

Explanatory Memorandum on the action taken on the recommendations of the Second Finance Commission in their report

Dated 30th September, 1957

The recommendations of the Commission have been summarised in Section XVIII of their Report which is being laid on the table of Parliament. They have been accepted by Government.

The Commission's recommendations fall into three categories, those to be implemented by an Order of the President, those to be implemented by law of Parliament and those to be implemented by executive orders. The recommendations under Article 270, 273 and 275(1) of the Constitution fall in the first category and the necessary orders will be submitted to the President for approval. The recommendations relating to the distribution of certain Union duties of excise between the Union and the States, the distribution among the States under Article 269(2) of the Constitution of Estate Duty on property other than agricultural land and the tax on railway fares and the levy and distribution of additional duties of excise in replacement of sales taxes on certain commodities fall in the second category. Legislation will be promoted, if possible in the current session of Parliament, to implement them. The question of the levy of additional duties of excise in replacement of sales taxes is still under discussion with the State Governments and if those duties are levied, they will be distributed as recommended by the Commission. The recommendation regarding loans has to be implemented by executive orders and necessary action will be taken in consultation with the State Governments.

The Commission have also made certain recommendations in paragraphs 164, 182, 191 to 197 and 202 of their Report. These recommendations are also generally acceptable to Government and will be implemented, as far as possible, in consultation with the State Governments and other authorities where necessary.

Sd/-
(H.M. Patel)
Principle Secretary to the Government of India
New Delhi
Dated the 13th November, 1957.