

## APPENDIX X

(See table in paragraph 125)

LETTER FROM PLANNING COMMISSION REGARDING ESTIMATES OF REVENUE  
FROM ADDITIONAL TAXATION DURING SECOND FIVE YEAR PLAN PERIOD.

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*Demi-official letter No. PC (P)77/56, dated 6th September 1957 from  
Shri Tarlok Singh, Joint Secretary, Planning Commission,  
to the Secretary, Finance Commission.*

Will you kindly refer to your letter No. FC. 6(2)-B/56, dated the 9th August, 1957? We have no objection to use being made of the estimates prepared by the Economic Division of revenue from additional taxation during the Second Five Year Plan for the various States as reorganised. We would, however, like to point out that these estimates were prepared in November, 1956. At that time there were no means of obtaining the estimates of the States concerned. Secondly, the estimates were not discussed with the States as they were prepared primarily for the internal use of the Planning Commission. In the third place, it has been the intention of the Planning Commission to arrange for a further round of discussions at which various financial estimates connected with the State plans would be reviewed. It is requested that if in the report of the Finance Commission a reference is to be made to the estimates of the Economic Division, the qualifications which necessarily circumscribed these estimates may kindly be indicated briefly.

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*Article 306\*—*

Notwithstanding anything in the foregoing provisions of this Part or in any other provisions of this Constitution, any State specified in Part B of the First Schedule which before the commencement of this Constitution was levying any tax or duty on the import of goods into the State from other States or on the export of goods from the State to other States may, if an agreement in that behalf has been entered into between the Government of India and the Government of that State, continue to levy and collect such tax or duty subject to the terms of such agreement and for such period not exceeding ten years from the commencement of this Constitution as may be specified in the agreement:

Provided that the President may at any time after the expiration of five years from such commencement terminate or modify any such agreement if, after consideration of the report of the Finance Commission constituted under article 280, he thinks it necessary to do so.

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\*Repealed by the Constitution (Seventh Amendment) Act, 1956.

## APPENDIX XI

### TELEGRAM FROM UNION FINANCE MINISTRY REGARDING PROPOSALS TO GRANT INCREASE IN EMOLUMENTS OF EMPLOYEES OF STATE GOVERNMENTS.

(See paragraph 185)

*Copy of Secret Telegram No. 33432, dated the 20th February 1957 from Union Finance Ministry to Chief Secretaries of all State Governments.*

Reference Government of India, Ministry of Finance, Secret letter No. 17(31)-EIII/56, dated the 12th January 1957 regarding proposals to grant increases in emoluments of employees of State Governments.

*Para Two.*—After examination of replies from States the Central Government have decided to grant assistance to such States as would implement above proposals to the extent and under the conditions referred to in succeeding paragraphs. State Governments should formulate their own schemes and issue sanctions in each case on their own authority. The proposals are not to be viewed as a Centrally sponsored scheme.

*Para Three.*—An increase in emoluments preferably in the form of an *ad hoc* addition to existing rates of dearness allowance may be made upto rupees twelve per month in each individual case to employees of State Governments and local bodies whose total emoluments, *i.e.*, pay plus dearness allowance after the increase will not exceed rupees one hundred.

*Para Four.*—Following basic conditions to be observed in sanctioning these proposals:—

- (a) Industrial employees are excluded from scheme.
- (b) Primary school teachers including teachers in aided primary schools who are covered by the scheme of the Central Education Ministry, *vide* their D.O. No. 3-47/55. C.U. dated the 29th February, 1956 and letter No. F. 39. 27/56-B.I. dated the 10th October 1956 will be covered by these proposals to the extent of the difference between this and the Education Ministry scheme
- (c) Increases in emoluments already granted by the States since 1st April 1956 including those due to revision of pay scales or amalgamation of cadres since re-organisation will

qualify for assistance subject to conditions mentioned in para three and other general terms prescribed in this telegram

- (d) Increases proposed to be given should not have the effect of raising emoluments of State employees above those of corresponding categories of Central Government employees.

*Para Five.*—Central Government's assistance towards meeting cost of above for four years will commence from 1957-58. Increases in present emoluments to bring them upto rupees sixty would be shared in the ratio of sixtysix and two-thirds per cent to thirtythree and one-third per cent and those raising emoluments above rupees sixty but upto rupees one hundred in the ratio of thirtythree and one-third per cent to sixtysix and two-thirds per cent by Central and State Governments respectively.

*Para Six.*—Quantum of Central assistance is subject to review on the basis of recommendations of Finance Commission. Details of proposed increases and suggested procedure for accounting and adjustment to be communicated to Central Government by States.

*Para Seven.*—As regards employees of State Governments and local bodies whose total emoluments after increase will exceed rupees one hundred but not exceed rupees two hundred and fifty, some State Governments have represented the need for some relief to these categories. In some cases pay scales have been revised since first April 1956 and in others *ad hoc* increases to dearness allowances are proposed. Subject to such increases not exceeding rupees twelve per mensem in any individual case and to the resultant emoluments not exceeding those of corresponding categories of Central Government servants, Central Government are prepared to assist States by way of a repayable loan on usual terms and conditions.

*Para Eight.*—Amount of loan will be calculated on the basis of rupees one lakh per one million of population in the State but will be subject to an overall maximum of twentyfive lakhs of rupees for a State. Loan will be sanctioned for the financial year 1957-58 only and the position will be reviewed before the end of that year in the light of award of the Finance Commission.