

APPENDIX VI

(See paragraph 9.3)

*Transfer of funds to the States by way of share of Taxes and Duties and Grants under Article 275*

(Rs. crores)

States	Fourth Commission's recommendations (1966-71)			Fifth Commission's recommendations (1969-74)		
	Share of taxes and duties*	Grants under Article 275	Total	Share of taxes and duties*	Grants under Article 275	Total
Andhra Pradesh . . . . .	166.63	67.55	234.18	274.27	65.01	339.28
Assam . . . . .	62.36	82.60	144.96	93.24	101.97	195.21
Bihar . . . . .	197.46	..	197.46	407.38	..	407.38
Gujarat . . . . .	121.55	..	121.55	182.75	..	182.75
Haryana . . . . .	39.19**	..	39.19	59.61	..	59.61
Jammu and Kashmir	33.25	32.85	66.10	33.16	73.68	106.84
Kerala . . . . .	84.51	104.10	188.61	143.78	49.65	193.43
Madhya Pradesh . . . . .	148.53	13.50	162.03	274.02	..	274.02
Maharashtra . . . . .	260.38	..	260.38	383.66	..	383.66
Mysore . . . . .	111.32	104.10	215.42	179.43	17.99	197.42
Nagaland . . . . .	23.11	35.35	58.46	2.77	77.95	80.72
Orissa . . . . .	85.95	145.90	231.85	146.01	104.67	250.68
Punjab . . . . .	57.51**	..	57.51	89.16	..	89.16
Rajasthan . . . . .	96.76	33.65	130.41	170.16	51.49	221.65
Tamil Nadu . . . . .	173.12	34.20	207.32	272.29	22.82	295.11
Uttar Pradesh . . . . .	323.77	49.25	373.02	620.12	..	620.12
West Bengal . . . . .	197.41	..	197.41	296.64	72.62	369.26
<b>TOTAL</b> . . . . .	<b>2182.81</b>	<b>703.05</b>	<b>2885.86</b>	<b>3628.45</b>	<b>637.85</b>	<b>4266.30</b>

\*Includes share of grant in lieu of tax on railway passenger fares.

\*\*The share of composite Punjab has been allocated on population basis between Punjab, Haryana and Union Territory.

TABLE 65 : Transactions relating to purchase and sale of securities in each stock exchange in 1966-67 and 1967-68.

Name of the stock exchange (recognised)	Year	Cleared securities (No. in thousands)	Non-cleared securities (No. in thousands)	Non-cleared preference shares (No. in thousands)	Other securities (Non-cleared) (RS. crores)	
					Government securities including bonds	Debentures
1	2	3	4	5	6	7
Bombay	1966-67	239670*	3058	94	134.10	1.48
	1967-68	215607*	1939	72	116.85	0.83
Calcutta	1966-67	304484	18507	254	47.55	0.37
	1967-68	245362	10810	175	52.43	0.94
Delhi	1966-67	260813	170	3	0.01	..
	1967-68	218230	361	9	1.30	0.06
Ahmedabad	1966-67	10531	34	6	..	..
	1967-68	9595	26	4	..	..
Madras	1966-67	238	1604	53	17.20	0.37
	1967-68	225	1447	87	16.21	0.04
Madhya Pradesh	1966-67	18	Neg.	Neg.	..	..
	1967-68	9	2	Neg.	..	..
Bangalore	1966-67	..	287	64	0.03	..
	1967-68	..	58	74	..	..
Hyderabad	1966-67	..	49	3	0.13	..
	1967-68	..	218	3	0.05	..
TOTAL	1966-67	815754	23709	477	199.02	2.22
	1967-68	689028	14861	424	186.84	1.87

Source : Ministry of Finance, Department of Economic Affairs.

\*Includes transactions in respect of 7½ per cent Tata Steel 2nd Pref. and India United Deferred.

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ANNEXURE  
INTERIM REPORT  
(October, 1968)

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**INTRODUCTORY**

This Finance Commission is the fifth Commission to be appointed under Article 280 of the Constitution, and was constituted by an Order of the President dated the 29th February, 1968, which is reproduced below. We assumed office on the 15th March, 1968.

“In pursuance of the provisions of article 280 of the Constitution of India and of the Finance Commission (Miscellaneous Provisions) Act, 1951 (33 of 1951), the President is pleased to constitute with effect from the 15th March, 1968, a Finance Commission consisting of Shri Mahavir Tyagi, former Union Minister of Rehabilitation, as the Chairman and the following four other members, namely:

- (1) Shri P. C. Bhattacharyya, former Governor, Reserve Bank of India.
- (2) Shri M. Seshachalpathy, retired Judge, Andhra Pradesh High Court.
- (3) Dr. D. T. Lakdawala, Professor, Department of Economics, Bombay University.
- (4) Shri V. L. Gidwani, former Chief Secretary, Government of Gujarat, Member-Secretary.

2. The members of the Commission shall hold office until the 31st day of July, 1969.

3. Shri Mahavir Tyagi shall render part-time service as Chairman of the Commission until such date as the Central Government may specify in this behalf and thereafter, he shall render whole-time service as Chairman of the Commission. Of the other members, Shri P. C. Bhattacharyya shall render part-time service as member of the Commission until such date as the Central Government may specify in this behalf and, thereafter, he shall render whole-time service as member of the Commission. The other three members will render whole-time service.

4. The Commission shall make recommendations as to the following matters:—

- (a) the distribution between the Union and the States of the net proceeds of taxes which are to be, or may be, divided between them under Chapter I of Part XII of the Constitution and the allocation between the States of the respective shares of such proceeds;
- (b) the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India and the sums to be paid to the States

which are in need of assistance by way of grants-in-aid of their revenues under Article 275 for purposes other than those specified in the provisos to clause (1) of that article and other than the requirements of the Five Year Plan, having regard, among other considerations, to—

- (i) the revenue resources of those States for the five years ending with the financial year 1973-74 on the basis of the levels of taxation likely to be reached at the end of the financial year 1968-69;
  - (ii) the requirements on revenue account of those States to meet the expenditure on administration, interest charges in respect of their debt, maintenance and upkeep of Plan schemes completed by the end of 1968-69, transfer of funds to local bodies and aided institutions and other committed expenditure;
  - (iii) the scope for better fiscal management as also for economy consistent with efficiency which may be effected by the States in their administrative, maintenance, developmental and other expenditure;
- (c) the changes, if any, to be made in the principles governing the distribution amongst the States of the grant to be made available to the States in lieu of the repealed tax on railway passenger fares;
  - (d) the changes, if any, to be made in the principles governing the distribution amongst the States under article 269 of the net proceeds in any financial year of estate duty in respect of property other than agricultural land;
  - (e) the desirability or otherwise of maintaining the existing arrangements under the Additional Duties of Excise (Goods of Special Importance) Act, 1957, in regard to the levy of additional duties of excise on sugar, textiles and tobacco in lieu of the States' sales taxes thereon, with or without any modifications and the scope for extending such arrangements to other items or commodities;
  - (f) irrespective of the recommendation made under item (e) above, the changes, if any, to be made in the principles governing the distribution of the net proceeds in any financial year of the additional excise duties leviable under the 1957 Act aforesaid on each of the following commodities, namely,
    - (i) cotton fabrics,
    - (ii) silk fabrics,
    - (iii) woollen fabrics,
    - (iv) rayon or artificial silk fabrics,