

## VIII. SUMMARY OF RECOMMENDATIONS

104. Our recommendations to the President are set out below:

### I. Estate Duty:

For a period of four years with effect from April 1, 1962:

- (a) Out of the net proceeds in each financial year of estate duty in respect of property other than agricultural land, a sum equal to 1 (one) per cent be retained by the Union as proceeds attributable to Union territories;
- (b) the balance of the net proceeds be apportioned between immovable property and other property in the ratio of the gross value of all such properties brought into assessment in that year;
- (c) the sum thus apportioned to immovable property be distributed among the States in proportion to the gross value of the immovable property located in each State; and
- (d) the sum apportioned to property other than immovable property be distributed among the States as follows:

State	Percentage
Andhra Pradesh . . . . .	8.14
Assam . . . . .	2.75
Bihar . . . . .	10.78
Gujarat . . . . .	4.78
Jammu and Kashmir . . . . .	0.83
Kerala . . . . .	5.92
Madhya Pradesh . . . . .	7.51
Madras . . . . .	7.80
Maharashtra . . . . .	9.16
Mysore . . . . .	5.46
Orissa . . . . .	4.08
Punjab . . . . .	4.71
Rajasthan . . . . .	4.67
Uttar Pradesh . . . . .	17.10
West Bengal . . . . .	8.11

## II. Grant of Rs. 12.5 crores in lieu of the tax on railway passenger fares:

With effect from April 1, 1961 a sum of Rs. 12.5 crores be distributed each year during the quinquennium 1961—66 among the States as follows:

State	(Rupees in Crores)
Andhra Pradesh . . . . .	1.11
Assam . . . . .	0.34
Bihar . . . . .	1.17
Gujarat . . . . .	0.68
Kerala . . . . .	0.23
Madhya Pradesh . . . . .	1.04
Madras . . . . .	0.81
Maharashtra . . . . .	1.35
Mysore . . . . .	0.56
Orissa . . . . .	0.22
Punjab . . . . .	1.01
Rajasthan . . . . .	0.85
Uttar Pradesh . . . . .	2.34
West Bengal . . . . .	6.79

## III. Income Tax:

For a period of four years with effect from April 1, 1962:

- (a) the percentage of the net proceeds in any financial year of taxes on income other than agricultural income, except in so far as those proceeds represent proceeds attributable to Union territories or to taxes payable in respect of Union emoluments, to be assigned to the States be  $66\frac{2}{3}$  (sixty-six and two-thirds);
- (b) the percentage of the net proceeds of taxes on income which shall be deemed to represent proceeds attributable to Union territories be  $2\frac{1}{2}$  (two and a half);

(c) the percentage of the net proceeds assigned to the States be distributed as follows:

State	Percentage
Andhra Pradesh	7.71
Assam	2.44
Bihar	9.33
Gujarat	4.78
Jammu and Kashmir	0.70
Kerala	3.55
Madhya Pradesh	6.41
Madras	8.13
Maharashtra	13.41
Mysore	5.13
Orissa	3.44
Punjab	4.49
Rajasthan	3.97
Uttar Pradesh	14.42
West Bengal	12.09

#### LV. Union Excise Duties:

For a period of four years with effect from April 1, 1962 a sum equal to 20 (twenty) per cent of the net proceeds of the Union duties of excise on the articles scheduled below be paid out of the Consolidated Fund of India to the States and distributed among them as follows:

#### *Schedule of articles*

1. Sugar.
2. Coffee.
3. Tea.
4. Tobacco.
5. Kerosene.
6. Refined diesel oils and vaporizing oils.
7. Diesel oil, not otherwise specified.
8. Furnace oil.
9. Asphalt and Bitumen.
10. Vegetable non-essential oils.
11. Vegetable products.
12. Pigments, colours, paints, enamels, varnishes, blacks and cellulose lacquers.
13. Soap.
14. Tyres and Tubes.
15. Paper.

16. Rayon and synthetic fibres and yarn.
17. Cotton fabrics.
18. Silk fabrics.
19. Woollen fabrics.
20. Rayon or artificial silk fabrics.
21. Cement.
22. Pig Iron.
23. Steel Ingots.
24. Aluminium.
25. Tin plate and tin sheets including tin taggers and cuttings of such plate, sheets or taggers.
26. Internal combustion engines.
27. Electric motors and parts thereof.
28. Electric batteries and parts thereof.
29. Electric lighting bulbs and fluorescent lighting bulbs.
30. Electric fans.
31. Motor vehicles.
32. Cycles, parts of cycles other than motor cycles.
33. Footwear.
34. Cinematograph films exposed.
35. Matches.

*Schedule of distribution*

State	Percentage
Andhra Pradesh	8.23
Assam	4.73
Bihar	11.56
Gujarat	6.45
Jammu and Kashmir	2.02
Kerala	5.46
Madhya Pradesh	8.46
Madras	6.08
Maharashtra	5.73
Mysore	5.82
Orissa	7.07
Punjab	6.71
Rajasthan	5.93
Uttar Pradesh	10.68
West Bengal	5.07

### V. Additional Duties of Excise:

For a period of four years with effect from April 1, 1962, out of the total net proceeds of the additional duties of excise levied in replacement of sales tax on cotton fabrics, rayon or artificial silk fabrics, silk fabrics, woollen fabrics, sugar and tobacco (including manufactured tobacco):

- (a) a sum equal to 1 (one) per cent of the net proceeds be retained by the Union as attributable to Union territories;
- (b) a sum equal to 1½ (one and a half) per cent of the net proceeds be paid to the State of Jammu and Kashmir; and
- (c) a sum equal to the balance of the net proceeds of the duties, i.e. after the deduction of the amounts mentioned in sub-paragraphs (a) and (b) above, be distributed as follows:
  - (i) the sums mentioned below, representing the income of the States in 1956-57 on account of sales taxes by whatever name called, on the six commodities, be first paid to them:

State	(Rupees in lakhs)
Andhra Pradesh	235.24
Assam	85.08
Bihar	130.16
Gujarat	323.45
Kerala	95.08
Madhya Pradesh	155.17
Madras	285.34
Maharashtra	637.77
Mysore	100.10
Oriasa	85.10
Punjab	175.19
Rajasthan	90.10
Uttar Pradesh	575.81
West Bengal	280.41
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	3254.00

(ii) The remaining sum, if any, be distributed as follows:

State	Percentage
Andhra Pradesh	7.75
Assam	3.50
Bihar	10.00
Gujarat	5.40
Kerala	4.25
Madhya Pradesh	7.00
Madras	9.00
Maharashtra	10.60
Mysore	5.25
Orissa	4.50
Punjab	5.25
Rajasthan	4.00
Uttar Pradesh	15.50
West Bengal	9.00

#### VI. Grants-in-aid:

(i) Under the substantive portion of article 275(1) of the Constitution, in each of the four financial years beginning on April 1, 1962, the sums shown in the table below be charged on the Consolidated Fund of India as grants-in-aid of the revenues of the States mentioned against them:

State	(Rupees in lakhs)
Andhra Pradesh	1200
Assam	900
Bihar	800
Gujarat	950
Jammu and Kashmir	325
Kerala	850
Madhya Pradesh	625
Madras	800
Mysore	775
Orissa	1600
Punjab	275
Rajasthan	875
Uttar Pradesh	200
West Bengal	250

(ii) Under the substantive portion of article 275(1) of the Constitution in each of the four financial years beginning on April 1, 1962, the following further sums be charged on the Consolidated Fund of India as grants-in-aid of the revenues of the States mentioned against them for improvement of communications:

State—	(Rupees in lakhs)
Andhra Pradesh . . . . .	50
Assam . . . . .	75
Bihar . . . . .	75
Gujarat . . . . .	100
Jammu and Kashmir . . . . .	50
Kerala . . . . .	75
Madhya Pradesh . . . . .	175
Mysore . . . . .	50
Orissa . . . . .	175
Rajasthan . . . . .	75