant of Rs. 1,45,000 next year.

*Agriculture.*—The decrease in revised is mainly due to smaller provision for payment to the Sugar Excise Fund owing to reduced receipts from the excise duty on sugar. The budget provides for payments on a normal scale and for a special grant of Rs. 1,95,000 to the Indian Central Jute Committee for the extension of their Research Laboratories. Increased provision has also been made in the budget for Locust Control measures.

*Imperial Council of Agricultural Research.*—The revised and budget provide Rs. 8 lakhs and Rs. 14 lakhs respectively for payment to the Council of the net proceeds of the cess on agricultural produce against the block grant of Rs. 5 lakhs provided in the current year's budget.

*Industries.*—The budget provides Rs. 1 lakh for grants for the development of cottage and small scale woollen industries.

*Scientific and Industrial Research.*—The estimates provide for the expenditure of the newly constituted Board of Scientific and Industrial Research and of the Industrial Research Bureau transferred to this grant from the grant of the Indian Stores Department.

*Aviation.*—The revised and the budget provide Rs. 27 lakhs and Rs. 33 lakhs respectively for training of personnel for the Air Force Reserve. The budget provides for a block grant of Rs. 35 lakhs for the development of civil aviation against Rs. 25 lakhs in the revised as well as for additional expenditure on the normal running of the department in war time.



*Broadcasting.*—The budget provides for a block grant of Rs. 17 lakhs for development. There is also additional expenditure for the cost of the expanded services over a full year.

*Indian Stores Department.*—The reduction in the budget is mainly due to the transfer of the Industrial Research Bureau to the grant for Scientific and Industrial Research.

*Commercial Intelligence and Statistics.*—Budget provides for the new Trade Commissioner in Australia.

*Census.*—The increase in revised is due to printing and stationery charges not provided in the budget. Provision has been made in next year's budget for the completion of enumeration.

*Miscellaneous Departments.*—Provision has been made for a new post of Assistant Superintendent of Insurance, increased expenditure in the Explosives Department and the newly created Trade Marks Registry. The revised includes expenditure of Rs. 53,000 on certain enquiries under the Trades Disputes Act not provided in the budget.

*Currency.*—Stores to a larger extent than originally anticipated had to be bought to meet the demands on the Currency Note Press and for maintaining an adequate reserve in war time. The revised includes Rs. 16 lakhs and the budget Rs. 10 lakhs on account of the cost of one rupee note forms.

*Mint.*—The increase in revised is due to increased demand for coinage which turned out to be much heavier than anticipated, and the reopening of the Assay Office in Calcutta. The budget provides for coinage on approximately the same scale as in the current year and for a full year's expenditure on the Calcutta Assay Office. Additional provision has also been made for the replacement of plant and machinery at the Bombay Mint to enable it to cope with heavy demands.

*Civil Works.*—The reduction in revised is mainly due to slower progress on the new Custom House Building at Calcutta. The budget provides Rs. 44·5 lakhs for major works, new and in progress, including Rs. 20 lakhs for a new mint at Calcutta, and for additional expenditure on the hiring of accommodation for the Supply Department at Calcutta.

*Central Road Fund.*—In addition to the amount based on the estimated receipts from the duties on motor spirit the revised includes a payment of Rs. 9·3 lakhs on account of arrears of last year and the budget an *ad hoc* grant of Rs. 60 lakhs for the Quetta-Multan Road.

*Superannuation Allowances and Pensions.*—The revised takes credit for the amount recovered from Burma which is to be adjusted in reduction of expenditure instead of as revenue as originally intended. The further reduction in budget is mainly due to less expenditure in England.

*Stationery and Printing.*—Larger stocks of paper and stores were purchased in the current year to meet growing demands and to lay in a reserve at favourable prices. The budget provides for normal requirements and takes credit for increased recoveries from paying departments for work done for them.

*Miscellaneous.*—The increase in revised is mainly due to additional provision of Rs. 28·5 lakhs for A. R. P. expenditure, and Rs. 10·5 lakhs for the net loss on exchange on debt and remittance transactions. The budget includes Rs. 13·4 lakhs for expenditure on A. R. P. and Rs. 1·5 lakhs for a subsidy to the shipping lines carrying pilgrims for the Haj.

*Ajmere-Merwara.*—The large increase in revised is due to additional expenditure on famine relief. As the relief works are being closed down no provision is being made for the coming year.

*Andamans and Nicobars.*—The increase in revised and budget is due to additional expenditure on transport between India and the Islands and the exploitation of the forests to meet the increased demand for timber for war purposes. The budget provides Rs. 1·26 lakhs for the construction of a Forest Tramway.

*Ecclesiastical.*—The reduction in the budget is due to a larger share of expenditure being borne by Defence Services and Railways under the revised scheme of allocation of ecclesiastical expenditure which will take effect from the 1st April 1941.

*Payments to Crown Representative.*—The decrease in budget is mainly due to reduced payments to Provincial Governments for Railway Police.

*Tribal Areas.*—The increase in revised is due to the embodiment of additional platoons of Frontier Constabulary & Tribal Levies owing to the disturbed conditions on the frontier and increased expenditure on the Assam Rifles. The budget next year includes an additional grant of Rs. 15 lakhs to the Fund for Frontier Development and provides for increased expenditure on buildings and communications.

*External Affairs.*—The reduction in budget is mainly due to the smaller contribution towards the expenses of the League of Nations.

*Baluchistan.*—The saving in the revised is mainly due to less expenditure on the reconstruction of Quetta. The increase in budget as compared with the revised is mainly due to larger provision for Civil Works. Provision has also been made in the budget for new settlement operations at a cost of Rs. 1·5 lakhs.

*Defence Services.*—See Statement XVIII.

*Department of Supply.*—The Department has expanded considerably to cope with the increased demand for war supplies. The revised includes a special provision of Rs. 12·44 lakhs for the purchase of a reserve stock of wattle bark and for expenditure on a scheme of flax cultivation in Bengal and Bihar.

*Miscellaneous Expenditure connected with the War.*—The revised includes Rs. 25 lakhs and the budget Rs. 63 lakhs for payment of the premia collected under the War Risks (Goods) Insurance Scheme which is first taken to revenue, as credit to the Insurance Fund. Omitting this amount the increase in the revised and the next year's budget over the current year's budget is mainly due to the following additional expenditure :—

	(In Rs. lakhs.)	
	Revised.	Budget.
Eastern Group Conference and Ministry of Supply Mission . . . . .	5.67	..
National Service Labour Tribunals . . . . .	.90	1.48
Parole Camps . . . . .	1.43	8.02
Aliens Advisory Committee . . . . .	.24	..
Training of skilled artisans . . . . .	7.21	92.78
Foreign Branch . . . . .	..	1.57
Film Advisory Board . . . . .	..	3.22
Payments to Provincial Governments . . . . .	.17	.25
Deoli Detention Camp . . . . .	1.39	1.75

## STATEMENT VIII.

## Interest Payments.

	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42
<b>GROSS PAYMENTS.</b>				
<i>A.—Interest on Ordinary Debt—</i>				
<i>(i) Rupee Debt—</i>				
(a) Management of debt . . . . .	8.73	8.85	9.10	9.70
(b) Expenditure connected with the issue of new loans . . . . .	..	..	6.50	7.00
(c) Discount and premium written off to revenue . . . . .	78.29	66.10	66.10	51.41
(d) Interest on temporary loans . . . . .	1,07.77	1,14.19	62.57	60.50
(e) Interest on all other loans . . . . .	16,62.90	16,29.36	17,60.00	22,75.00
(f) Other items . . . . .	1.34	.15	.15	.15
<i>(ii) Sterling Debt—</i>				
(a) Interest on loans contracted in England . . . . .	12,99.07	12,82.26	11,81.52	7,44.72
(b) Interest on railway annuities . . . . .	1,71.77	1,61.95	1,61.95	1,51.76
(c) Interest on outstanding liabilities of railway companies taken over on purchase . . . . .	1,13.43	1,13.43	1,13.43	1,13.43
(d) Management of debt . . . . .	11.79	11.78	11.05	10.70
(e) Other items . . . . .	48.71	53.39	51.79	54.57
Exchange . . . . .	6.66	..	2.64	..
<b>Total</b> . . . . .	<b>35,10.46</b>	<b>34,41.46</b>	<b>34,26.80</b>	<b>34,78.94</b>
<i>B.—Interest on Unfunded Debt and other Obligations—</i>				
Bonus on Post Office Cash				
Certificates . . . . .	1,73.41	1,75.00	1,52.00	1,25.00
Post Office Savings Bank Deposits . . . . .	1,15.55	1,17.09	1,02.50	89.50
State Provident Funds . . . . .	2,81.21	2,92.64	2,91.47	3,01.92
Service Funds . . . . .	22.09	20.78	20.76	20.25
Railway Depreciation Fund . . . . .	1,27.48	1,47.24	1,46.32	1,63.73
Railway Reserve Fund . . . . .	..	6.50	8.09	19.14
Posts and Telegraphs Renewals Reserve Fund . . . . .	9.06	8.79	8.69	8.33
Other items . . . . .	1,15.54	1,16.74	99.71	1,03.77
<b>Total</b> . . . . .	<b>8,44.34</b>	<b>8,84.78</b>	<b>8,29.54</b>	<b>8,31.64</b>
<b>Gross payments</b> . . . . .	<b>43,54.80</b>	<b>43,26.24</b>	<b>42,56.34</b>	<b>43,10.58</b>
<i>C.—Transfers—</i>				
<i>Deduct—Amounts transferred to—</i>				
Railways . . . . .	23,13.15	27,84.53	27,75.83	27,62.93
Irrigation . . . . .	7.27	7.13	7.10	6.98
Posts and Telegraphs . . . . .	73.69	69.65	80.03	90.06
Commutation of Pensions . . . . .	23.70	22.91	22.83	21.37
Other heads . . . . .	6.50	6.68	6.76	7.17
Provincial Governments . . . . .	5,30.26	5,24.21	5,23.63	5,16.32
<b>Total deductions</b> . . . . .	<b>34,54.57</b>	<b>34,15.11</b>	<b>34,16.18</b>	<b>34,04.83</b>
<b>Net interest payments</b> . . . . .	<b>9,00.23</b>	<b>9,11.13</b>	<b>8,40.16</b>	<b>9,05.75</b>

NOTE.—The rates assumed for the calculation of interest chargeable on the capital outlay of the commercial departments and for the payment of interest on depreciation and reserve fund balances are 4.43 per cent. for 1940-41 and 4.31 per cent. for 1941-42.

## STATEMENT IX.

## Post Office Cash Certificates.

Year.	Total amount outstanding at close of year.	Total payments on account of bonus.	Amount provided from current revenues.	Amount transferred to (+) or from (-) Cash Certificates Bonus Fund.
1928-29 . . . . .	32,30	60	60	..
1929-30 . . . . .	35,00	73	73	..
1930-31 . . . . .	38,43	1,59	2,00	+41
1931-32 . . . . .	44,58	1,84	2,06	+22
1932-33 . . . . .	55,64	94	2,20	+1,26
1933-34 . . . . .	63,71	1,93	2,60	+67
1934-35 . . . . .	65,96	2,57	3,30	+73
1935-36 . . . . .	65,98	4,88	4,05	-83
1936-37 . . . . .	64,40	5,55	4,25	-1,30
1937-38 . . . . .	60,21	5,46	4,31	-1,15
1938-39 . . . . .	59,57	3,35	3,35	..
1939-40 . . . . .	57,03	1,74	1,73	-1
1940-41 (budget) . . . . .	55,44	1,75	1,75	..
1940-41 (revised) . . . . .	47,03	1,52	1,52	..
1941-42 (budget) . . . . .	41,03	1,25	1,25	..

NOTE.—From 1930-31 to 1936-37 the provision made in the budget was based not on the amount actually payable on account of bonus on maturing certificates but on the interest accruing during the year on all the certificates outstanding. Until 1934-35 the amount accruing was greater than the amount payable, and the difference was transferred to the Cash Certificates Bonus Fund. In the three following years, however, the position was reversed owing to heavy maturities of certificates issued at high rates of interest. There is at present no balance in the Cash Certificate Bonus Fund. The payments in the current and ensuing years are expected to be approximately the same as the accruing bonus.

## STATEMENT X.

## Grants-in-aid to Provincial Governments.

	1939-40, Actuals.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
United Provinces . . . . .	25.00	25.00	25.00	25.00
Assam . . . . .	30.00	30.00	30.00	30.00
North-West Frontier Province	1,00.00	1,00.00	1,00.00	1,00.00
Orissa . . . . .	43.00	43.00	43.00	43.00
Sind . . . . .	1,05.00	1,05.00	1,05.00	1,05.00
Coorg . . . . .	1.16	.61	..	..
	<u>3,04.16</u>	<u>3,03.61</u>	<u>3,03.00</u>	<u>3,03.00</u>

## EXPLANATORY MEMORANDUM: GENERAL BUDGET.

## STATEMENT XI.

## Distribution of Expenditure between Voted and Non-voted

	Budget, 1940-41.			Per-centage of voted to total.	Budget, 1941-42.			Per-centage of voted to total.
	Voted.	Non-voted.	Total.		Voted.	Non-voted.	Total.	
Expenditure charged to revenue	1,00,80	1,14,56	2,15,36	46·8	1,03,91	1,41,35	2,45,26	42·4
Expenditure not charged to revenue	4,53	8	4,61	98·8	9,39	6	9,45	99·4
Total	<u>1,05,33</u>	<u>1,14,64</u>	<u>2,19,97</u>	<u>47·9</u>	<u>1,13,30</u>	<u>1,41,41</u>	<u>2,54,71</u>	<u>44·5</u>

NOTE.—The figures given in this statement include the working expenses of the Railways, Posts and Telegraphs and Irrigation Departments.

## STATEMENT XII.

## Ways and Means Estimates.

	Budget, 1940-41.			Revised, 1940-41.			Budget, 1941-42.		
	India.	England.	Total.	India.	England.	Total.*	India.	England.	Total.
Excess of Revenue over Expenditure . . . . .	30,04	-29,99	5	16,43	-24,85	-8,42	6,01	-19,86	-13,85
New Loan . . . . .	...	...	...	53,40	...	53,40	34,50	...	34,50
Treasury Bills issued (net) . . . . .	-8,00	...	-8,00	8,00	...	8,00	-11,50	...	-11,50
Ways and Means Advances . . . . .	...	...	...	20,00	...	20,00	-20,00	...	-20,00
Post Office Cash Certificates (net) . . . . .	-1,50	...	-1,50	-10,00	...	-10,00	-5,00	...	-6,00
Defence Savings Certificates . . . . .	...	...	...	2,34	...	2,34	3,60	...	3,60
Post Office Savings Bank Deposits (net) . . . . .	3,17	...	3,17	-19,00	...	-19,00	2,00	...	2,00
Other Unfunded Debt (net) . . . . .	3,61	-9	3,42	3,00	-9	2,91	3,92	-9	3,83
Discount Sinking Fund . . . . .	68	49	1,15	69	49	1,15	52	51	1,03
Reduction or Avoidance of Debt . . . . .	3,00	...	3,00	3,00	...	3,00	3,00	...	3,00
Railway Depreciation Fund . . . . .	5,66	...	5,66	4,38	...	4,38	5,88	...	5,88
Railway Reserve Fund . . . . .	2,99	...	2,99	3,64	...	3,64	1,65	...	1,65
Posts and Telegraphs Renewals Reserve Fund . . . . .	...	...	...	-4	...	-4	-2	...	-2
Telephone Development Fund . . . . .	-14	...	-14	-36	...	-36	-20	...	-20
Repayments of loans by Provinces . . . . .	1,27	...	1,27	1,93	...	1,93	2,14	...	2,14
Defence Modernisation Fund . . . . .	-5,40	5,40	...	...	...	...	...	...	...
Revenue Reserve Fund . . . . .	-91	...	-91	-7,77	...	-7,77	...	...	...
Other Deposits and Advances (net) . . . . .	-15,06	17,57	2,51	-73,18	36,01	-37,17	-60,08	71,68	11,60
<b>TOTAL</b> . . . . .	<b>19,29</b>	<b>-6,62</b>	<b>12,67</b>	<b>6,43</b>	<b>11,56</b>	<b>17,99</b>	<b>-34,68</b>	<b>52,24</b>	<b>17,56</b>
Opening Balance . . . . .	7,84	75	8,59	15,87	75	16,62	7,89	67	8,56
<b>GRAND TOTAL</b> . . . . .	<b>27,13</b>	<b>-6,87</b>	<b>21,26</b>	<b>22,30</b>	<b>12,31</b>	<b>34,61</b>	<b>-26,79</b>	<b>62,91</b>	<b>26,12</b>
<b>Capital Outlay—</b>									
Railways . . . . .	2,65	1,60	4,25	-79	3,08	2,29	2,18	6,57	8,75
Posts and Telegraphs . . . . .	8	1	9	4,78	3	4,81	47	...	47
Civil . . . . .	16	...	16	15	...	15	11	...	11
Commutation of Pensions . . . . .	-26	13	-13	-29	7	-22	-25	9	-16
Discharge of Permanent Debt . . . . .	-3,41	6,74	3,33	-87,51	1,09,87	22,36	2,57	11,24	13,81
Civil Aviation . . . . .	-2	...	-2	-5	...	-5	-5	...	-5
Economic development and improvement of rural areas . . . . .	31	...	31	21	...	21	21	...	21
Broadcasting . . . . .	5	...	5	3	...	3	5	...	5
Development in tribal areas in the N. W. F. P. . . . .	-12	...	-12	12	...	-12	-28	...	-28
Loans to public (net) . . . . .	-13	...	-13	-50	...	-50	-56	...	-56
Payments to Reserve Bank for Surplus Silver . . . . .	5,00	...	5,00	-2,00	...	-2,00	-5,00	...	-5,00
Transfers through Reserve Bank (net) . . . . .	15,10	-15,10	...	99,38	-1,01,41	-2,03	-34,34	34,34	...
Advances to Provincial Governments . . . . .	...	...	...	1,12	...	1,12	42	...	42
<b>TOTAL</b> . . . . .	<b>19,41</b>	<b>-6,62</b>	<b>12,79</b>	<b>14,41</b>	<b>11,64</b>	<b>26,05</b>	<b>-34,47</b>	<b>62,24</b>	<b>17,77</b>
Closing Balance . . . . .	7,72	75	8,47	7,89	67	8,56	7,68	67	8,35
<b>GRAND TOTAL</b> . . . . .	<b>27,13</b>	<b>-6,87</b>	<b>21,26</b>	<b>22,30</b>	<b>12,31</b>	<b>34,61</b>	<b>-26,79</b>	<b>62,91</b>	<b>26,12</b>

**STATEMENT XIII.**  
**Distribution of Revenue and Expenditure.**

Year.	Tax Revenue. (a)	Cost of Collection.	Net Tax Revenue.	Net Revenue from Commercial Departments.	Opium (receipts less expenditure).	Currency and Mint (receipts less expenditure).	Interest Receipts.	Extraordinary Receipts.	Other Revenue.	Total Net Revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Extraordinary Payments.	Defence Expenditure (net).	Other Expenditure.	Net Capital Outlay of Commercial Departments (Posts and Telegraphs and Irrigation) charged to Revenue.	Total Net Expenditure.	Surplus +, Deficit -
1928-29	74,77	3,14	71,63	4,52	2,72	2,17	2,60	30	3,11	87,25	10,20	5,42	—78	55,10	17,42	16	87,57	- 32
1929-30	74,99	3,25	71,74	5,24	2,55	2,00	4,40	1,89	3,38	91,20	10,85	5,74	...	55,10	19,11	13	90,83	+ 37
1930-31	69,76	3,23	66,53	4,03	1,79	27	3,39	99	3,13	80,14	11,28	6,14	16	54,30	19,69	15	91,72	-11,58
1931-32	72,58	3,08	69,50	-1,00	1,28	1,02	2,41	21	3,85	77,29	12,63	6,89	3	51,76	18,03	-50	69,04	-11,75
1932-33	79,91	3,17	76,74	-45	6	1,65	1,88	2	2,94	82,84	11,61	6,84	16	46,74	15,69	5	81,29	+1,55
1933-34	72,97	3,31	69,66	-56	88	74	1,69	86	2,72	76,43	9,29	3,00	(b)2,19	44,42	15,65	5	74,80	+63
1934-35	75,08	3,51	71,57	33	37	75	2,01	...	2,72	80,75	10,25	3,00	(c)2,65	44,34	19,92	3	80,39	+36
1935-36	77,35	3,64	73,71	-4	27	75	87	...	2,78	78,29	10,50	3,00	(d)2,72	44,98	17,08	1	78,39	...
1936-37	74,96	3,77	71,19	-1	19	81	40	1	3,12	75,71	9,56	3,00	19	45,45	19,23	4	77,50	-1,79
1937-38	73,14	3,29	69,85	3,25	26	38	59	3,93	2,93	81,19	12,48	2,52	3	47,35	18,77	4	81,19	...
1938-39	2,94	3,75	65,59	1,47	25	23	74	4,06	3,16	78,49	11,12	3,00	1	46,18	18,78	4	79,13	-64
1939-40	79,06	3,40	75,66	5,14	23	88	76	3,16	3,00	88,83	9,00	3,00	7,95	49,54	19,34	...	88,83	...
1940-41 (budget)	76,11	3,53	72,58	5,58	22	63	61	4,03	2,76	86,36	9,11	3,00	41	53,52	20,27	...	86,31	+ 5
1940-41 (revised)	74,01	3,40	70,61	10,88	24	1,07	62	10,58	3,23	97,23	8,40	3,00	1,15	72,02	21,09	-1	1,05,65	-8,42
1941-42 (budget)	89,94	3,81	86,13	11,50	26	1,24	61	3,06	2,98	1,05,78	9,06	3,00	2,49	84,13	20,95	...	1,19,63	-18,85

(a) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund from 1928-29.

(b) Includes 2,09 transferred to the Bihar Earthquake Fund.

(c) Includes 2,82 transferred to the Rural Development Fund.

(d) Includes 1,84 transferred to the Revenue Reserve Fund, 46 for buildings in Orissa and Sind, and 43 for expenditure in connection with the Quetta earthquake.



## STATEMENT XIV.

### *Analysis of Tax Revenue, included in Statement XIII.*

Year.	Revenue from Customs.	Revenue from Central Excise Duties.	Cost of Collection (a).	Revenue from Taxes on Income including Corporation Tax.	Cost of Collection.	Revenue from Salt.	Cost of Collection.	Other Tax Revenue	Cost of Collection.	Total gross Tax Revenue.	Transfers to Central Road Fund.	Tax revenue retained by Central Government.	Total Cost of Collection.	Total net Tax Revenue.
1928-29 . . . . .	49,28		94	16,70	69	7,60	1,23	1,24	28	74,82	5	74,77	3,14	71,63
1929-30 . . . . .	51,28		97	16,71	72	6,76	1,27	1,22	29	75,97	98	74,99	3,25	71,74
1930-31 . . . . .	46,81		93	16,00	75	6,83	1,26	1,10	28	70,74	98	69,76	3,22	66,54
1931-32 . . . . .	46,44		90	17,49	74	8,58	1,16	1,09	26	73,60	1,02	72,58	3,06	69,52
1932-33 . . . . .	51,95		93	17,97	78	10,07	1,12	94	34	80,93	1,02	79,91	3,17	76,74
1933-34 . . . . .	47,16		99	17,13	82	8,86	1,15	90	35	74,05	1,08	72,97	3,31	69,66
1934-35 . . . . .	52,87		1,11	17,55	85	8,00	1,15	1,05	40	79,27	1,19	78,08	3,51	74,57
1935-36 . . . . .	52,25		1,17	17,07	91	8,43	1,19	89	37	78,64	1,29	77,35	3,64	73,71
1936-37 . . . . .	51,45		1,42	15,34	89	8,81	1,08	82	38	76,42	1,46	74,96	3,77	71,19
1937-38 . . . . .	43,11	7,66	1,18	4,58	75	8,39	1,06	81	30	74,55	1,41	73,14	3,29	69,85
1938-39 . . . . .	40,51	8,66	1,65	15,78	76	8,12	1,04	83	30	73,90	1,56	72,34	3,75	68,59
1939-40 . . . . .	45,88	6,52	1,26	16,58	77	10,86	1,02	83	35	80,67	1,61	79,06	3,40	75,66
1940-41 (budget) . . . . .	39,16	10,14	1,39	19,50	80	8,20	99	84	40	77,84	1,73	76,11	3,58	72,53
1940-41 (revised) . . . . .	37,75	8,50	1,14	20,81	80	7,70	1,01	89	45	75,65	1,64	74,01	3,40	70,61
1941-42 (budget) . . . . .	35,11	12,10	1,58	35,62	84	8,30	95	88	44	92,01	2,07	89,94	3,81	86,13

(a) Figures from 1938-39 include the amount payable to the Indian States in respect of match excise revenue.

STATEMENT XV.

*Analysis of Interest Payments, included in Statement XIII.*

Year.	Interest on unfunded debt and other obligations.										Amounts transferred to						Total Interest payments (net).
	Interest on Ordinary Debt.	Bonus on Cash Certifi- cates.	Post Office Savings Bank.	State Provident Funds.	Service Funds.	Railway Reserve Fund.	Railway Depreciation Fund.	P. & T. Renewals Re- serve Fund.	Other items.	Total interest on unfunded debt and other obliga- tions.	Railways.	Irrigation.	Posts and Telegraphs.	Provinces.	Other heads.	Total transfers.	
1928-29 . . .	38,70	60	98	2,38	10	65	41	5	1,00	6,17	27,82	12	70	5,88	15	34,67	10,20
1929-30 . . .	40,34	73	1,03	2,54	12	74	53	7	1,07	6,83	29,09	12	73	6,20	18	36,32	10,85
1930-31 . . .	41,67	2,00	1,05	2,93	13	58	74	11	1,14	8,68	31,34	13	84	6,55	21	39,07	11,28
1931-32 . . .	44,57	2,06	1,08	3,10	12	14	79	13	1,01	8,43	31,76	13	79	7,25	24	40,17	12,83
1932-33 . . .	43,56	2,20	1,15	3,38	13	..	73	14	1,00	8,73	31,57	2	83	8,01	25	40,68	11,61
1933-34 . . .	40,17	2,60	1,29	3,77	13	..	57	15	1,12	9,63	31,29	3	86	8,07	26	40,51	9,29
1934-35 . . .	39,25	3,30	1,35	3,90	13	..	48	16	1,12	10,44	30,57	3	85	7,91	8	39,44	10,25
1935-36 . . .	38,27	4,05	1,51	3,99	13	..	48	15	1,15	11,46	30,18	3	81	7,92	29	39,23	10,50
1936-37 . . .	35,90	4,25	1,46	4,04	72	..	62	15	1,19	12,43	29,62	8	79	7,97	31	38,77	9,56
1937-38 . . .	35,46	4,31	1,46	2,62	68	..	81	14	1,12	11,14	28,08	8	72	4,93	31	34,12	12,48
1938-39 . . .	35,57	3,35	1,42	2,71	43	..	1,03	9	1,14	10,17	28,15	7	74	5,35	31	34,62	11,12
1939-40 . . .	35,11	1,73	1,16	2,81	22	..	1,27	9	1,16	8,44	28,13	7	74	5,31	30	34,55	9,00
1940-41 (budget) . . .	34,41	1,75	1,17	2,93	21	6	1,47	9	1,17	8,85	27,85	7	70	5,24	29	34,15	9,11
1940-41 (revised) . . .	34,27	1,52	1,02	2,91	21	8	1,46	9	1,00	8,29	27,76	7	80	5,24	29	34,16	8,40
1941-42 (budget) . . .	34,79	1,25	90	3,02	20	19	1,64	8	1,04	8,32	27,63	7	90	5,16	29	34,05	9,06

STATEMENT XVI.

Analysis of 'Other expenditure' included in Statement XIII.

Year.	Forest Expenditure.	Civil Administration.	Famine.	Pensions, Superannuation Allowances, etc.	Stationery and Printing.	Miscellaneous.	Total.	Commutation of Pensions.	Civil Works.	Salt and other capital outlay charged to revenue.	Grants-in-aid, Subventions to Provinces, etc.	Total.
1928-29	33	11,44	..	2,73	56	73	4,02	4	1,55	4	..	17,42
1929-30	35	12,66	..	2,99	55	88	4,41	4	1,60	5	..	19,11
1930-31	36	13,34	..	2,88	55	81	4,24	6	1,65	4	..	19,69
1931-32	32	12,17	..	2,99	58	74	4,31	3	1,19	1	..	18,03
1932-33	23	9,69	..	3,05	35	72	4,12	11	75	3	96	15,89
1933-34	19	9,54	..	3,24	35	64	4,23	-2	90	1	1,00	15,85
1934-35	19	11,10	..	3,41	36	60	4,37	3	(a)1,23	2	2,98	19,92
1935-36	20	10,59	..	3,07	35	79	4,21	-2	90	1	1,19	17,09
1936-37	19	11,27	..	2,89	40	61	3,90	5	1,06	1	2,78	19,26
1937-38	20	10,44	..	2,83	43	58	3,84	7	1,09	-3	3,16	18,77
1938-39	23	10,90	..	2,82	53	27	3,62	1	96	..	3,06	18,78
1939-40	22	11,12	34	2,80	54	19	3,87	-1	1,08	..	3,06	19,34
1940-41 (budget)	24	11,81	16	2,80	38	32	3,66	..	1,50	1	3,05	20,27
1940-41 (revised)	24	12,73	38	2,08	46	65	3,57	10	1,39	1	3,05	21,09
1941-42 (budget)	28	13,11	..	2,09	34	37	2,80	2	1,69	..	3,05	20,95

(a) Includes a special grant of 40 for road development.

## STATEMENT XVII.

Analysis of Expenditure on 'Civil Administration' included in Statement XVI.

Year.	General Administration.	Audit.	Administration of Justice.	Jails and Convict Settlements.	Police.	Ports and Pilotage.	Lighthouses and Lightships.	Ecclesiastical.	Political.	Payments to Crown Representative.	Tribal Areas.	External Affairs.	Scientific Departments.	Education.	Medical.	Public Health.	Agriculture.	Veterinary.	Co-operation.	Industries.	Broadcasting.	Aviation.	Indian Stores Department.	Miscellaneous Departments.	Total.
1928-29	1,88	97	15	35	74	29	..	32	1,58	..	2,54	..	93	45	31	19	30	..	..	7	..	5	19	13	11,44
1929-30	2,25	1,02	15	42	76	25	14	32	1,62	..	2,69	..	94	52	32	21	46	..	..	3	..	20	21	15	12,66
1930-31	2,13	1,03	15	48	93	26	12	32	1,96	..	2,78	..	93	62	32	19	48	..	..	3	..	23	9	29	13,34
1931-32	1,98	1,01	16	39	88	26	11	30	1,64	..	2,39	..	86	62	30	17	35	..	..	2	..	20	9	44	12,17
1932-33	1,53	94	9	25	55	22	10	29	1,45	..	2,18	..	67	35	22	13	30	..	..	2	..	10	10	20	9,69
1933-34	1,54	98	8	24	54	23	10	29	1,36	..	2,16	..	66	30	23	13	29	..	..	2	..	13	9	17	9,54
1934-35	1,61	1,01	7	22	52	23	10	29	1,65(a)	..	2,11	..	70	29	24	16	33	..	..	4	..	1,07(b)	8	(c)38	11,10
1935-36	1,70	1,08	6	23	36	24	10	29	..	1,08	2,47	63	69	24	20	16	36	7	1	7	5	17	21	12	10,59
1936-37	1,81	1,09	7	24	33	27	10	30	..	1,17	2,66	62	74	24	22	20	38	7	1	8	9	22	22	14	11,27
1937-38	1,67	99	8	24	31	26	9	27	..	1,05	2,15	57	68	24	24	21	47	9	1	8	14	22	23	15	10,44
1938-39	1,87	99	10	24	29	27	9	30	..	1,26	1,99	64	67	24	22	14	52	8	1	8	21	30	23	16	10,90
1939-40	1,94	97	10	29	34	23	9	30	..	1,41	1,89	70	65	24	22	13	43	8	1	9	25	35	22	19	11,12
1940-41 (budget)	1,94	1,02	10	29	35	24	8	31	..	1,39	2,02	67	71	27	23	16	42	10	1	8	29	59	22	32	11,81
1940-41 (revised)	2,00	1,00	10	31	51	23	8	30	..	1,40	2,18	69	73	27	23	32	44	9	1	12	30	85	20	37	12,73
1941-42 (budget)	2,08	98	9	33	67	23	8	7	..	1,37	2,36	67	69	28	24	17	54	10	1	19	50	1,03	17	26	13,11

(a) Includes 25 for development of tribal areas on the North-West Frontier.

(b) Includes 93 for development of Civil Aviation.

(c) Includes 20 for development of Broadcasting.

## STATEMENT XVIII.

## Analysis of Defence Service Receipts and Expenditure.

	Accounts, 1939-40.	Budget,* 1940-41.	Revised, 1940-41.	Budget, 1941-42.
	Rs.	Rs.	Rs.	Rs.
<b>EXPENDITURE.</b>				
<i>58.—Defence Services—Effective.</i>				
1. Normal cost of Defence Services—Effective	(a) 36,76,63,000	(a)36,76,63,000	(a) 36,76,63,000	(a) 36,76,63,000
2. Lump provision for increase in prices	1,18,95,587	(a)2,00,00,000	2,52,78,000	3,54,88,000
3. War Emergency 1939	3,60,85,534	6,59,18,000	24,67,79,000	35,39,64,000
<b>Total</b>	<b>41,56,44,121</b>	<b>45,35,81,000</b>	<b>63,97,20,000</b>	<b>75,71,15,000</b>
<i>59.—Defence Services—Non-Effective.</i>				
1. Army	8,59,81,953	8,47,81,000	8,74,14,000	8,73,28,000
2. Air Forces	77,073	3,19,000	3,22,000	3,19,000
3. Royal Indian Navy	9,39,575	10,14,000	8,97,000	9,04,000
<b>Total</b>	<b>8,69,98,601</b>	<b>8,61,14,000</b>	<b>8,86,33,000</b>	<b>8,85,51,000</b>
<i>60.—Transfers to or from Defence Reserve Fund</i>				
	..	..	..	..
<b>Total Expenditure</b>	<b>50,26,42,722</b>	<b>53,96,95,000</b>	<b>72,83,53,000</b>	<b>84,56,66,000</b>
<b>RECEIPTS.</b>				
XLVII.—Defence Services—Effective	9,28,438	..	36,97,000	..
XLVIII.—Defence Services—Non-Effective	63,23,150	44,77,000	44,96,000	44,14,000
<b>Total Receipts</b>	<b>72,51,588</b>	<b>44,77,000</b>	<b>81,93,000</b>	<b>44,14,000</b>
<b>Net Expenditure</b>	<b>49,53,91,134</b>	<b>53,52,18,000</b>	<b>72,01,60,000</b>	<b>84,12,52,000</b>

(a) Net lump sum provision.

\* The details do not agree with those given in the Budget Statement, as the figures have been recast in a different form.

## STATEMENT

## Posts and

	Post Office.				Telegraphs.			
	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.
<b>Gross Receipts—</b>								
(i) Postage and Message Revenue	7,11,47	7,17,68	7,33,21	7,83,15	2,20,22	2,01,04	2,25,88	2,24,94
(ii) Miscellaneous Revenue	1,20,34	1,18,91	1,25,78	1,28,40	63,18	65,75	61,91	61,11
<b>Total</b>	<b>8,31,81</b>	<b>8,36,59</b>	<b>8,58,99</b>	<b>9,11,55</b>	<b>2,83,40</b>	<b>2,66,79</b>	<b>2,87,79</b>	<b>2,86,05</b>
<b>Expenditure—</b>								
Working Expenses (Abstracts J. K. L. & M.)—	7,03,88	7,30,69	7,16,23	7,23,19	91,58	95,58	91,79	93,30
C. General Administration	6,58	6,42	6,47	6,47	9,13	10,50	7,70	8,68
D. Account and Audit	16,78	17,06	18,59	19,69	6,80	6,80	7,26	7,23
E. Control-Circleoffices	24,64	25,72	25,51	25,63	6,78	7,07	6,86	6,87
F. Engineering Expenses	...	...	...	...	35,14	37,09	36,50	36,83
G. Pensionary charges	86,48	87,48	86,04	89,26	24,88	25,27	24,16	25,14
H. Stamps, Postcards, Printing and Stationery	28,39	30,21	31,03	31,21	3,52	3,87	4,04	4,12
I. Maintenance of Assets, including Petty Works	5,38	8,36	7,83	11,67	12,79	16,20	16,19	15,73
N. Contribution to Renewals Reserve Fund	2,31	2,31	2,31	2,50	13,83	13,83	13,83	15,00
S. Repayment of losses	...	...	...	...	8,50	...	...	...
Interbranch Adjustments	42,83	42,86	41,65	41,55	+32,02	+32,07	+30,82	+30,72
O. Deduct credits to working expenses	64,40	64,18	49,59	53,00	8,74	6,79	7,29	8,35
Net Working Expenses	7,67,21	8,01,21	8,02,77	8,15,07	2,36,23	2,41,49	2,31,86	2,35,27
Net Receipts	64,60	35,88	56,22	96,48	47,17	25,30	55,93	50,78
Expenditure charged to Revenue—								
Interest	10,93	8,49	8,42	8,01	47,19	46,78	46,17	46,15
Net Profit (+) or loss (—)	+53,67	+26,89	+47,80	+88,47	—2	—21,48	+9,76	+4,63
Capital outlay charged to Revenue								
—Postal	2,37	53	53	1,29	...	..	...	...
Capital outlay not charged to Revenue	...	..	...	...	15,29	10,59	(a) 14,26	(b) 53,01

(a) Includes 2,57 for outlay on trunk lines

(b) Includes 3,60 for outlay on trunk lines

(c) Includes 4,75,00 for purchase of shares

(d) The entire amount is for Telephone projects

(e) The figure is net, i.e., including credit to capital on account of sale or abandonment of assets 'Manufacture Suspense Accounts', —1,17 on account of Extraordinary Receipts on Capital Account and

(f) Figures are net, i.e., including

(g) The figure is net, i.e., including credit to capital on account of sale or abandonment of assets, manufacture suspense accounts and 19,32 met from

XIX.

Telegraphs.

Telephones.				Radios.				Total.			
Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.
1,21,41	1,19,49	1,29,90	1,37,71	2,35 9,55	1,66 10,98	2,90 10,42	2,60 11,49	9,34,04 3,14,48	9,20,38 8,15,13	9,61,99 3,28,01	10,10,69 3,38,71
1,21,41	1,19,49	1,29,90	1,37,71	11,90	12,64	13,32	14,09	12,48,52	12,35,51	12,90,00	13,49,40
24,37	25,29	25,84	27,39	6,37	6,38	6,50	6,57	8,26,20	8,57,94	8,40,36	8,50,45
8,32	7,84	10,76	8,40	1,63	1,59	2,12	1,64	25,66	26,35	27,05	25,19
1,10	1,20	1,14	1,15	36	36	37	37	25,04	25,42	27,36	28,44
1,22	1,27	1,33	1,40	26	28	27	27	32,90	34,34	33,97	34,17
8,61	9,31	9,12	9,08	1,20	1,64	1,53	1,53	44,95	48,04	47,15	47,44
5,15	5,24	5,37	5,71	1,17	1,19	1,17	1,34	1,17,68	1,19,18	1,16,74	1,21,45
85	72	94	97	19	20	22	22	32,95	35,00	36,23	36,52
9,51	10,00	13,48	12,25	91	1,55	1,50	1,63	28,59	36,11	39,00	41,28
5,76	5,76	5,76	6,25	1,15	1,15	1,15	1,25	23,05	23,05	23,05	25,00
+13,33	+13,40	+13,31	+13,31	-2,52	-2,61	-2,48	-2,48	8,50	...	...	...
6,25	4,29	14,32	7,52	87	1,38	1,02	1,20	80,26	76,64	72,22	70,07
71,97	75,74	72,73	78,39	9,85	10,35	11,33	11,14	10,85,26	11,28,79	11,18,69	11,39,87
49,44	43,75	57,17	59,32	2,05	2,29	1,99	2,95	1,63,26	1,06,72	1,71,21	2,09,53
13,98	12,68	13,33	13,72	1,57	1,68	1,57	1,70	73,67	69,63	69,49	69,58
+35,46	+31,07	+43,84	+45,60	+48	+61	+42	+1,25	+89,59	+37,09	+1,01,82	+139,95
...	...	...	...	...	...	...	...	-9	-34	(f) -1,13	(f) 12
15,00	11,60	(c) 5,08,51	(d) 16,22	2,17	4,01	1,58	4,35	32,46	26,07	(e) 5,16,79	(g) 66,48

to be met from Telephone Development Fund.

to be met from Telephone Development Fund.

of the Government Telephones Board Ltd. and 83,44 for telephone projects to be met from Telephone Development Fund.

to be met from Telephone Development Fund.

and includes 2,92 on account of difference between opening and closing balances under 'Stores and 5,11,01 met from Telephone Development Fund.

credit to Capital on account of sale or abandonment of assets.

and includes 40,00 on account of difference between opening and closing balances under stores and Telephone Development Fund.

## STATEMENT XX.

*Interest-bearing obligations of the Government of India.*

	(In crores of rupees.)					
	1936-37.	1937-38.	1938-39.	1939-40.	1940-41, Revised Estimate.	1941-42, Budget Estimate.
<i>In India—</i>						
<b>PUBLIC DEBT.</b>						
Loans . . . . .	437.33	438.40	417.79	450.23	591.14	623.07
Treasury Bills and Ways Means Advances . . . . .	28.54	38.01	46.30	54.70	82.70	51.20
<b>Total—Public Debt.</b>	<b>465.87</b>	<b>476.41</b>	<b>464.09</b>	<b>504.93</b>	<b>673.84</b>	<b>674.27</b>
<b>UNFUNDED DEBT.</b>						
Service Funds . . . . .	1.11	1.07	1.03	.97	.93	.82
Post Office Savings Bank . . . . .	74.68	77.55	81.88	78.32	59.32	61.32
Post Office Cash Certificates . . . . .	64.40	60.21	59.57	57.03	47.03	41.03
State Provident Funds . . . . .	70.62	69.68	72.40	75.22	77.80	81.28
Other items . . . . .	9.12	9.65	10.25	10.70	13.50	17.46
<b>Total—Unfunded Debt</b>	<b>219.93</b>	<b>218.16</b>	<b>225.13</b>	<b>222.24</b>	<b>198.58</b>	<b>201.91</b>
<b>DEPOSITS.</b>						
Depreciation Reserve Funds . . . . .	19.82	22.78	27.82	33.47	41.48	49.03
Provincial Balance . . . . .	1.00	..	..	..	..	..
<b>Total—Deposits</b>	<b>20.82</b>	<b>22.78</b>	<b>27.82</b>	<b>33.47</b>	<b>41.48</b>	<b>49.03</b>
<b>Total—Obligations in India</b>	<b>706.62</b>	<b>717.35</b>	<b>717.04</b>	<b>760.64</b>	<b>913.90</b>	<b>925.21</b>
<i>In England—</i>						
<b>PUBLIC DEBT.</b>						
Loans . . . . .	400.96	396.75	396.50	373.46	266.49	258.26
War Contribution . . . . .	22.29	20.62	20.62	20.62	20.62	20.62
Capital portion of Annuities created in purchase of Railways . . . . .	53.15	50.52	47.82	45.02	42.11	39.11
<b>Total—Public Debt</b>	<b>476.40</b>	<b>467.89</b>	<b>464.94</b>	<b>439.10</b>	<b>329.22</b>	<b>317.99</b>
<b>UNFUNDED DEBT.</b>						
Service Funds . . . . .	16.67	11.92	4.18	4.12	4.03	3.94
<b>Total—Obligations in Eng- land</b>	<b>493.07</b>	<b>479.81</b>	<b>469.12</b>	<b>443.22</b>	<b>333.25</b>	<b>321.93</b>
<b>Grand Total</b>	<b>1,199.69</b>	<b>1,197.16</b>	<b>1,186.16</b>	<b>1,203.86</b>	<b>1,247.15</b>	<b>1,247.14</b>

## NOTES.

- (a) The outstandings at the end of each year are shown in the statement.  
 (b) Sterling obligations have been converted into Rupees at 1s. 6d. the rupee.