



**REPORT**  
**OF**  
**THE FINANCE COMMISSION**  
**1978**

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## CHAPTER 1

### INTRODUCTION

1. The Commission was constituted by an Order dated 23rd June 1977 of the Vice-President acting as President. The Order is reproduced below: —
  - 1) "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 Vice-President acting as President is pleased to constitute a Finance Commission consisting of Shri J. M. Shelat, former Judge of the Supreme Court of India, as the Chairman and the following four other members namely: —
    - (1) Dr. Raj Krishna, Member, Planning Commission.
    - (2) Dr. C. H. Hanumantha Rao, Director, Institute of Economic Growth, Delhi.
    - (3) Shri H. N. Ray, Finance Secretary, Government of India.
    - (4) Shri V. B. Eswaran — Member-Secretary.
  - 2) The Chairman and other members of the Commission shall hold office from the date on which they respectively assume office upto the 31st day of October, 1978.
  - 3) The Chairman and Member-Secretary of the Commission shall render whole-time service to the Commission. Dr. Raj Krishna and Dr. Hanumantha Rao shall render part-time service as members of the Commission. Shri H. N. Ray will render part-time service upto the 30th June, 1977 and whole-time service thereafter.
  - 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 of the Constitution for purposes other than those specified in the provisos to clause (1) of that article.
  - 5) In making its recommendations, the Commission shall have regard, among other considerations, to—
    - i. the resources of the Central Government and the demands thereon on account of the expenditure on civil administration, defence and border security, debt servicing and other committed expenditure or liabilities;
    - ii. the existing practice in regard to determination and distribution of Central assistance for financing State Plans;
    - iii. the revenue resources of those States for the five years ending with the financial year 1983-84 on the basis of the levels of taxation likely to be reached at the end of the financial year 1978-79 and the targets set for additional resource mobilisation for the Plan;
    - iv. the requirements on revenue account of those States to meet the expenditure on administration and other non-Plan commitments or liabilities, keeping however in view national policies and priorities. In assessing such requirements, the Commission shall take into account —
      - a. such provision for emoluments of Government employees, teachers and local body employees as obtaining on a specified date as the Commission deem it proper and with reference to appropriate objective criteria rather than in terms of actual increases that may have been given effect to; and
      - b. commitments in regard to interest charges on their debt, transfer of funds to local bodies and aided institutions;
    - v. adequate maintenance and upkeep of capital assets and maintenance of Plan schemes completed by the end of 1978-79, the norms, if any, on the basis of which specified amounts are allowed for the maintenance of different categories of capital assets and the manner in which such maintenance expenditure could be monitored being indicated by the Commission;
    - vi. the requirements of States which are backward in general administration for upgradation of standards in non-developmental sectors and services with a view to

- bringing them to the levels obtaining in the more advanced States over the period covered by the Report of the Commission; the manner in which such expenditure could be monitored, being also indicated by the Commission;
- vii. the scope for better fiscal management and economy in expenditure consistent with efficiency; and
  - viii. the need for ensuring reasonable returns on investments in irrigation and power projects, transport undertakings, industrial and commercial enterprises and the like.
- 6) The Commission may suggest changes, if any, to be made in the principles governing the distribution among the States of:—
- a. the net proceeds in any financial year of estate duty in respect of property other than agricultural land;
  - b. the net proceeds in any financial year of the additional excise duties leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 1957, in replacement of the sales tax levied formerly by the State Governments on each of the following commodities, namely:—
    - i. cotton fabrics;
    - ii. woollen fabrics;
    - iii. rayon or artificial silk fabrics;
    - iv. sugar; and
    - v. tobacco including manufactured tobacco.
- Provided that the share accruing to each State shall not be less than the revenue realised from the levy of sales tax for the financial year 1956-57 in that State;
- c. the grant to be made available to the States in lieu of the tax under the repealed Railway Passenger Fares Tax Act, 1957; and
  - d. the grant to be made available to the States on account of wealth-tax on agricultural property.
- 7) In making its recommendations on the various matters aforesaid, the Commission shall adopt the population figures of 1971 in all cases where population is regarded as a factor for determination of devolution of taxes and duties and grants-in-aid.
- 8) The Commission may make an assessment of the non-Plan capital gap of the States on a uniform and comparable basis for the five years ending with 1983-84. In the light of such an assessment, the Commission may under-take a general review of the States' debt position with particular reference to the Central Loans advanced to them and likely to be outstanding as at the end of 1978-79 and suggest appropriate measures to deal with the non-Plan capital gap, having regard inter alia to the over- all non-Plan gap of the States, their relative position and the purposes for which the loans have been utilised, and the requirements of the Centre.
- 9) The Commission may review the policy and arrangements in regard to the financing of relief expenditure by the States affected by natural calamities and suggest such modifications as it considers appropriate, in the existing arrangements, having regard, among other considerations, to the need for avoidance of wasteful expenditure.
- 10) The Commission shall make its report by the 31st October, 1978 on each of the matters aforesaid and covering a period of five years commencing from the 1st day of April, 1979. The Commission shall indicate the basis on which it has arrived at its findings and make available the State-wise criteria adopted in making modifications, if any, in the States' forecasts of receipts and expenditure",

2. The provisions of the Constitution having a bearing on the constitution and the work of the Finance Commissions have been set out in Annexure I. The Finance Commission (Miscellaneous Provisions) Act, 1951, will be found in Annexure II.

3. Prof. Raj Krishna and Dr. C. H. Hanumantha Rao served as part-time Members throughout the tenure of the Commission. The Chairman and the other Members served on a whole-time basis.

4. The first meeting of the Commission was held in New Delhi on 14th July 1977. The Commission at that meeting adopted rules of procedure similar to those of the earlier Finance Commissions. The Commission also approved of the issue of a Press Note indicating its terms of reference and inviting those interested in its work to furnish written memoranda to the Commission setting out their views and suggestions. A circular letter in similar terms was also addressed to Members of Parliament, Members of State Legislatures, Vice-Chancellors and Heads of Economics Departments of Universities, leading economists and others.

5. Even before the constitution of the Commission, the Department of Economic Affairs in the Ministry of Finance had taken some preparatory steps. In July 1976 all State Governments had been requested to compile information on a number of "Subsidiary Points" bearing on the finances and the economy of the States. Our Member-Secretary was appointed as an Officer on Special Duty in the Ministry of Finance some time before the Commission was constituted. He had addressed the State Governments requesting them to compile forecasts of receipts and expenditure on revenue and capital accounts for the five year period to be covered by our Report (1979-80 to 1983-84). He had also requested some of the Ministries of the Central Government to furnish information likely to assist the Commission. Further, communications were addressed to them as decided by the Commission in its initial meetings. The more important of these communications are set out in Annexure III. The Union Ministry of Finance was also requested to furnish the Commission with forecasts of revenue and expenditure of the Central Government for the five year period of our Report.

6. In September 1977, the Government of India and the Planning Commission decided to terminate the Fifth Five Year Plan with the close of 1977-78 and to initiate a rolling Plan from 1978-79. Since the impact of this decision vis-a-vis our terms of reference was not then quite clear, we addressed the Ministry of Finance and the Planning Commission for a clarification. We were informed by the Ministry that our terms of reference were not affected in any way.

7. At our request, the Comptroller & Auditor General of India was good enough to instruct the Accountants General of the States to assist us by furnishing information which might be needed by us from time to time. We are thankful to them for complying with our requests for information with care and promptitude.

8. Amongst the State Governments the Government of Tamil Nadu was the first to furnish to us forecasts on the revenue and capital accounts. The last State Government to send us its forecasts did so in June 1978. Information on the Subsidiary Points was also considerably delayed by a number of State Governments. The forecasts were examined in our Secretariat, in order to identify points which required clarification and further information from the State Governments. These were communicated to the State Governments before the Member Secretary and other officers of the Commission held detailed discussions with the officers of the State Governments. In this respect we followed the useful practice adopted by the Sixth Commission. The clarifications obtained as a result of these discussions helped us greatly in acquainting ourselves in sufficient depth with the policies and special features of the finances of each State before our discussions with the Chief Ministers and their colleagues.

9. We were able to begin our round of discussions in the State capitals with the Chief Ministers and their colleagues in January 1978. The last of these meetings was held in July 1978. The dates of our visits to the States are set out in Annexure IV. We are glad to say that during these discussions there was a full and frank exchange of views on matters pertaining to our terms of reference and the special circumstances of the individual States. Our main objective was to get a clear understanding, from the highest levels in the State Governments, of the States' policies bearing upon their finances, as well as of various aspects of their fiscal management. Following the Commission's discussions with the Chief Ministers and their colleagues, our Member Secretary had wherever necessary further meetings with the senior officers of the State Governments in order to go over matters of detail. At these meetings with the State Governments, the Accountant General concerned was, at our request, also generally present and assisted in the discussions. Several State Governments had indicated that the Commission might also visit some areas in order to have a better appreciation of their special problems and of features which, in their view, made for higher costs of services. Some of us were able to make such visits, which turned out to be useful since they gave us a much better feel of the special considerations urged by the State Governments concerned.

10. We would like to record here our gratitude for the ungrudging help and cooperation we received from the State Governments and their officers in all aspects of our work. We would also like to thank the State Governments for the courtesies and hospitality extended to us during our visits to the States.

11. It was gratifying to find during our visits to the State capitals that the Press took keen interest in the work of the Commission. We deeply appreciate such interest. Considering the confidential nature of the discussions we had with the States, we were naturally not in a position to speak freely to the

Press wherever they met us. At some places, leading figures from the Press met us to put before us their appreciation of the problems and needs of the State. These meetings were very useful.

12. In response to the Press Note and our letters inviting views and suggestions on our terms of reference, we received a number of memoranda. The Lucknow University organised a seminar especially to discuss some aspects of the Finance Commission's functions, and sent the proceedings to us. A seminar was also held at Hyderabad where a number of leading advocates participated and discussed diverse problems relating to Centre-State financial and other relations. The Commission received copies of the proceedings of the seminar. The National Institute of Public Finance & Policy, New Delhi, organised a seminar, and thereafter forwarded a memorandum to us. We were also able to obtain, through the kindness of Prof. Benjamin Brown of the Harvard Centre of International Affairs, and the Australian National University, as well as through the good offices of some of our Missions abroad, valuable material on federal fiscal relations in other countries. In the course of our visits to the State capitals, as well as at our headquarters in New Delhi, distinguished persons with experience in public affairs, economists, representatives of Chambers of Commerce & Industry, Members of Legislatures and others, who were interested, met us. We took the opportunity of our visit to Bombay to have a very useful discussion with the Governor of the Reserve Bank of India and his colleagues as well as the heads of public sector financing institutions. We would like to express here our appreciation of the trouble and the time taken by them. We have greatly benefited from their statements and from the memoranda we received from them. A list of individuals and organisations, who gave us memoranda, is given in Annexure V, and a list of those who met us in Annexure VI.

13. We have also had detailed discussions with the Secretaries in the Union Ministry of Finance and senior officials of the Ministry, including the Chairman of the Central Board of Direct Taxes and the Central Board of Excise & Customs, and separately with the Home Secretary, the Defence Secretary and the Secretary, Social Welfare. These discussions, concerning the forecast of receipts and expenditure of the Central Government, as well as some other matters pertaining to our terms of reference, were extremely useful.

14. We would like to acknowledge and record our deep appreciation of the ungrudging and painstaking work put in by our officers and research staff. Shri R. K. Dar, Joint Secretary, Shri M. R. Sivaraman and Shri S. K. Das Gupta, Directors, not only provided guidance to the research staff but also did considerable original work on their own. Our Senior Research Officers Sarvashri M. L. Anand, R. D. Gupta, R.N. Jain, J. L. Kapoor and G. G. Nair, and Research Officers Sarvashri P. S. Gill, R. K. Juneja, Manohar Lal, G. P. Sahni and K. Venkataraman, who formed the Research Groups, not only did thorough work in collecting and analysing the voluminous data relating to the forecasts of the States, but also did special studies which were essential for our work in regard to maintenance of capital assets, returns on investments in power, irrigation and public undertakings, and the proposals of the States for upgrading the standards of administration. The thoroughness with which they all worked was such that we rarely had occasion to ask the Secretariat for further information or clarification after a paper on a subject had been prepared and brought up before the Commission. Shri P. B. Dhawan, in view of his experience in the work of the Finance Commission, was not only of great help to the Chairman as his Private Secretary, but also handled the forecast of one of the major States. Similarly, Shri K. B. L. Mathur, Private Secretary to Prof. Raj Krishna, gave valuable assistance to the senior officers of the Commission with his specialised knowledge of analytical work in the economic field. We should also acknowledge here the quiet and smooth efficiency with which our house-keeping staff worked for us, guided by Shri P. L. Sakarwal, Under Secretary, Shri H. R. Meraney, Superintendent and Shri P. N. Sachdev, Accounts Officer. Each of us would also like to add that our personal staff performed their duties to our entire satisfaction.

## CHAPTER 2

### RE-ASSESSMENT OF THE FORECASTS OF STATE GOVERNMENTS ON REVENUE ACCOUNT

1. The primary objective of a Finance Commission is to evolve a scheme of transfer of financial resources from the Centre to the States, so designed as to place each State in a position where it can expect to maintain financial equilibrium during the period covered by the report of the Commission. It is essential therefore to estimate the budgetary needs of each State Government for this period, in a uniform manner, taking due note of any special features that there may be in one State or the other. The basic document for this purpose is the forecast of revenues and expenditure prepared by the State Government itself. As we have mentioned earlier, we had requested the State Governments to furnish these forecasts in a standard form, which followed the classification of receipts and expenditure used for budgeting and accounting of State Government transactions. We have also obtained from the State Government, in the last few months, revised forecasts taking into account their budgets for the current year as well as any developments relevant to the forecasts, which may have taken place after the budgets were presented.

2. The forecasts we have obtained relate to non-Plan expenditure. It has now been well established that the financial requirements of the States for their Plans are not considered by the Finance Commission. For practical reasons, if for no other, the requirements for the Plans of the Centre and the States from year to year, which would vary depending on the priorities of development, the progress of individual projects and programmes according to schedule or otherwise, escalations in costs and changes in the content of projects, etc. are most conveniently dealt with from time to time by the Planning Commission and the government concerned. The concern of the Finance Commission is the less discussed, but for that reason not the less vital, area of non-Plan expenditure embracing the basic administrative infrastructure and the adequate maintenance and upkeep of capital assets already created and the public services built up before the commencement of a new Plan. These aspects broadly determine the levels of non-Plan revenue expenditure. In regard to revenue receipts the Finance Commission goes by the general principle that measures which the States or the Centre may take to raise fresh resources should be left out of account, as the new resources raised in the period covered by the Commission's report are generally taken as being meant for new investment in the Plans. The Commission, however, is very much concerned with the returns which investments already made by the governments should fetch.

3. We have re-assessed the forecasts of revenue receipts and expenditure of the States in the light of these broad considerations. For the purpose of the re-assessments, both of revenue receipts and expenditure, like the earlier Commissions, we have adopted the method of applying suitable rates of growth by which individual items of revenue and expenditure may be expected to increase annually. The rates of growth have been applied to the actuals of the year for which firm figures are available in the accounts. In regard to items of receipts we have taken the actuals of 1977-78 as furnished to us by the Accountants General, unless these figures cannot be adopted for one reason or another. The actuals of receipts of 1977-78 are unlikely to undergo any change, unlike the preliminary actuals of the expenditure for the same year which we have for most of the States, also from the Accountants General. The actuals of expenditure for 1977-78 are liable to significant changes on account of adjustments, and we would not have the final picture in time for our Report. In regard to the items of expenditure therefore we have applied the rates of growth adopted by us to the actuals of 1976-77. Here again we have had to go by other figures, where the 1976-77 actuals are vitiated for any reasons, such as their not reflecting fully the impact of revisions of emoluments effected before 1.1.1977, or being inflated because of inclusion of arrear payments of emoluments, etc. Wherever necessary, we have allowed for factors not reflected in the actuals of receipts in 1977-78 or of expenditure in 1976-77, and which ought to be taken into account for arriving at the 1978-79 base for projections. In the case of items of expenditure, we have excluded from the projections the effect of revisions in emoluments sanctioned after 1.1.1977, which have been dealt with separately later. In this manner both for receipts and expenditure we have arrived at the base year figures of 1978-79 for the purposes of projections. We do not consider it satisfactory to make projections based on the budget estimates of the States for 1978-79, or the revised estimates for 1977-78, for the actuals are likely to differ considerably from these estimates, as is shown by general experience.

4. Many States have given us to understand that they have assumed that there would be relative stability in prices or no price changes in the forecast period while preparing their forecasts of revenue receipts and expenditure. A few States have specifically stated that their forecasts of receipts would give them cushions to enable them to absorb the burden of unforeseen demands on their resources. We have also observed that the projections of receipts in many States are unduly conservative, and their projections would obviously give them cushions to meet stresses in their finances which may occur from time to time.

5. Some States, however, have built in allowances for price changes of varying orders in the forecast period, while projecting expenditure. Many have also built in higher norms of expenditure for maintenance of capital assets and on improving the standards of administration in certain services and sectors. We have allowed for a few such proposals of the States in determining the rates of growth for expenditure, but most of them have been dealt with separately.

6. We do recognise the anxiety of the State Governments, reflected in the assumptions they have made and the methods they have adopted in forecasting their receipts and expenditure, that the equilibrium of their finance in the period covered by our report should not be seriously upset on account of price changes and unavoidable new commitments of expenditure. In the re-assessment of the receipts of the States from taxes, we have taken care to discount the rates at which tax revenues have grown in the early seventies which witnessed severe price inflation. We have also taken note of the fact that there has been a welcome effort at tightening up the tax administration in many States in recent years, and that the higher rates of growth observed in such States as a result of these efforts cannot obviously be sustained in future years. On the other hand, we could not be indifferent to the high levels of arrears of taxes and other revenues noticed in a few States, and have therefore taken credit for recovery out of these arrears to a suitable extent in the forecast period.

#### **Tax and non-tax revenues**

7. We have made a detailed analysis of the growth of each item of tax and non-tax revenue as well as non-plan expenditure of the States for a long period of years, from 1963-64 to 1975-76 in most cases. The rates of growth over this long period as well as the co-efficients of elasticity and buoyancy with respect to incomes at current prices have been estimated. Similarly we have the partial elasticity co-efficient of tax revenues estimated with respect to real incomes and prices. These exercises were done for us by the National Institute of Public Finance and Policy, New Delhi, whose assistance we would like to acknowledge here. While we have not found the analysis of non-tax revenues and expenditure particularly useful, we have kept in mind the estimated parameters for certain tax items, together with other factors, while determining the future growth of tax revenues in each State. We have also naturally taken note of the trends in the growth of these taxes after 1975-76, apart from the changes in the tax laws and rate structures after that year. Besides, specific factors relevant to particular taxes have also been kept in mind, for instance the number of cinema houses in respect of entertainment tax, the laws relating to ceilings on urban and agricultural lands in respect of stamp duties, etc. Nor have we ignored broad considerations like the relative economic position of the States and the patterns of their economies. While we do not believe it is possible in practice to project revenues on the assumption of no price changes whatsoever in the forecast period, we believe that the rates of growth we have adopted would be fair to the States. Taking the overall receipts and expenditure as we have projected, we consider that except in a situation of more than marginal increases in prices, the States should be able to manage their finances fairly smoothly in the period of our report.

8. In the light of the considerations set out above, we have adopted the rates of growth of different taxes as shown in Appendix I.1. We believe that these rates of growth would be realistic for the years covered by our report.

9. We have not adopted the method of applying rates of growth in the case of some taxes. For land revenue we have re-assessed the forecasts of the States taking a recovery of 85 per cent on the normal demand and 50 per cent of the outstanding arrears in each year. Receipts from electricity duty have been projected on the basis of the anticipated sale of energy in the new Plan period. In regard to purchase tax on sugarcane, we have taken note of the recent steep increase in the production of sugar in the country, and the possibility that increases of the same order would not occur in the next few years. We have, therefore, adopted a rate of growth of 3 per cent for receipts from this tax in the case of Uttar Pradesh and Bihar and 4 per cent for the other States.

### **State excise duties and the impact of prohibition**

10. We have paid special attention to the projection of the revenues from State excise duties, keeping in mind the national policy favouring complete prohibition in 4 years. Almost all the States have indicated to us that they are in agreement with this policy in principle, though the steps different States have taken till now do not go equally far towards complete prohibition. Some States have indicated in their forecasts the revenue effect of the measures they have already implemented and have in mind for the future. A few States have given us alternative projections of revenue, with and without the introduction of prohibition in stages. We have kept in mind the context of the national policy while deciding the method of projecting the excise revenue from potable liquor. We have estimated the excise receipts for 1978-79, on the basis of the decisions taken and implemented by the State Governments so far, such as a specific reduction in the sale of liquor, declaration of large areas as dry, etc. We have assumed that the revenue thus assessed for 1978-79 would remain static in each year of the forecast period. To this we have added, for each year, the assistance assured to the States in the present Central Government policy on the subject, equal to half the difference between the total receipts of excise revenue for 1977-78 and the re-assessed receipts for 1978-79, wherever the latter is less. In regard to the other items of revenue booked under the same head, we have adopted a rate of growth of receipts at 5 per cent per year. We wish to state specifically that the method we have adopted for projecting the excise revenues should not be construed as a disparagement of the intentions expressed by a number of State Governments to take steps progressively to achieve prohibition in the next 3 or 4 years. We feel, however, that it would be unsafe to project the revenues in any other manner than the one we have adopted. The level of revenue which we have adopted for each State and each year, should be the one with respect to which the Central Government would make grants to the States to compensate any loss of excise revenue arising from prohibition measures in the years 1979-80 to 1983-84. We have given in Appendix I. 2 the receipts we have estimated under this head, for each State and each year, broken down between excise revenue from potable liquor and from the other receipts under the head.

The Department of Social Welfare of the Central Government have written to the State Governments on 3rd August 1978, and also to us on the 4th August 1978 indicating the policy of the Central Government. We had taken up this subject in the course of our discussions with the Secretary in the Department and with the Union Finance Secretary. The Union Finance Secretary has also written to us clarifying the policy. These communications have been reproduced in Appendix I. 3(i) to (iii). We find that the present policy of the Central Government, offering to compensate the States to the extent of 50 per cent of the loss of excise revenue if they took steps to implement prohibition, stipulates that the entire revenue under the major head "039 - State Excise" would be counted for the year 1977-78 as well as for the year for which a State makes a claim for assistance, in order to determine the "established loss" of revenue. We find that in a number of States the revenue from items other than potable liquor is substantial, and as we have observed earlier, is being projected by us to grow annually at 5 per cent. We would also like to mention that in Karnataka there are cesses on the excise revenue, the receipts from which are not booked under the same major head of account as excise, and the loss of which, therefore would not be reflected in the revenue under the excise revenue head. A number of States have also pointed out that with the introduction of prohibition their revenue from sales tax on potable liquor would diminish. We find from the clarifications given to us by the Central Government that its assistance policy would not cover the loss or diminution of these revenues. We had also enquired, in our discussions with the Union Finance Secretary, whether any studies had been done which would support the position taken in the assistance policy of the Centre that the uncompensated part of the excise revenue can be made up by the States by tapping the savings on consumption of liquor through other means. We were informed that while this matter had not been studied in detail, it was the belief of the Central Government that savings on liquor were likely to be spent on other consumption which was already subject to tax or could be taxed by the States. The State Governments with whom we have discussed this point, have mentioned that they expected that the savings on liquor would be largely spent on items like foodgrains, clothing, etc. which were either not subject to tax or were taxed at low rates. In their view, to the extent that the savings were spent on items like entertainment, there could be some increase in the revenue, but overall it appeared they would not be able to make up anywhere near the uncompensated part of the excise revenue loss. We feel that there is considerable validity in this view of the States.

11. We, therefore, hold the view that where the State Government implements further measures towards prohibition in the years from 1979-80 onwards, and thereby suffers a loss in the excise revenue

from potable liquor to a figure below that assumed by us for that year, the difference should be made up entirely by a grant by the Central Government, and we recommend accordingly. We also recommend that the Government of India should assess the grant payable, if any, to each State in each year of the period of our report, and make the payment under Article 275. In our view, in making this grant, the Central Government should make no distinction between the States which are left with an overall surplus for the five-year period as a result of our scheme of transfer of resources from the Centre, and those which are not. We make this recommendation, taking into account the fact that the present policy of Central assistance does not distinguish between "surplus" States and the other States. We also believe that if such grants are not made to the "surplus" States, they would suffer a diminution in the resources for their Plan, a result which we do not consider equitable or just. Nor would we wish to lay ourselves open to a possible charge that our view of this matter indirectly will discourage the "surplus" States from taking up a time-bound programme for achieving complete prohibition.

12. Prof. Raj Krishna and Shri H. N. Ray, however, do not agree with this approach and have set out their views in a joint Note appended to this Report.

13. Gujarat and Tamil Nadu have asked for specific grants equivalent to the loss of excise revenue following the introduction of complete prohibition in those States quite some time back. The losses have been calculated notionally. We are unable to accede to their request to compensate notional losses of revenue.

14. We have generally adopted an annual rate of growth of 5 per cent for the projection of revenues of the States from non-tax sources, or have accepted the forecasts of the State Governments themselves where we found these reasonable, except for interest, profits and dividends, revenues from forests, mines and minerals, and receipts from the departmental schemes providing supplies and services.

15. In the case of receipts from forests, we have not only taken into account the trends of growth of past receipts but also the areas under forests in each State and the revenue per hectare. We have also taken note of the fact that in some States the State Forest Development Corporations have been entrusted with the forest operations in some areas, while in a few the forest operations are being done departmentally and not through lessees. The forest revenues of Andhra Pradesh, Assam, Bihar, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Orissa, Tripura and Maharashtra have been projected to grow at an annual rate of 8 per cent. We have adopted 7 per cent as the rate of growth of revenue in Manipur, Meghalaya, Nagaland, Tamilnadu and West Bengal, and 6 per cent for the other States. In the case of receipts from mines and minerals, we have compared the projections of the States, in respect of royalties on major minerals, with the production estimates for each mineral obtained from the Union Ministries concerned. The revenue from royalties has been projected on the basis of the production anticipated during the forecast period. The other receipts under this Head have been projected taking into account the past trends. Cesses on royalties which are levied in a few States have been projected on the same lines as the royalties.

16. We have been concerned at the picture of deficits disclosed in the forecasts of a number of States, in respect of departmental milk supply schemes, undertakings of a commercial nature, water supply schemes, ports and transport services. These services have been expanding in the States over the years, and the State Governments have been investing increasingly in them. Generally these services benefit particular sections of the people, and to the extent the services incur deficits borne by the State Governments, they become a burden on the tax-payer in general. While we appreciate that some of the services are very desirable, we see no reason why receipts on account of these services should not at least cover the working expenses even if they do not generate surpluses for new investments which will be necessary as population grows and urbanisation spreads. It also seems to us that if deficits in these supplies and services, which are of the nature of subsidies from the budget, are not taken note of and conscious efforts are not made to reduce them, there is bound to be a degree of laxity in keeping control over costs and in pricing policies. We recognise, at the same time, that the States will need some time to improve the financial working of such ventures. We have accordingly re-assessed the forecasts of receipts and expenditure on such items, so that the deficit would be reduced to nil by 1983-84. In the case of water transport services run by the Assam Government, however, considering the unique place of these services in the economy of Assam, we have assumed that the deficit would be reduced to half by 1983-84.

17. We note with concern that in some States there appeared to be no policy in terms of which the departments concerned with the provision of supplies and services of the nature described above were required to control costs and to improve efficiency in such a manner as to reduce the net burden on the

budgets. The State Governments which are not already maintaining proforma commercial accounts for such schemes and services, should consider doing so. This should help in bringing about a degree of cost-consciousness in the management of these schemes and services, thereby resulting in economy and greater efficiency.

18. We have elsewhere referred to another aspect, namely high levels of arrears of revenues in some States, and indicated that we have assumed that the arrears would be reduced in the forecast period. In our examination of the forecast on the capital account also, which we deal with later, we have assumed recoveries of loans on the basis of a normative approach rather than give credit for the unsatisfactory position in many States. Another important area where good management should produce better results than now, concerns the working of the departmental schemes for irrigation, electricity and transport as well as the corporate bodies set up by the States in these fields, which we shall discuss in some detail later.

#### **Additional resource mobilization.**

19. In the projections of the revenue receipts of the States as described above, we have taken the levels of taxation as in the current year, on the basis of the information furnished to us by the States till early in October, 1978. Para 5(iii) of the Presidential Order requires us to have regard also to the targets for additional resource mobilisation for the Plan. We have been informed by the Planning Commission and the Union Finance Ministry that the aggregate of the targets for additional resource mobilisation in the current year is Rs. 452.17 crores for all the States, excepting Meghalaya and Sikkim for which no such target was settled. We have also been informed that in some States the target figures include resources to be mobilised through economies in expenditure and better collections of revenue, which it is not possible to quantify. Another relevant point in this connection is that States still have a few months in the current year during which they may take steps to mobilise further resources. We have also noted that when the targets were fixed it was not known that the Central Government would levy an excise duty on electricity, which, according to our estimation, should yield Rs. 125.33 crores in the current year relateable to generation of electricity by the electricity boards and other undertakings of the States. This levy, we have no doubt, would have the effect of inhibiting the State Governments from revising electricity duty upwards and the electricity undertakings from revising their tariffs upwards for raising more resources for themselves. In the light of these factors we have considered it appropriate to reduce the resource mobilisation target of the States by the amount of the Central excise payable on generation of electricity. We have also assumed that the norm of performance against the target so adjusted should be the same as it had been in the States as a whole in the four years 1974-75 to 1977-78, when the all States' performance was 94.98 per cent. We have further assumed that the proportion of the tax and non-tax measures, which would be reflected directly in the budget, to the resource mobilisation by the State enterprises would be the same as it was in 1974-78. On these assumptions we have worked out that the aggregate modified target for the twenty States (for which resource mobilisation targets were set for the current year) should be Rs. 190.36 crores for tax and non-tax revenue measures, and Rs. 120.07 crores for measures in the field of the State enterprises. Taking the additional resources so far raised by the States, we have computed the shortfalls in performance against the modified targets of tax and non-tax resources which we have derived. Five States have done better than the target worked out by us. So as not to penalise the effort, we have given these States credit for their performance in excess of the target. After allowing for the full year's yield of the measures taken by them, fourteen States have shortfalls as shown below:

	<b>States</b>	<b>(Rs. crores)</b>
1	Andhra Pradesh	19.78
2	Assam	2.11
3	Bihar	10.88
4	Haryana	5.90
5	Jammu & Kashmir	1.26
6	Karnataka	13.33
7	Kerala	6.84
8	Maharashtra	21.89
9	Manipur	0.26
10	Nagaland	0.10
11	Rajasthan	9.79
12	Tamil Nadu	8.23
13	Tripura	0.21

14	Uttar Pradesh	19.67
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We have added these amounts back to the revenues of the States in the current year and projected them to grow during the forecast period at the same rate as the aggregate tax and non-tax revenues of each State (excluding interest and dividends) as reassessed by us. The receipts thus projected have been added to the revenue receipts of these States for the forecast period.

Shri H. N. Ray, however, does not agree with this approach and has given his views in a separate Note which has been appended to this report.

### Revenue expenditure

20. We now indicate the manner in which we have reassessed the revenue expenditure projections of the States. We have kept in mind the desirability of the State Governments restraining the growth of non-Plan expenditure generally in the interest of the provision of services to the tax-payer at the least cost to him, and of conserving resources for the development Plans. We have projected most items of expenditure to grow annually at five per cent wherever the States have adopted a higher rate in their forecasts. In the case of the tax collection charges, as well as Treasury and Accounts Administration, however, we have recognised that in many States a somewhat higher rate of growth of expenditure than 5 per cent a year in the forecast period would enable them to improve the efficiency of the departmental organisations and achieve better administration of the taxes and higher collections as well as improved control over Government expenditure. The rates of growth adopted are six per cent and eight per cent in most cases. The expenditure on the Police has been reassessed on the basis of an annual rate of growth of 6.5 per cent, and expenditure on fire services at 6 per cent.

21. Under developmental heads of expenditure we have given special consideration to the requirements of individual States. For education an annual rate of growth of 7 per cent has been adopted for reassessing the expenditure forecast of these States, namely, Bihar, Jammu and Kashmir, Orissa, Tripura and West Bengal, while for the other States, the rate adopted is six per cent. For medical services, we have adopted rates of growth which would enable States to provide adequately for items like X-ray equipment, etc. We have also provided additionally for expenditure on medicines and diet for patients so that States can spend upto Rs. 2568 a year on medicines and Rs. 1100 a year on diet per hospital bed. The former is the average expenditure on medicines for all States in 1977-78 as estimated by us, and the latter has been taken by us as a desirable minimum. We have shown in Appendices I.4(i) and (ii) the additional provisions thus included in the forecasts of the States concerned.

22. We find a variety of practices in different States in regard to old age pensions and pensions for the destitutes, the infirm, etc., the expenditure on which is booked under the head 288-Social Security and Welfare. In a few States, there is no such social security scheme at all, while in others the rates of monthly pension are too low in our opinion. We feel concerned about this situation, and believe that it would be desirable to have some uniformity as between the States. We have, therefore, allowed in the forecast period adequate provisions in each State to enable payment of Rs. 60 per month by way of a social security pension to 0.1 per cent of the population according to the 1971 census. In the case of the States where the expenditure on social security pension is higher than this level, we have allowed it to stand. The amounts thus provided have been taken at a static level in each year of the forecast period. The provisions allowed by us, together with the actual expenditure in 1976-77 are shown in Appendix I.5. Some States have recently decided on unemployment relief payments. West Bengal, Kerala, Karnataka and Punjab have included pensions on this account in their revised forecasts on revenue account. We are not in a position to judge the merits of these schemes and their priority vis-a-vis other developmental schemes of the States. We believe that such schemes should properly belong to the Plans, and have therefore not allowed any provisions in the forecasts as reassessed by us.

23. In regard to the transactions on food and civil supplies we have examined the revenue expenditure head 309 and the capital account head 509, taking into account the different practices followed by the States for the booking of transactions in the accounts. We have assumed that except in Himachal Pradesh and Jammu & Kashmir, there would be no net burden on the budgets in the forecast period on account of these transactions, but have allowed for the regular establishment costs. In regard to food subsidy, Himachal Pradesh has included in its forecast a small amount for subsidising mainly the cost of transport of certain essential commodities to the remote areas in the State. In view of the special circumstances, we have allowed for this expenditure. Jammu & Kashmir has been withdrawing food subsidies in a phased manner since about 2 years. According to the State Government, the total burden on the subsidy on foodgrains had reached Rs. 15.87 crores in 1975-76, whereafter it is being

reduced progressively. Simultaneously the State Government has undertaken certain development schemes outside the Plan, utilising the savings on the food subsidies. We understand that the Planning Commission has till now allowed such an arrangement. The State Government has included expenditure to the tune of Rs. 12.66 crores on food subsidies in its forecast for the first 3 years on a diminishing scale, and at the same time has also proposed a food subsidy sub-Plan of Rs. 56 crores in the five-year period made up of Rs. 13.15 crores on revenue account and Rs. 42.85 crores on capital account. The State Government has urged that since the Planning Commission has so far allowed a food subsidy sub-Plan outside the Plan, the same practice should be accepted for the period covered by our Report and Rs. 56 crores should be provided for on the non-Plan account for a food subsidy sub-Plan. We have given careful consideration to this matter. We appreciate the efforts of the State Government to reduce the food subsidy expenditure to nil after the first 3 years of the forecast period, and have accordingly allowed this expenditure to the tune of Rs. 12.66 crores in the years 1979-80 to 1981-82. However, in regard to the food subsidy sub-plan, though we may be in sympathy with the approach of the State Government, we feel precluded from providing for expenditure of a clearly developmental nature which ought to be in the Plan. Besides, we are not aware of the contents of the sub-Plan of Rs. 56 crores. Even if we were, we are not in a position to assess their merits as the Planning Commission would be able to do. We are, therefore, leaving this aspect to be discussed and settled between the State Government and the Planning Commission.

24. There are a number of items of expenditure in the States for which the Central Government provides non-Plan grants. Some of these items are functions performed by the States as agents of the Central Government. Many others are in pursuance of schemes of joint efforts between the Central Government and the States to improve particular areas of administration, for instance, grants forming part of Central assistance for modernisation of the police. Some others have ad hoc origins like grants to the States towards the cost of the personnel of the former National Fitness Corps. Among the Central Ministries only the Ministry of Supply and Rehabilitation (Department of Rehabilitation) has written to us that they are meeting the cost of certain institutions (Permanent Liability Homes, etc.) in the States which had been set up as part of the measures for rehabilitation and welfare of refugees and migrants. They have observed that institutions of these types should be the responsibility of the States concerned, but the latter had not so far taken them over on account of financial constraints. The Department have, therefore, suggested that we may take this into account and allow for the full expenditure in the forecast of the States concerned. A copy of their communication is reproduced at Appendix I. 6. We have accepted this request and have accordingly allowed fully for the expenditure on the institutions in the forecasts of the States concerned. As regards non-Plan grants to the other Ministries, we have assumed that they will continue as at present and have reassessed the States' forecasts accordingly wherever necessary.

25. The forecasts of the States include provisions for assignments of revenues from taxes to local bodies. The taxes so assigned and the amounts involved differ widely as between the States. We have provided for these assignments to continue in the forecast period on the same basis as at present. State Governments also give grants to local bodies. A few have revised the amounts of these grants recently. We have allowed provisions for these grants to continue on the current basis, with an annual increase of 2 per cent in the forecast period.

### **Committed liabilities**

26. The maintenance of Plan schemes completed by the end of 1978-79 becomes a "committed" liability on the non-Plan account from 1979-80 onwards. We had requested State Governments to furnish us details of Plan expenditure for the year 1978-79 as well as their estimates of the committed liability from 1979-80 onwards. We had asked for scheme-wise details, showing recurring and non-recurring items. Not all State Governments have been able to give us the information in detail. We have also noticed that in many States the Plan outlay budgeted by them is different from the Plan outlay for the current year approved by the Planning Commission. Since the Plan outlay approved by the Planning Commission is linked with a certain scheme of financing settled at the time of the approval of the Plans, we have taken the approved Plan outlay as the basis. The committed liability arising on account of expenditure on the capital side, for example, maintenance of buildings, roads and irrigation works, have been examined separately and provided for as indicated later. We have therefore estimated the committed liability arising out of the revenue account component of the approved Plan for 1978-79; where the budgeted outlay is different from the approved Plan outlay we have made our own estimate of the revenue component of the approved outlay. Similarly, in respect of Central sector and

Centrally sponsored schemes, we have suitably modified the outlays shown in the State budgets in the light of the outlays in the Central budget. We have also taken into account information furnished by the Planning Commission, which may be found in Appendix I.7, for the purpose of estimating committed expenditure liabilities in the States. For instance, a number of states have included in their forecasts provisions for family welfare programmes on the assumption that they would cease to be Centrally sponsored, though the actual position is otherwise. We have corrected the forecasts of the States in such cases.

27. The committed expenditure estimates as percentage of the revenue Plan outlay of 1978-79 vary very widely as between the States. For instance, in the State Plan sector these percentages vary from 25.4 to 85.96. This range of variation is inexplicable since the content of the revenue Plan outlay under the different heads of development does not vary too much as between the States. Keeping these considerations in mind, we have allowed for committed expenditure liabilities in 1979-80 at the levels proposed by the States, subject to a maximum of 50 per cent of the revenue component of the plan outlay for 1978-79. In the case of Sikkim and Haryana, which have made unduly low estimates in our view, we have adopted 30 per cent of the revenue Plan outlay. The estimate for 1979-80 in each case has been projected to grow at an annual rate of 5 per cent for the rest of the period covered by our Report. For the States which are members of the North Eastern Council, we have provided for the committed expenditure liabilities, on account of North Eastern Council Plan schemes in those States, which are likely to be completed in 1978-79. We have obtained the necessary information from the Council's Secretariat.

We would like to suggest here that it would be useful if the State Governments, and perhaps the Planning Commission also undertake studies which would help them, and future Finance Commissions, to estimate "committed" expenditure liabilities much more closely than is now the case.

#### **Debt Services**

28. Interest payment liabilities have been largely got verified from the Accountants General, and adopted accordingly. Some States had included in their forecast interest liability on fresh borrowings in the forecast period. We have decided not to take into account the fresh borrowings and lendings of the States in the forecast period, and therefore the interest liability, as well as interest receipts attributable to the fresh borrowings and lendings assumed by the States have been omitted in our re-assessment. However, we have provided for the interest liability on fresh accretions to provident funds in the forecast period in each State, as estimated by the States. In the case of Assam, we have allowed interest on Central Loan assistance assumed by us in the forecast period towards the outlay on the capital project of the State.

29. We have carefully considered the question whether appropriations for the reduction or avoidance of debt should be allowed for as expenditure on the revenue account. The existing practices amongst the States are not uniform. Most States do not make these appropriations, but some of them have included expenditure on this account in their forecasts. Very few also invest the appropriations to sinking funds, where these are presently made. The Reserve Bank of India, whom we consulted, has indicated that for public borrowings from 1975 they had advised all the States that it was not necessary to create sinking funds. Earlier they had advised the States in 1971 that it was not necessary to provide on revenue account for depreciation funds. This communication to us has been reproduced in Appendix I.8. Considering this advice and the existing practices in most States, as well as the fact that Plan schemes by way of public borrowings are calculated net of repayments, we have decided not to allow for appropriations on the revenue account for sinking funds or depreciation funds.

In Maharashtra, the practice is to make appropriations on the revenue account also to repay loans to the Central Government and other agencies to the extent that recoveries against lendings from such loans fall short of the repayment liability. We have taken repayment liabilities of this nature into account while estimating the non-Plan capital gap, and have not allowed for appropriations for this purpose in its forecast of revenue expenditure.

#### **Transfer to Funds**

30. Similarly, we have examined each case of transfers from the revenue account to funds of various categories. The number and purposes of these funds differ from State to State. Some of them have been prescribed in enactments of the States concerned, while other funds are consequence of historical practices followed in different States. Providing for transfers from the revenue account to such funds inflates revenue expenditure in a formal sense, and no substantive principle is involved as

far as our purposes are concerned. The only exception we have made is in the case of the transfers proposed by Gujarat to the State Famine Relief Fund, the balance of which are invested. In this State certain taxes have been levied and earmarked for transfer to the Famine Relief Fund so that the invested balances could be encashed and used to meet the relief expenditure when the necessity arises a policy which we would like to commend. Elsewhere, we have taken the view that the margin we have allowed for relief expenditure in any State should be invested in easily encashable securities, and not merged in the general balances. The view we have taken in regard to the Gujarat Famine Relief Fund is consistent with this approach.

#### **Maintenance and upkeep of capital assets**

31. Our terms of reference require us to provide for the adequate maintenance and upkeep of capital assets completed by the end of the current year. We have obtained detailed information on the capital values of buildings, lengths of roads of different categories, investments in irrigation schemes and areas benefited, investments in flood control works and the nature of physical assets created. The proformae in which we had asked the States to furnish the detailed information are reproduced in Annexures III.1 and 7.

32. In regard to the maintenance of buildings, we had requested the State Governments also to indicate the norms followed by them for making provisions in their budgets. The information received from them has been of considerable value. Generally they have indicated that their norms are in terms of percentages of the capital costs of different types of buildings. These percentage norms also vary depending on the age of the buildings. Andhra Pradesh has informed us that they follow norms in terms of plinth areas of the buildings. We have also obtained from the Union Government the norms followed by them for making provisions for maintenance of buildings by the Central Public Works Department. We have been informed that till August 1978 these norms were in terms of percentages of the capital costs. As a result of changing over to norms based on plinth areas, we understand that the increased provision works out to about 8 per cent over those based on the earlier norms. Considering the wide variations in the norms adopted by the different States as well as in the norms they have proposed for the future, and taking into account also the fact that the Central Public Works Department maintains buildings all over the country, we have considered it proper to adopt the norms in force in the Central Public Works Department till recently by way of percentages of capital costs of buildings; these norms are shown in Appendix I.9. We have calculated the provisions for the maintenance of the buildings in each State, taking the capital values as indicated by the State Government up to the latest year for which they could furnish information, and bringing the position up-to-date as at the end of 1978-79 by reference to the accounts and the budgets. The provision so calculated has been increased by 8 per cent for the purpose of arriving at the re-assessed requirement in 1979-80. We have noticed a few cases where the actual expenditure by the States in recent years has been higher than calculated by us. In such cases we have made suitable adjustments in the amount assessed by us. The reassessed requirement for 1979-80 has been projected so as to take care also of the provisions required for the maintenance of new buildings which may be completed in the forecast period. This projection has been done for each State taking into account the rate of additions to building assets in the years 1974-79 and assuming that the proportion of the capital outlays on buildings in the Plan outlay would be about the same in the forecast period as in the years 1974-79. This approximation has had to be adopted since there are no data on the basis of which capital values of new buildings can be estimated otherwise. Appendix I.10 shows the provisions included in 1979-80 and 1979-84 in the forecasts of the States, and those as re-assessed by us.

33. In respect of the maintenance of roads, as mentioned earlier, we obtained detailed information from each State on the lengths of roads of various categories as well as of roads maintained by the State Governments and those maintained by the local Bodies. On our request, many States have also furnished the norms which they have been following for providing in their budgets for maintenance of roads, and the norms which they feel should be adopted for the forecast period. We have also consulted the Director General, Road Development, in the Ministry of Shipping and Transport of the Union Government. He informed us that a conference of Chief Engineers of the country had set up a Committee in 1977 in order to examine the costs of maintenance of roads, and the Committee's report should be helpful to the Commission when it was ready. We understand that this report has not been finalised as yet. Consequently, we have decided to go by the advice of the Director General, Road Development, that the norms suggested by him to the Sixth Commission could be used with an escalation factor of 45 per cent. This escalation factor has been suggested to reflect the increases in the costs of road maintenance in the last few years as worked out in the Ministry. We have also benefited

by the reports of the Technical Committees which had been set up in two or three States in the recent past and which had made fairly detailed studies of the subject.

The norms of costs of maintenance, which we have adopted, are related to the zones in which the roads fall, the nature of the surface, as well as traffic intensities. The information furnished by the States in regard to road lengths is not in such detail, unfortunately, as to enable us to apply the norms directly in very many cases. We have, therefore, had to make reasonable assumptions in regard to the zones in which the roads fall and the traffic intensities. In cases where the zonewise information of roads length was not available, we have used the average of the norms of maintenance costs for all the zones, in the States where road lengths are in more than one zone. Where we have no specific information from the States we have adopted the norm relating to a traffic intensity of 150 to 450 commercial vehicles per day in respect of State Highways, and the norm relating to a traffic intensity of 45 to 150 commercial vehicles per day for major district roads and other district roads. Where details of roads by the type of surface have not been furnished by the States, we have derived these in the same proportion as in the surface categories available in the "Basic road statistics" compiled by the Shipping & Transport Ministry. We have added, to the annual maintenance provisions for ordinary repairs and periodical renewals so calculated, 20 per cent for special repairs. Besides, for roads in hilly areas, heavy rainfall areas and desert areas we have added a suitable percentage; the lengths of roads in such areas have been worked out drawing upon the districtwise information available in the Union Ministry of Shipping & Transport. For Himachal Pradesh, we have allowed Rs. 30 lakhs additionally for special repairs to the old Hindustan-Tibet road, taking into account the considerations urged in this behalf by the State Government.

34. We have examined carefully the question of providing in the State forecasts for the maintenance of the village roads and the roads with local bodies. Some State Governments like Karnataka, Punjab, Orissa and Rajasthan have shown substantial lengths of village roads as being maintained by the Government; while in a large number of States this is not the position. In fact, Andhra Pradesh, Haryana, Madhya Pradesh, Sikkim, Tamil Nadu and Uttar Pradesh did not show any village road as being maintained by the Government. In several States the local bodies are shown as maintaining considerable lengths of other district roads and village roads. In some States major district roads are also with the local bodies, and in Maharashtra 360 kilometres of State Highways are also shown as being with the local bodies for maintenance. In the case of Bihar, the State Government has shown maintenance expenditure on village roads under the major head '314-Community Development', the maintenance being the function of the Rural Engineering Department of the Government. Some States make specific purpose grants for road maintenance to their local bodies, while in many the general purpose grants given to them are presumed to be available, at least in part, for the maintenance of roads. We have also noted that in some States the transfer of large lengths of roads with local bodies is in pursuance of the desirable policy of decentralisation of functions from the State Government level. We also feel that the economic value of the rural roads is high. In view of these considerations we have decided, unlike the Sixth Commission, that we should provide in the forecasts of the States also for the reasonable expenditure required for the maintenance of village roads with the local bodies. We also feel that no differentiation should be made between the roads maintained by the Governments and by the local bodies in the matter of the norms for providing for the maintenance. On the other hand, in all States, local bodies do have powers to raise revenues on their own, and also receive the proceeds of taxes assigned to them by the States, apart from grants. Accordingly, we have decided that for the roads which are with the local bodies for maintenance, provision should be made to the extent of 100 per cent of the norm for State Highways, 80 per cent of the norm for major district roads and 60 per cent of the norm for other district roads and village roads. The amounts we have allowed in the forecasts on this basis for State and local body roads are shown in Appendix I. 11. We would expect that the States concerned would make available to the local bodies at least these amounts provided by us in the period covered by our report.

The maintenance provisions for roads calculated as above have been taken for 1979-80, and projected to grow annually at 5 per cent, including 2 per cent for increases in traffic intensity.

35. Our terms of reference speak of providing adequately for the maintenance of capital assets created till the end of the current year. We are, therefore, apparently not concerned with the maintenance of such assets created in the five years covered by our Report. This would be consistent with the concept used in planning that the maintenance of assets created during the course of a five-year Plan would be a charge on the Plan outlays till the end of the Five-Year Plan, and only thereafter

be met from the non-Plan side of the budget. The facts, however, are different, as we have been informed by the State Governments. The practice is that the maintenance of irrigation schemes, roads and buildings is actually met from the non-Plan provisions in the budget as soon as the works are completed. We have been informed that this is the practice in respect of roads and buildings even in the Central Government. We had consulted the Planning Commission in this matter, and have been informed that we may provide for the maintenance of irrigation systems, which may be completed during the period covered by our Report. But that Commission would take care of the maintenance requirements of roads and buildings which may be completed in the years 1979-80 to 1983-84. Our communication to the Planning Commission and their reply are reproduced in Appendix I.12. We find it difficult to accept the view that Irrigation works and the other types of capital assets should be distinguished on the ground, stated by the Planning Commission, that the State Governments would receive substantial additional revenues on account of new irrigation but not from the other types of capital assets, or on the ground that the maintenance requirements of roads and buildings completed in the period covered by our Report would be relatively small. At the operational levels of the Executive Engineers in the field, it will be extremely difficult in practice to book separately the expenditure on the maintenance of roads and buildings created till the end of 1978-79 and on those created thereafter. We have, therefore, taken a practical view, keeping in mind the over-riding importance of the requirement that States must be enabled to maintain capital assets adequately. We have no means, however, of making reasonably close estimates of lengths of roads of different categories, or of capital values of buildings, likely to be completed in each State in the years covered by our Report. We feel that the rates of growth we have adopted, as indicated above, for projecting the maintenance provisions for roads and buildings in each year of the period covered by our Report would be adequate to cover the new assets also.

36. The provisions worked out as above for the maintenance of roads and buildings do not include the costs on account of regular establishment and tools and plant. We have added to those provisions 16 per cent on account of the costs of establishment and 4 per cent on account of tools and plant.

#### **Multi-purpose, major and medium irrigation**

37. We have earlier referred to the information obtained by us from the States in regard to the investments in irrigation, the benefits therefrom etc. in a form prescribed by us. We found that in a number of cases the information furnished by the States in this form, in regard to receipts of working expenses, did not tally with the forecasts of revenue receipts and expenditures. The response to our requests to the States concerned for clarifying and reconciling the discrepancies has, unfortunately, not been adequate. Since it is necessary for us to consider the matter of providing for working expenses in irrigation systems in physical terms, we have gone by the information furnished by the States in the form referred to above.

38. As in the case of the roads and buildings, we had requested the States to let us have the norms of maintenance costs which they follow presently and propose for the future. Many States have furnished this information to us, and a few in considerable detail. We had also requested the Accountants General to furnish to us the details of the working expenses of a number of projects. From the responses from the Accountants General we find that in most cases the State Government Departments concerned do not keep accounts of the expenditure broken down into all its components, and, therefore, the Accountants General also could not give us the complete details of the expenditure. At our request, the Department of Irrigation of the Union Government had undertaken an examination of the actual working expenses in selected projects in a number of States. A copy of the Note received from them may be seen at Appendix I.13. The components of material, work-charged staff, etc. in the expenditure vary very widely between the States. The reasons for such variations are not clear. These exercises therefore have not proved to be directly helpful. The Department of Irrigation have also advised us of their views in regard to the appropriate level of expenditure for the proper operation and maintenance of irrigation systems. They have stated:

“In view of above and after considering recommendations made by the various authorities and also keeping in view the present rate of cost of labour, materials and equipment, it is proposed that the following annual rates (including work-charged and regular establishment) per hectare of irrigated area may be recommended by the Seventh Finance Commission in respect of Operation & Maintenance charges to irrigation projects:-

1. Gravity canal system — Rs. 50 per hectare

- a. In case of new projects — Rs. 50 per hectare of potential created and subsequently Rs. 50 per hectare of the irrigated area when the annual gross irrigated area equals to potential created.
  - b. The grants for maintenance of Canal inspection roads used for public purposes should be borne by the P.W. Departments of the States.
  - c. Maintenance of Plantations and Gardens should be separately provided for.
2. Lift Schemes (Pumped Canals): Rates may vary according to the lifts involved. No blanket rate can be prescribed. The grant should not include depreciation charges. The expenditure on dredging of supply channels in the river bed when the river recedes away from the bank should be taken as a special work under a separate estimate.
  3. Irrigation from tubewells: Rs. 50 per hectare plus the cost of energy consumed by the system.
  4. Special Repairs: A provision may be made at the rate of 20 per cent of the total annual grants for normal operation and maintenance.”

The Department have also given us to understand that the norms per hectare suggested by them may be taken to include the maintenance of diversion structures but not the expenditure on the operation and maintenance of major dams.

39. We have been informed that the third Conference of the State Ministers of Irrigation held in November 1977 had also considered this subject and recommended that at least Rs. 50 per hectare of gross area irrigated or the culturable command area, whichever was more, should be provided annually for proper and efficient maintenance of major and medium irrigation schemes. We have also noted that the International Development Association (of the World Bank Group), which has appraised a number of irrigation projects in the country in recent years has estimated the maintenance costs per hectare at Rs. 32 for the Chambal Project in Rajasthan in May 1974, Rs. 48 for the Chambal Project in Madhya Pradesh in June 1975, Rs. 45 for the Nagarjunasagar project in Andhra Pradesh in April 1976, Rs. 50 for the Periar Project in Kerala in May 1977 and Rs. 50 for medium irrigation projects in Orissa in July 1977.

40. We have taken into account the expenditure in recent years worked out for us from the information given by the States, as well as the suggestions of the Department of Irrigation and the other material referred to above. The working expenses would vary quite often from one project to another. We are in no position to go into the individual projects. Our purpose will be served by the adoption of an over-all norm for working out the maintenance provisions for the irrigation systems in the State as a whole. We believe that as a rule the provisions required on this account would be adequate if calculated at Rs. 50 per hectare of gross irrigated area, with an addition of 20 per cent thereof for special repairs. These provisions would include the cost of work-charged as well as regular establishments and tools and plant. In the case of a few States, viz., Andhra Pradesh, Kerala and Orissa, however, on the basis of the information available with us from them, we have adopted a norm of Rs. 45 per hectare. Himachal Pradesh, Meghalaya, Sikkim and Tripura do not have any irrigation at present from major and medium projects. Schemes now under construction are expected to give benefits in the forecast period. We have presumed that 2/3rd of the potential to be created would be utilised, and we have provided for working expenses at Rs. 45 per hectare of gross irrigated area calculated accordingly. In these cases as well as for Manipur we have not adopted any return by way of interest on the investment; receipts, however, have been taken to match working expenses.

41. In a few States, the expenditure booked in the relevant major heads of account in 1976-77 are higher than what they should have been on the basis of the norms we have adopted. We have, however, no clear explanation for this situation. It appears likely that the utilisation of the potential in the projects in such cases is much lower than the optimum, and this may be an important factor.

42. In order to allow in our re-assessment of the forecasts of the States adequate provisions for the maintenance of new irrigation systems or extensions of the present irrigation systems likely to be completed in the years covered by our Report, we have to estimate what the gross irrigated areas are likely to be in each year in each State. The information furnished to us by the States in this regard has been compared with the targets of creation of additional irrigation potential in each State in the new Plan period upto 1982-83. We find that there is too much of variation between these figures and the information given to us by the States. We have, therefore, not been able to accept the estimations of the States. We have assumed that in each State the gross irrigated area will increase in the years of the forecast period at the same rate as the irrigation potential at the end of 1977-78 should increase in order to achieve the target potential in 1982-83. We believe that this would give a reasonably good

approximation of the likely new development of irrigation, and we have allowed for maintenance provisions accordingly in the forecasts.

43. We have given careful consideration to the question of returns on the investments of the State Governments in irrigation, power, transport, etc. This is a major area of fiscal management where poor performance would lead to sizable subsidy burdens on the budgets and therefore on the general tax payers. A few States have argued before us that irrigation systems, transport services and electricity schemes are "social" services provided by the Government, and returns on the investments made should not be insisted upon. We have no hesitation in rejecting this view, which is little better than a cloak for inefficiency and the lack of will to make these investments pay. We find that the National Development Council and the Planning Commission also expect that State Government investments of this nature should produce returns.

44. In respect of multipurpose, major and medium schemes, we have noted the concern of the earlier Finance Commission, and also the Commissions and Committees which have gone into the question, that the deficits suffered by the State budgets have been increasing over the last few Plan periods. The picture presented to us now by the States shows no improvement except in a few of them. The information furnished by the States, in the form we had referred to earlier, shows that for the period 1979-84, nineteen States would be in deficit to the tune of Rs. 2800 crores after providing for working expenses and interest on the investments at the rates prescribed by the State Governments concerned. We cannot but record our view that this is a serious situation. Without providing for the interest, the deficit shown for the same period by the same States is Rs. 302 crores. This is the amount by which working expenses exceed receipts. The last Commission had proceeded on the basis that the States would improve their position over the period 1974-79 so as to match receipts and working expenses. It is, in our view, disappointing that this situation has not been achieved. Complacency in this regard would be harmful and unjustified. Such deficits are in fact subsidies by the general taxpayer to those who benefit from irrigation. It is not as if that these budgetary subsidies can be reduced only by raising the irrigation rates, which States find difficulty in doing. Steps like better utilisation of the available potential, efficient and economic maintenance and management of the irrigation systems, raising water rate demands correctly and collecting them fully and in time, will all contribute to the desired result. We may note here that in quite a few States the arrears of water rates are substantial. A few States have in fact assumed that the position of recovery of the current demand and of arrears will not improve in the forecast period. We do not think it proper to make allowances for such factors. Nor do we consider that we should only satisfy ourselves with stipulating that receipts and working expenses should be matched as they should be, and no better performance should be expected. At least a small improvement is definitely called for. We have accordingly assumed that in each State in the period covered by our Report, receipts should not only cover working expenses but also provide for a return by way of interest at 1 per cent on the total capital invested by the States at the end of 1978-79, as estimated by us from the information furnished by them including their budgets. We have assumed that this return of 1 per cent would be achieved beginning with 0.2 per cent in 1979-80, and going up by 0.2 per cent in each year of the period. We have re-assessed the forecasts of the States accordingly.

45. We have given in Appendix I.14(i) the re-assessed receipts and working expenses for 1979-80 and 1979-84 together with the corresponding estimates of each State. We have also added the following Appendices:-

I.14 (ii) Position of revenue arrears at the end of 1976-77, 1978-79 and 1983-84.

(iii) Water rates per acre in the States.

#### **Minor Irrigation**

46. Minor irrigation schemes are of many kinds, and much more dispersed than the major and medium schemes are, by their very nature. From 1st April 1978 minor irrigation schemes are defined to include those with culturable command areas upto 2000 hectares irrespective of the capital cost. These schemes include flow irrigation from surface water, with small storages or diversion works and river lifts. In the hilly regions these are generally the means of irrigation. Tanks are important sources of minor irrigation in some States. The potential from surface water irrigation schemes by the end of 1977-78 has been estimated at 7.8 million hectares. The potential from ground water development, created by the end of 1977-78, was very much larger at 21 million hectares. Especially in ground water development there has been very sizable investment by cultivators from their own resources as well as institutional finance in a very large way. In a few States, Government investments in tubewells for

exploitation of ground water resources are substantial. Quite a few States have also set up corporate bodies for minor irrigation investments, especially in tubewells.

47. The maintenance of tanks as well as other surface works has not been satisfactory in many parts of the country. It seems desirable that the reasons for this situation are studied and remedial steps instituted. It appears that one of the important contributory factors has been the relative neglect of ex-zamindari works in a few States, while in some others the transfer of responsibility to local levels was perhaps not accompanied by the provision of technical staff of the levels of competence required. Financial allocations have also been often too small. Among the consequences of unsatisfactory maintenance, has been a deterioration in the certainty of water supply for irrigation from these works, and the low level of receipts from water rates. It appears that this may also have led to inadequate financial provisions for the proper maintenance of these works.

48. Not all the States have furnished information to us showing the Government investments in minor irrigation, the irrigation potential and its utilisation, the receipts and the working expenses. Some States have not furnished information in regard to schemes with the corporate bodies which they have set up. Appendix I. 15 shows the net receipts from minor irrigation in 1978-79 as they appear in the budget estimates of the States.

49. The Sixth Commission had stipulated that the States should reduce the losses of minor irrigation works in 1978-79 to 50 per cent of what they were in 1973-74. That Commission had noted that in 1971-72 the States incurred a loss of about Rs. 42 crores on minor irrigation and flood control works, maintenance expenditure on which was debited to the same head of Irrigation (non-commercial). The position in 1978-79 is that the losses on minor irrigation are estimated at Rs. 65.5 crores in 20 States. Uttar Pradesh shows the highest loss at about Rs. 27 crores. We can readily appreciate that the working expenses would have increased considerably over the levels obtaining 5 years ago, in view of the general increase in prices in the early seventies. We are also aware of the increases in costs of energy as a result of tariff revisions by the Electricity Boards, a factor of considerable relevance in the States in which public investments in tubewells are substantial, as in U.P. At the same time we are also aware of the constraints in the way of revising water rates upwards; this would be all the more difficult in irrigation sources other than tubewells, in view of the uncertainties in the availability of water when needed for irrigation. However, with due attention to maintenance, and determined efforts to maximise utilisation of the potential available, we see no reason why the present burdens on the State budgets by way of losses in these schemes, should not be reduced substantially. For instance, we have been informed that even in tubewell systems in a few States the actual irrigation is perhaps about 60 per cent of the potential, for various reasons like non-completion of the channels, irregular availability of power, etc. Such deficiencies can certainly be set right.

50. Taking an overall view, and keeping in mind the desirability of reducing the burdens on the State budgets, we are proceeding on the basis that in each State the level of losses in 1979-80, after taking into account the "committed" expenditure, would be progressively reduced to half by 1983-84. The forecasts of the States have been reassessed accordingly.

#### **Flood control schemes**

51. We now turn to the question of providing adequate funds for the maintenance of flood control schemes, in which we include drainage works and anti-sea erosion works. Here again, we have been confronted with the problem of inadequate data. Not all States have responded to our request for information on investments, lengths of embankments, drains, sea walls etc., maintenance expenses, norms for such expenses etc. Among the States which have furnished information, a few have shown investments on what are stated to be present day costs, which they have calculated by inflating the historical costs to allow for current price levels. We have compared the information furnished by the States with that obtained from the Planning Commission, the Union Department of Irrigation, and the Central Water Commission. The Department of Irrigation have indicated that in the last couple of decades, the funds provided for the maintenance of flood control works in most States were inadequate, with the consequence that embankments breached often, leading to substantial damage to life and property, and also to large expenditures on repairs and restoration of the works, rehabilitation of the people affected, etc. A Ministers' Committee which reported in March 1972 had recommended that the annual provision for maintenance of embankments and drainage works should be 4 to 5 per cent of the capital cost worked out to the price levels of 1972, and 5 to 13 per cent in the case of river-training and anti-sea erosion works. That Committee found that in fact about 0.5 per cent of the capital cost was being then spent on the whole for maintenance of these works. The Sixth Commission provided 4

per cent of the capital invested at the end of 1973-74 for the maintenance expenditure for flood control works. The Central Water Commission have now stated in a communication to us that there are about 10700 k. m. of embankments and 18700 km of drainage channels constructed till March 1978, apart from anti-sea erosion works and river training works. They have indicated the norms of maintenance expenditure for different kinds of works, observing that a uniform percentage of the capital cost would not be appropriate. The Department have suggested that earthen embankments would need between Rs. 7000 and Rs. 10,000 per km. annually at current price levels during the first 3 years and between Rs. 5000 and Rs. 7000 thereafter. On current costs of construction, the Department has worked out that these norms would be 3 per cent of the capital cost initially and 2 per cent thereafter. Armoured embankments are stated to require annually from Rs. 5000 to Rs. 7000 per km. For drains, broadly classified into three categories by capacity, the norms of maintenance suggested by the Department are Rs. 1000 per km (upto 200 cusecs capacity), Rs. 1500 per km (upto 500 cusecs capacity) and Rs. 3000 per km for capacities above 500 cusecs. On the basis of these norms, the Department have roughly estimated that the annual maintenance costs would be Rs. 15 crores for all flood protection works in the country. The actual expenditure, as seen from the accounts, was over Rs. 23 crores in 1976-77, but this figure probably includes special repairs as well as reconstruction after damage by floods, which are not included in the calculation of the annual costs done by the Department.

52. Appendix 1.16 shows the information obtained from the Central Water Commission in regard to lengths of embankments, drainage channels etc., as also corresponding figures furnished to us by the State Governments. The wide variations between the two sets of figures in the case of some States are possibly due to differences in the classification of the items taken into account.

53. In the light of the above, we have estimated the annual requirement for maintenance of flood control and drainage works, and anti-sea erosion works, taking into account the physical data from the Central Water Commission and the States, the maintenance norms suggested by the Department of Irrigation, the actual expenditure in each State in 1976-77, and such data as are available in the budget documents and the finance accounts of the States. The provisions we have allowed for 1979-80 are shown in Appendix 1.17 together with the provisions allowed in the subsequent years of the period covered by our Report. The latter have been worked out assuming an annual growth of expenditure at 6 per cent for 1979-84. The provisions thus allowed should, in our view, meet the requirements of special repairs, as well as the maintenance of new works which may be completed during the years covered by our Report.

### **Investments in electricity**

54. We have already dealt with the question of returns on State Governments investments in irrigation. We now turn to their investments in electricity. Electricity is a basic input for economic development, and is one of the fast growing sectors of the economy. Its generation and distribution are also highly capital-intensive. The bulk of the investments of the State Governments is by way of loans to the Electricity Boards. In a few States there are also investments in departmental schemes. Karnataka has a wholly owned company for the execution of generation projects and for the operation of the projects, which sells power to the State Electricity Board for distribution. The investment of the State Governments in all these undertakings is estimated to reach the level of Rs. 7370 crores by the end of the current year. The total investments of the State electricity boards in electricity generation and distribution would be higher than the loans drawn by them from the State Governments, since they also generate internal resources which are ploughed back into fresh investments, apart from borrowings from the market and financial institutions, and consumers' deposits. Till the Electricity (Supply) Act was amended recently, the investments of the State Governments in electricity boards could be made only by way of loans. The recent amendment enables a State Government to provide equity capital also, in which case the question of return on the equity capital would arise only after meeting any liability for income tax. No State has so far informed us that it has taken advantage of the recent amendment in the law for providing equity capital to the electricity boards.

55. The financial working of the electricity boards and the returns realised on the investments made by the State Governments have been a matter of concern for a long time. The Venkataraman Committee made a number of recommendations in 1964, and suggested that within 3 to 5 years the Boards should aim at a total return of 11 per cent after meeting fully the operation and maintenance expenses and depreciation. The return of 11 per cent was composed of 6 per cent interest on the capital, ½ per cent for appropriation to reserve, 3 per cent net profit and a notional 1 ½ per cent on account of electricity duty which was State Government revenue. In other words the return expected was 9 ½ per

cent exclusive of electricity duty. A number of power projects have been assisted by the World Bank, which at the time of agreeing to extend assistance, obtained undertakings that the electricity board concerned should achieve a return of 9 ½ per cent exclusive of electricity duty on what was termed the average capital base. This average capital base was taken as the average of the capital base at the beginning and at the end of a financial year, the capital base itself being defined as the net value of the assets in use, less consumers' contributions, plus 1/6 of the operation and maintenance expenditure (excluding depreciation). The statement below gives an idea of the returns on the average capital base in 15 States for the years 1974-75 to 1976-77, calculated on the World Bank method:-

Sl. No.	Name of the Board	1974-75 (Actuals)	1975-76 (Actuals)	1976-77 (Actuals)
1.	Andhra Pradesh	6.6	7.7	9.0
2.	Assam	1.0	3.5*	11.7(p)
3.	Bihar	0.15	7.0	8.1
4.	Gujarat	4.6	7.9*	9.7(p)
5.	Haryana	4.0	7.2	6.4
6.	Kerala	5.7	5.9	8.5
7.	Karnataka	6.8	15.75*(p)	15.8(p)
8.	Madhya Pradesh	11.7	12.8	13.1
9.	Maharashtra	10.9	10.0	13.0
10.	Orissa	3.3	8.5	6.4(p)
11.	Punjab	3.0	7.4	8.2
12.	Rajasthan	4.96	8.7	9.2
13.	Tamil Nadu	9.6	9.7	9.5
14.	Uttar Pradesh	1.3	4.6	5.8
15.	West Bengal	5.2	5.5	9.5

Source : Department of Power, Government of India.

\* Forecast for the Board's Operations only.

(p) Provisional

Note : Figures in respect of Andhra Pradesh, Orissa, Maharashtra and West Bengal are for combined operation of the Board and Government Projects.

It will be seen that the performance, judged by the returns calculated above, varied in 1976-77 from 5.8 per cent in UP to 15.8 per cent in Karnataka. The latter State has only hydro-electric power which is often taken as less costly in terms of operation and maintenance expenses than thermal generation. At the same time, it is seen that in Madhya Pradesh and Maharashtra, which have predominantly thermal generation, the returns were 13.1 per cent and 13.0 per cent, respectively, indicating that the performance of the electricity boards need not be dependent only on the fact of the power generation being thermal or hydro-electric.

56. The capital base adopted in the World Bank formula for calculating returns includes only the value of assets in use, whereas the value of the works in progress and stores forms, in many cases, a sizable proportion of the total investments of the electricity boards. The earnings of the boards also have to be used for servicing loans raised from financial institutions at rates of interest which are higher than the six per cent rate generally adopted. Some State Governments have also prescribed, from time to time, rates of interest more than 6 per cent on their loans to the electricity boards. Therefore in many States the electricity boards have accumulated contingent interest liabilities. The statement below, furnished by the Department of Power and based on summary records of discussions of the Planning Commission with the States, shows the estimated accumulated interest liability on State Government loans at the end of 1977-78:-

Sl. No.	Name of the Board	Accumulated Interest liability on State Government loans	Unadjusted Depreciation	Total
(Figures are Rs. in crores)				
1.	Andhra Pradesh	34.58	-	34.58
2.	Assam	32.46	-	32.46
3.	Bihar	133.67	10.35	144.02
4.	Gujarat	28.52	-	28.52
5.	Haryana	62.46	-	62.46

6.	Himachal Pradesh	14.29	3.10	17.39
7.	Karnataka	5.80	-	5.80
8.	Kerala	42.11	-	42.11
9.	Madhya Pradesh	8.53	-	8.53
10.	Maharashtra	11.43	-	(19.46)a
11.	Meghalaya	18.03	1.46	19.49
12.	Orissa	28.16	-	28.16
13.	Punjab	127.91	-	127.91
14.	Rajasthan	60.85	-	60.85
15.	Tamil Nadu	20.45	5.00	25.45
16.	Uttar Pradesh	198.57	1.18	199.75
17.	West Bengal	46.10	-	46.10
	<b>Total:</b>	<b>873.92</b>	<b>21.09</b>	<b>864.12</b>

Note: (a) Figure in bracket represents surplus for the year.

(1) General reserves have not been considered for calculation of losses or surplus.

It will be noticed that a few States, namely, Bihar, Uttar Pradesh, Punjab, Haryana and Rajasthan account for about 2/3rd of the accumulated interest liability.

57. It is generally accepted that electricity duty levied by the States limits the scope for revision of tariffs by the electricity boards, as the ultimate burden on the consumers has always to be taken into account in fixing tariffs. The levels of duty vary widely from State to State. A few States do not levy the duty at all. The Department of Power has pointed out that the revenue from duty varied from 0.6 per cent to 5.2 per cent of the investments by the State Governments in different States in 1975-76. This points to the need for taking into account the revenue from electricity duty while computing returns to the State Government from its investments in electricity.

58. It would appear, prima facie, that the performance of the boards can be improved by enhancing their earnings through upward revisions in tariffs. Under the Electricity (Supply) Act, till it was recently amended, the boards were required to carry on their operations without incurring losses and towards this end, adjust the tariffs from time to time. The tariffs so fixed from time to time generally have an in-built element of cross-subsidisation of some categories of consumers by others, in order to subserve what are regarded as desirable socio-economic policies. For instance, consumption for agricultural purposes is generally subsidised in all States in the tariff structure.

59. It is necessary, however, to realise that financial performance can be improved by better and efficient management, and revisions of tariffs need only be a last resort. For instance, the utilisation of existing generating capacity and of fuel leaves much room for improvements in a number of States. Information received from the Department of Power in regard to capacity utilization of thermal power stations and coal consumption may be seen in Appendix I.18 and Appendix I.19. The capacity utilisation percentages of major thermal power stations during 1976-77 varied from 24.11 to well over 80 per cent in the different States, indicating the scope for improvement in the utilisation of a number of power stations. We have also obtained from the Department of Power the coal consumption per unit generated in the thermal power stations, in kilograms per unit in 1977-78. The figures vary from about 0.5 to 1.13 in 35 power stations in the country. The average for the country was 0.6. The coal consumption in a thermal power station depends on the efficiency of the plant and the heat content of the coal used. The efficiency, in terms of the specific heat consumption (i.e. kilo calories input) per unit generated, varies according to the design of the individual generating units. The coal consumption per unit generated also varies because of the calorific value of the coal actually used. All the same it has been possible over the years to achieve a reduction in the specific coal consumption from about 0.9 Kg. per unit to about 0.6 Kg. per unit, in spite of the decline in the average calorific value of the coal used in thermal power stations during the period from 6200 to 5000 kilo calories per kg. The trend of improvement in this regard should be maintained in the future, with the installation of larger and more efficient generating units in all the States.

Appendix I.20 shows the percentage of energy losses in transmission and distribution for most States for the year 1974-75 to 1976-77. It will be seen that during 1976-77 these losses varied from 11.57 per cent in West Bengal, around 15 per cent in Karnataka and Kerala and around 17 per cent in Gujarat, Orissa and Maharashtra to over 22 per cent in Uttar Pradesh, over 24 per cent in Andhra Pradesh and Punjab and almost 26 per cent in Bihar.

Again, in regard to establishment costs, according to an analysis the results of which have been communicated to us by the Department of Power, the cost per unit sold in 1974-75 varied from 2.7 paise to 8.1 paise in different electricity boards. Similarly, the staff employed per thousand consumers also varied from 13.8 to 135 in different boards in 1973-74. A Department of Power Working Group which did these studies, had also evolved certain standards for employment in different spheres of the functions of a board and had recommended these norms to the electricity boards, suggesting that variations to suit local conditions should not exceed 20 per cent of the norms. It is not known how far the boards have acted upon this advice.

We also find, to our regret, that collection of the dues of the boards needs to be tightened up in many States. According to information collected by us, the arrears due for collection increased from Rs. 166 crores at the end of 1973-74 to Rs. 266 crores at the end of 1975-76. The arrears were substantial in many cases as may be seen from the Table below:

*Outstanding arrears to be collected by the Boards from the consumers as on 31.3.1976*

*(Rs. crores)*

<b>Boards</b>	<b>Outstanding arrears</b>	<b>Revenue in 1975-76 from sale of Energy</b>
Uttar Pradesh	59.6	156.2
Maharashtra	27.4	130.1
Tamil Nadu	24.2	157.5
Bihar	23.2	68.2
Andhra Pradesh	22.4	83.1
Gujarat	20.3	85.1
Madhya Pradesh	20.1	63.5
Rajasthan	18.4	46.7
West Bengal	12.8	54.7
Kerala	12.0	28.0

60. We have no doubt that given efficient management the electricity boards can do much better than in the past, and we are hopeful that the returns to the State Governments from their investments in the electricity boards should definitely improve. We have adopted a normative return of 6 per cent on the total investments of the States as they are estimated to be at the end of 1978-79, in the electricity boards as well as in the departmental undertakings, and in the case of Karnataka in the Mysore Power Corporation also. The return of 6 per cent has been assumed from 1979-80 onwards for each year of the forecast period. We have already referred to the inhibiting effect of the electricity duty levied by the States and the Central excise on electricity generation on the scope for electricity boards adjusting their tariffs upwards where such a course is necessary for improving their financial position. We have therefore taken the 6 per cent return as inclusive of the revenue derived by the States from electricity duty in the current year and the amount of Central excise duty payable by the electricity boards as estimated by us for the current year. In these calculations we have taken into account only that part of the electricity duty and the Central excise as relates to the own generation of the electricity board or other undertaking of the State Government. The investments of the States in the electricity boards at the end of the current year have been taken as furnished by the State Governments. For departmental electricity schemes the investments have been worked out from the accounts for 1976-77 and the budget documents. In the case of Jammu & Kashmir, though there is an electricity board, its operations are managed by the State Government which bears the interest obligations of the board's borrowings from the market and the financial institutions. These have been allowed for in the expenditure forecast of the State.

61. The returns worked out as above, after taking credit for the electricity duty and the Central excise, add up to Rs. 229.34 crores for all the States for each year from 1979-80 to 1983-84, and Rs. 1146.70 crores for the five years covered by our Report. In the case of 3 States, Gujarat, Kerala and Orissa, where the returns so calculated exceed 6 per cent, we have set the excess off against the receipts of these States, so as not to penalise them for their better management compared to the other States.

Appendix I.21 shows the State-wise returns we have assumed in the forecast period.

62. We do not feel optimistic that the financial working of the electricity schemes would change so much for the better that we can also expect the accumulated past interest liability to the State Governments would be cleared in the forecast period. Therefore, we have not taken any credit in the State Governments forecasts for receipts on this account. However, to the extent that any electricity

board is able to clear its cumulative interest liability to the State Government, the resources of the State for the Plan would be augmented.

63. We might mention that we have considered whether the investment relating to works in progress at the end of the current year should be taken into account for the purpose of calculating the return, and whether, similarly, the investments on works likely to be completed and commissioned in the forecast period should also be taken into account. We have already referred to the different sources of finance for the electricity boards. Among other difficulties, it will not be possible to estimate how much of the State Government investment out of the total finances available to the electricity board can be taken as relating to works completed or in progress at the end of the current year. The same difficulty arises for the years of the forecast period. In regard to the latter, there is the further difficulty of making an accurate estimation of when works which will be in progress at the end of the current year would be commissioned within the forecast period. For these reasons, we have had to content ourselves with calculating the return in accordance with the norms we have assumed on the total investments of the State Governments at the end of the current year, without distinguishing between completed works and works in progress. Any return to the States from works which may be commissioned within the forecast period would therefore be available to the States as resource for the Plan.

64. Shri H. N. Ray does not agree with some of the above recommendations and has appended a separate Note to this report outlining his views.

#### **Road transport undertakings.**

65. Another important sector in which State Governments have invested large sums of money is road transport. Most of the undertakings are Corporations under the State Road Transport Corporation Act. There are a few run departmentally by the State Governments, and a few Government-owned companies. While the State Governments concerned contribute the major part of the capital of the Road Transport Corporations, the Railways also make a contribution and participate in the management. Unlike investments in irrigation or in power projects, the investments in road transport have a short gestation period before they become productive.

66. For our analysis of the financial working of the Road Transport Undertakings of the States, we have utilised the information received from the States on the relevant Subsidiary Points, the annual reports, balance sheets and profit and loss accounts of the undertakings, data collected from the Planning Commission, and, to some extent, information contained in the Report of the Association of State Transport Undertakings on the performance of nationalised road transport undertakings. In some cases the information furnished by the States did not quite tally with the annual accounts of the Corporations. We have used the latter to the extent available. In our exercises we have made no distinction between the Undertakings of the States whether they are corporations under the Act mentioned above or companies or departmental undertakings. The total block capital of all the undertakings (excluding the Sikkim Nationalised Transport Undertaking) was Rs. 397 crores at the end of 1973-74 and Rs. 609 crores at the end of 1976-77, as reported by the States. The block capital is the cumulative outlay on permanent assets including vehicles, workshops etc. While the block capital increased by 53.6 per cent between 1973-74 and 1976-77, gross receipts increased from Rs. 389 crores to Rs. 712 crores in the same period, i.e. by 83.2 per cent. The working expenses excluding depreciation and interest increased by 76.1 per cent from Rs. 352 crores to Rs. 619 crores. The net loss was Rs. 25.18 crores in 1973-74, Rs. 44.60 crores in 1974-75, Rs. 33.85 crores in 1975-76 and Rs. 12.98 crores in 1976-77. While there has thus been an improvement, taking all the States in the aggregate, the individual States have not all fared in the same way. The position of Bihar, Punjab, West Bengal and Himachal Pradesh worsened; while that of Haryana, Kerala, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu, Uttar Pradesh and Jammu & Kashmir showed significant improvement. The results are inclusive of those of freight services run by some undertakings except for Tripura. In the case of Sikkim, no interest liability has been provided for in the accounts of any of the years, and depreciation provisions has been shown only for 1973-74. Appendices I.22(i) and I.22(ii) show the aggregate results of the State Transport Undertakings from 1973-74 to 1976-77 and the net profit or loss State-wise after providing for depreciation, transfers to other funds and interest liability.

67. While earnings of the undertakings have increased on account of expansion of the transport services and revisions of fares, the working expenses increased mainly on account of the larger fleets in operation, increases in prices of fuel, lubricants tyres and tubes and other stores, and revision of wages and dearness allowances of employees. Apart from these general factors which apply to all the

undertakings, the financial results are greatly influenced by physical performance, the more important indicators of which are fleet utilisation, vehicle utilisation, occupancy ratio etc. Appendices I. 22(iii) and (iv) show the picture as at the end of 1976-77. For the sake of comparison, we have also shown in the Appendix some figures of the Bombay Electric Supply & Transport Undertakings and the Delhi Transport Corporation. Fleet utilisation is taken as the percentage of the number of vehicles on the road to the total fleet, or the total fleet excluding vehicles held for scrapping or major repairs. Vehicle utilisation is taken as the ratio of the average effective kilometres done per day to the average number of buses on the road per day. Occupancy ratio has been calculated as the percentage of passenger kilometres or seat kilometres sold to the seat kilometres offered. Fleet utilisation will be influenced by factors such as the maintenance and repair facility available, the condition of the roads and the nature of terrain, administrative efficiency and, to some extent, the number of over-aged vehicles in the fleet. Fleet utilisation in 1976-77 as a percentage of the total fleet was 63.2 in Bihar, between 61 and 65 in the West Bengal Undertakings, 80 in Karnataka, Kerala, Orissa and Uttar Pradesh, and 94 in Haryana. In the hill States this percentage was 49 in Manipur and 70 in Meghalaya. Fleet utilisation as a percentage of the effective fleet i.e. the total fleet excluding vehicles held for major repairs etc. varied from 81.9 in Madhya Pradesh to 90 in Andhra Pradesh and PEPSU Road Transport Corporation. In the hill State of Himachal Pradesh it was 80. Haryana and Punjab had no over-aged buses, Andhra Pradesh had 19 per cent, Madhya Pradesh 34 per cent and Maharashtra 49 per cent. Orissa had a fleet utilisation of 80 per cent with 18.5 per cent over-aged buses, while Bihar had utilisation of 63.2 per cent with only 10.8 per cent over-aged buses. This shows that any handicap in terms of a significant proportion of over-aged buses in the fleet can often be neutralised by an efficient repair and maintenance organisation and by good management. Vehicle utilisation in 1976-77 ranged from 1,77,000 Km per bus for the Express services of the Pallavan Transport Corporation of Tamil Nadu to 71,035 km in the Punjab departmental undertaking. In the hill States the figure for Manipur was 21,000 km while Jammu & Kashmir and Meghalaya had 50,000 km. In the category of city services, Calcutta Transport Corporation had 58,431 km. while in the Bombay Undertaking it was 80,735 km, in Delhi 81,271 km, and in the Madras City services of the Pallavan Transport Corporation it was 69,033 km. The occupancy ratio was 89 per cent in the Punjab departmental undertaking, and 63 per cent in Bihar. The occupancy ratio influences the earnings of an undertaking and depends on efficient scheduling of buses, density and flow of traffic, competition from private operators etc.

68. The operating ratio i.e. the working expenses as a percentage of the gross receipts give a picture of the working of the undertakings as may be seen from Appendix I.22(iv) which gives the figures for 1975-76 and 1976-77. In 1976-77 all the four undertakings of West Bengal, as well as those of Meghalaya, Nagaland and Tripura were not able to meet even the working expenses. Appendices I. 22(v) to (vii) show the revenue and cost per bus-km and passenger-km in 1976-77, the cost of personnel per bus kilometer, and the bus-km per litre of fuel. The wide variations between the States in these parameters are to a large extent a reflection of different aspects of the efficiency of management and maintenance of the fleets. They also indicate the scope for improvement in the different undertakings in operational matters. It would clearly be incorrect to assume that improvement in the financial performance of most of the undertakings will be possible only through upward revision of fares.

69. In the light of the above, we feel that the State Transport Undertakings should provide a return on the capital invested by the State Governments to the extent of 6.5 per cent. A slightly higher return in this sector than from investments in electricity undertakings is in order, since road transport operations are less complex than those of power systems, and the gestation periods are much shorter. Since we are not in a position to make reasonably accurate estimates of further investments which may be made in the years covered by our Report, we have taken only the investment by the end of the current year, as worked out by us from the accounts and the budgets of the States. We find that, in view of the levels of performance of the undertakings in the different States, as well as the circumstances and operating conditions in the hill States, it would be practical to categorise the undertakings as follows:-

1. 6.5 per cent return in each year from 1979-80 onwards for Andhra Pradesh, Haryana, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu (all seven companies together) and Uttar Pradesh;
2. Bihar, Gujarat, Jammu & Kashmir, Karnataka, Kerala, Punjab, Orissa and Assam should earn 2 per cent in 1979-80, 3 per cent in 1980-81, 4 per cent in 1981-82, 5 per cent in 1982-83 and 6.5 per cent in 1983-84;

3. Himachal Pradesh, Manipur, Meghalaya, Nagaland, Sikkim and Tripura should meet their working expenses fully and provide for depreciation in full; and
4. all the four undertakings in West Bengal including the Calcutta Tramways Company, should, in the aggregate, meet the working expenses and depreciation provisions in full by 1980-81, and thereafter earn 1 per cent on the capital in 1981-82, 2 per cent in 1982-83 and 2.5 per cent in 1983-84.

70. To the extent that the State Governments earn a return above the norms we have adopted, and a return on fresh investments made from 1979-80 onwards, their resources for the Plan would be augmented.

71. As mentioned earlier, we had obtained the annual accounts of the Electricity Boards and the Road Transport Undertakings upto the latest year for which they were available. We have already referred to the discrepancies in some cases between these and the other information furnished to us by the States. We have also found that in quite a few States the figures in the balance sheets do not always tally from one year to another and in a few cases the entries are inexplicable. We have also found that the completion of the annual accounts and the audit thereof take more time in some States than in others. We are drawing attention to these aspects since we believe that correctness and promptitude in accounting and audit are essential pre-requisites for good management, and in any case are inescapable obligations to be discharged in order to safeguard the interests of the State Governments and of the public who are the owners of these undertakings. This observation applies equally to public undertakings of the State Governments engaged in industrial and commercial enterprises. We would like to refer particularly to the somewhat unsatisfactory position disclosed in a Note which we have obtained from the Department of Company Affairs of the Central Government, and in information from the Accountants General, in regard to delays in the timely finalisation of the annual accounts and audit of Government companies. The Note which refers to Government companies of the Central and State Governments is reproduced in Appendix I.23(i), and the information from the Accountants General is shown in Appendix I.23(ii).

#### **State Public enterprises and co-operatives**

72. We have attempted to study in some detail the financial working of the public enterprises of the State Governments engaged in industrial and commercial activities, as well as those in the co-operative sector. Among the former, we have taken up statutory corporations and Government companies under the Companies Act, 1956, other than those in the electricity and transport fields. The housing boards, water supply and sewerage boards, slum clearance boards and the like have been excluded, as also joint stock companies, companies in other States or of the Central Government, in which the State Government investment is relatively small. Information was collected from the States relating to the functions and activities of the enterprises, the capital base, the budget support, the interest or dividend accrued or paid, etc. Besides, we obtained from most States the balance sheets of undertakings with a turnover of Rs. 50 lakhs or more.

73. We had also requested the States to furnish us with projections of investments and the working of their enterprises for the years 1979-80 to 1983-84. Eight States have not furnished such forecasts. From the forecasts which we received from the other States, and the discussions which our Member Secretary has had with the officers of the State Governments, our impression is that in most cases there is little of corporate planning in concrete terms. In view of the uncertainties in making any estimates of fresh investments by these enterprises in the period covered by our Report, we have confined ourselves to an examination of their financial working so far.

74. The estimates of investments of the State Governments in their enterprises have been made separately for 3 categories, namely, financial institutions, promotional enterprises and others. The first includes the state financial corporations set up under the State Financial Corporations Act, 1951, as well as enterprises held eligible for refinance facilities by the Industrial Development Bank of India. The promotional category includes enterprises which are engaged mainly in promoting the developmental and other industries of all regions through providing infrastructural facilities, financial and managerial assistance, technical know-how, etc., as well as through works of development for backward areas or the weaker sections of the population. This category, therefore, includes small industries development corporations, industrial development corporations, handicrafts or handloom development corporations, export corporations, area development corporations, etc. Appendix I.24(i) shows the total investments of State Governments in their public undertakings at the beginning of 1976-77. Appendix I.24(ii) shows for each State, for 1975-76 and 1976-77, the returns on investments

in State enterprises by way of share capital and loans, in absolute amounts, and Appendix I. 24(iii) and (iv) in percentage terms. There are wide variations as between the States and from year to year.

75. The total investments of the States in the enterprises at the beginning of 1976-77 was Rs. 902 crores, made up of Rs. 596 crores as share capital and Rs. 306 crores as loans, in 432 enterprises, 38 of which were financial enterprises, 121 promotional enterprises and the rest others. At the end of 1978-79 it is estimated that the total investments of the State Governments would be Rs. 1470 crores, of which Rs. 948 crores and Rs. 522 crores would be share capital, and loans, respectively.

76. With respect to investments by States in their enterprises, we have found that the ratios of equity to loan investments differ sharply from one State to another. We are unable to make out the reasons why these differences should be so marked. Nor are we in a position to make out, for lack of data, how much of the total capital invested has been applied to completed projects and how much is relatable to projects under implementation. One could think of different norms of returns on the capital for the different categories of enterprises, i.e. the financial group, the promotional group and the rest. We do not, however, have enough data to analyse each of the hundreds of State Government enterprises and their performance for the purpose of evolving a norm of return for each category or for groups in each category.

77. Most of the variety of corporate undertakings have been set up in recent years as companies under the Companies Act, 1956. In the course of our discussions with the States we understood that while some States have an agency within the Government to review the affairs of their public enterprises, few are fully established and effective. In many States the arrangements for such a centralised agency seem to be nebulous. We believe that it would be extremely useful for each State to build up an active agency, functioning somewhat on the lines of the Bureau of Public Enterprises of the Central Government.

78. We are, however, immediately concerned with the return on the huge investments which have been made by States in these enterprises. By the end of the current year the total investments by way of equity capital and loans are likely to exceed their total investments in road transport undertakings. Investments of this order should fetch a reasonable return to the Governments.

79. As regards the return, the receipts by way of interest on loan investments has been assumed by us together with interest on other State Government loans for a variety of purposes. A return on share capital can arise only after other liabilities are met, including provisions for taxation. Taking into account the various factors mentioned above, we consider that the State Governments should earn a return of 5 per cent on the equity capital invested by them as at the end of 1978-79. On practical considerations and in order to give the State Governments adequate time to improve the working of their enterprises, we are assuming that the return of 5 per cent on equity capital as at the end of 1978-79 should be earned by 1983-84, commencing with one per cent in 1979-80 and increasing by one per cent every year thereafter. The forecasts of the States under the receipt head 050-Dividends and Profits, have been reassessed accordingly.

80. In regard to the investments of the State Governments in the co-operatives, we have obtained information from the Reserve Bank for the co-operative year ending June 1975 for various categories of co-operative institutions, and for some categories for the year ending June 1976. However, data from the Bank were not available on interest and dividends received by the State Governments from the different categories of co-operative institutions. We have, however, built up the figures of cumulative investments of the State Governments in share capital and the loans in all co-operative institutions taken together, from the finance accounts as well as the State budgets, together with information on dividends and interest received by the State Governments. In the case of Manipur, Meghalaya, Nagaland, Sikkim and Tripura, however, information on dividends and interest for these institutions has not become available. Excluding these States, the return on share capital was 1.15 per cent for all States and 5.96 per cent on loans for 1976-77. Appendices I. 24(v) to (vii) show the picture but this may be taken as no more than indicative.

81. The share capital investment in the co-operative institutions would be Rs. 892 crores for all States and the outstanding loans Rs. 317 crores, as worked out by us for the end of 1978-79. Here again, we have taken a rate of return of 5 per cent on the share capital invested at the end of 1978-79, to be achieved by the last year of the forecast period, in the same manner as the return on equity capital invested by the States in their public enterprises.

82. Appendix I.24(viii) shows the State-wise share capital invested in public enterprises and in the co-operatives at the end of 1978-79 and the amounts we have assumed as receipts in the forecast period by way of return on the share capital so invested.

#### **Emoluments of State Government employees.**

83. Sub-clause (iv)(a) of paragraph 5 of the Presidential Order requires us to take into account such provision for emoluments of Government employees, teachers and local body employees as obtaining on a specified date as deemed proper and with reference to appropriate objective criteria rather than in terms of actual increases that may have been given effect to. In our very first meeting held on 19th July 1977, we proposed to adopt 1st January, 1977 as the "specified" date. In doing so we had in mind two important considerations. The last instalment sanctioned by the Central Government to its employees before 1st January 1977 was given with effect from 1st March 1975. But this was withdrawn from 1st July 1976. This indicated that the movement of the all-India consumer price index for industrial workers was such that there was no occasion for any new dearness allowance instalment after March 1975 for a long time. Even in the cases of States which generally took quite some time before sanctioning new instalments of dearness allowance to their employees after the Central Government had done so, we thought it reasonable and indeed not unfair to the States to presume that by 1st January 1977 they would have sanctioned whatever dearness allowance instalments they considered were merited. Secondly, general elections to the Lok Sabha were announced in January 1977 and this appears to have acted as an impulse to a number of States (though not all) to sanction benefits to their employees somewhat more freely than had been their practice. Indisputably the announcement of the general elections was an extraneous consideration which triggered off a number of concessions in emoluments which it was not possible to take into account in the interest of uniform treatment to all the States.

84. By our letter dated the 26th July 1977 we informed the State Governments of our proposal to adopt 1st January, 1977 as the specified date and asked for their forecasts on the revenue account to be based on scales of pay and allowances on the basis of orders issued and implemented by that date. But we also asked for information in respect of revisions in pay, dearness and other allowances sanctioned by them after 1st January, 1977 and the likely expenditure on account of such revisions. Our letter dated the 26th July, 1977 and the proforma by which we sought details are reproduced in Annexure III.4.

85. In their memoranda to us, the States were almost unanimous about the desirability of parity in the rates of dearness allowance between the Central Government and the States. They urged that dearness allowance being compensation to the employees for increases in the cost of living such parity was justified, since by far the largest number of employees lived with the same set of customs, eating habits, etc. irrespective of whether they worked for the Central or the State Government. It was also pointed out that recruitment at the lower levels was generally made locally, and most Central Government employees working in a particular State spent most of their working life in the same State. A few States went further and argued for parity in total emoluments as between the Central and State Government employees of certain categories requiring the same qualifications and having similar duties. Some other States protested against the proposal of the Commission to adopt 1st January, 1977 as the specified date with reference to which the provision for emoluments might be calculated. They argued that since the tax levels of 1978-79 were to be taken into account by the Commission in regard to expenditure it would be proper to take into account firm commitments of the States till 1978-79 in regard to pay revisions, grant of dearness allowance, etc. The State Governments also observed that it would be unrealistic to assume that the price levels would not change during the period covered by our report and asked that provisions should be made for future revision of pay scales and dearness allowances. It was suggested that the Commission should recommend that the Centre should assist the States to meet the full cost of future increases in dearness allowance every time that the Central Government sanctioned an increase to its employees. Some of the States stated that the assumption of the Sixth Commission that the cost of future increases of dearness allowance would be taken care of by increases in revenue receipts from sales tax, etc. had proved incorrect. They pointed out that because of the large weight of food articles in the consumer price index, rises in price levels which led to increases in dearness allowance did not lead to a higher proportionate yield from taxes, since food articles were either subject to low rates of tax or were not taxed at all. It was also pointed out that price inflation resulted in higher government expenditure on items like material costs, transportation, etc., and it would be incorrect to assume that price increases which triggered demands for more dearness

allowance resulted in enough additional revenue receipts to meet the costs of more instalments of dearness allowance as well as the additional expenditure burdens on these counts.

86. Associations of State Government employees, who met us in a number of States, generally pressed similar points.

87. The manner in which the problem of providing suitably for the emoluments of Government employees, teachers and local body employees had been dealt with by the earlier Commissions, has been summed up in the Sixth Commission's Report. But it was the Sixth Commission which, for the first time, had an explicit term of reference relating to this problem. That Commission had to take into account provisions for emoluments of State Government employees, teachers and local body employees as on a specified date deemed proper by the Commission in the light of the States' capacity and needs and the other burdens of expenditure. That Commission adopted an approach in which an objective criterion was formulated and the provisions required for emoluments of the employees in each State were estimated with reference to that criterion. The Commission was guided by the consideration that States which had observed restraint in the matter of revision of pay and allowances and thus conserved their resources for development should not be penalised for their prudence in the past. According to that Commission its approach had certain advantages, viz. -

- i. "States whose scales of pay were distinctly above the all-States average as on 1.1.1972, would get the benefit of additional provisions needed to compensate their employees for rise in the cost of living since that date up to 1. 5. 1973.
- ii. States, which had observed restraint in revisions of pay and allowances and thus conserved their resources for development would not be penalised for their past prudence.
- iii. Our approach embodies a line of policy in terms of which demands for additional provision for pay or dearness allowance can be dealt with by the Finance Commissions in future. States will be relieved of the compulsion to hustle through pay revisions and present the Finance Commission with fait accompli, if it is brought home to them that their requests for additional allocation of funds for enhancement of pay and allowances would be regulated on a normative basis."

88. Accordingly the Sixth Commission allowed increases in the emoluments of State Government employees, teachers and local body employees so that the States where the emoluments were below the all-States' average as on 1.1.1972 would be enabled to increase the emoluments so as to reach that average. In addition, that Commission also allowed compensation to the employees for the increase in the consumer price index for industrial workers upto the level of 221 (base 1960 = 100) reached in April 1973. The amounts thus allowed by that Commission for all the States came to Rs. 1414.15 crores. However, we find from the information furnished to us by the States that the total expenditure which they would incur during the period 1974-79 on account of revisions of pay and dearness allowance from April 1974 would come to Rs. 3692 crores, besides Rs. 118.36 crores on account of other allowances. The estimated cost to the States on account of revisions in pay and dearness allowance from April 1974 to 1st January 1977 aggregates Rs. 2883.01 crores. It has not been possible to work out how far such a massive expenditure would be covered by increase in revenue receipts attributable to price increases.

In fairness to the States and their employees, it must be said that many of them observed restraint in regard to the frequency of revisions in pay and allowances keeping in view the constraints on their resources and the demands thereon for their Plans. Quite a few States also mopped up part of the increases in emoluments, which they had allowed, by having part of the additional emoluments deposited in the provident funds which are available as resource for the Plans.

89. We have compared the level of the aggregate of pay and dearness allowance as on 1.1.1977 in each State with the all-States' average as also with the corresponding level at the Centre for certain common categories of posts which make up the bulk of State employees. We have also compared the position with that which obtained on 1.1.1972, as shown in the Report of the Sixth Commission. Appendices I.25(i) to (xi) show the picture. Since pay scales are not revised by the different States at the same time or at the same intervals, basic pays as on a particular date are not comparable. The total of pay and dearness allowance, however, can be properly compared. For the purpose of such comparisons we have taken the emoluments of representative categories of State Government employees, who also are the bulk of the total number of employees i.e. peon, lower division clerk, upper division clerk, constable, head constable, primary school teacher, trained graduate teacher, revenue inspector, naib tehsildar, tehsildar and deputy collector. Appendices I.2(i) and (ii) provide a

synoptic picture of the changes in regard to these categories of posts in different States in terms of the index of Central emoluments and the index of all-States average emoluments, and percentage changes with reference to Central emoluments and all-States' average emoluments. Appendix I.27 shows the number of employees in the States as furnished by them.

90. The emoluments at the minimum of the pay scales for most categories of posts are clearly lower than the Central level in all States excepting a very few. The all-States' average emoluments for most of the eleven categories of posts have been below the Central emoluments as on 1. 1. 1972 and for all categories on 1.1.1977 over the position on 1.1.1972, the all-States' average emoluments showed a smaller increase except for primary school teachers and tehsildars.

The following Table shows the picture (round figures are given):-

	As on 1-1-1972			As on 1-1-1977			Percentage increase in emoluments 1-1-77 over 1-1-72	
	Centre (Rs.)	All-States' Average (Rs.)	% Difference	Centre (Rs.)	All-States' Average (Rs.)	% Difference	Centre	All-States Average
Peon	163	141	-13.50	295	231	-21.69	80.7	63.8
L.D.C.	241	208	-13.69	390	323	-17.18	61.8	55.3
U.D.C.	261	292	+11.88	478	406	-15.06	83.1	39.0
Constable	168	166	- 1.19	315	271	-13.97	87.5	63.3
Head Constable	204	207	+ 1.47	390	317	-18.72	91.2	53.1
Primary School Teacher	320	197	-38.44	478	313	-34.52	49.4	58.9
Trained Graduate Teacher	406	315	-22.41	603	445	-26.20	48.5	41.3
Revenue Inspector	241	232	- 3.73	434	348	-19.82	80.3	50.0
Naib/Depuy/Tehsildar	305	349	+14.43	582	511	-12.20	90.9	46.4
Tehsildar	536	414	-22.76	754	602	-20.16	40.6	45.4
Deputy Collector	N.A.	539	-	N.A.	743	-	-	37.9

Broadly speaking emoluments paid as on 1.1.1977 in Haryana, Punjab, Himachal Pradesh, Gujarat Maharashtra, Kerala, Andhra Pradesh, Karnataka and Rajasthan were above the all-States average.

We further find that the difference for several categories of posts between the all-States' average emoluments and the Central Government emoluments was larger on 1.1.1977 than it was on 1.1.1972. The following table has been worked out taking the post of peon in most States as broadly representative of the employees on pay slabs upto Rs. 200 per month, lower division clerk for the pay slabs between Rs. 201 and Rs. 400 and trained graduate teacher for the slabs between Rs. 401 and Rs. 700.

Pay slab category	Average emoluments of Central employees		% difference	Average emoluments of State employees (All-States average)		% difference
	-----			-----		
	1-1-72 (Rs.)	1-1-77 (Rs.)		1-1-72 (Rs.)	1-1-77 (Rs.)	
Upto Rs.200	163	295	80.7	141	231	63.8
Rs. 201-400	241	390	61.8	208	323	55.3
Rs. 401-700	406	603	48.5	315	445	41.3

The position which emerges is that in spite of the large expenditure incurred by the States since April 1974 on revision of pay and other emoluments, the average all-States emoluments for the representative categories who form the bulk of the employees in the States has worsened compared to that of the employees in the Central Government.

91. This Commission cannot suggest as an absolute principle that there should be parity between emoluments paid to the State and Central employees. The obvious reason is that the States as autonomous bodies have to determine matters relating to emoluments of their employees in accordance

with the circumstances prevalent in each State e.g. its fiscal position, costs of living and the comparative position of employees in the neighbouring States etc., as also their resource situation and the demands on the resources for the development Plans and the needs of maintaining harmonious relations with the employees. Nevertheless, it would be unfortunate if these considerations have constrained particular States to keep the level of emoluments unduly depressed. Such a situation, we have no doubt, would not only tend to discourage fresh talent being recruited into the services of a particular Government but may also lead to the flight of skilled and qualified man-power either to the private sector or to public sector enterprises. In extreme cases where the emoluments paid are inadequate for maintenance of living standards considered appropriate in that particular social milieu, there might be loss of morale. The effects of inadequate remuneration may be imperceptible in the first instance but are nonetheless insidious and have to be tackled in good time if the efficiency of the administrative machine has to be maintained, if not improved.

92. Another major factor worth bearing in mind is that over the years pressures on the States have been mounting from their employees that in the matter of dearness allowance the example of the Centre should be followed. The scope for the States for a completely independent line of action in this area is manifestly limited. In practice, the States have necessarily had to follow the Central Government not only in the number of instalments of dearness allowance from time to time, but also in the matter of adopting the Central pattern of sanctioning dearness allowance i.e. in terms of the entitlements to dearness allowance as percentages of the pay. This appears to be an irreversible trend. The fact is that out of 22 States there are very few States where the Central pattern of dearness allowance has not been adopted. Any approach to this problem requires these realities to be taken into account.

93. In the light of the above, we feel, as the Sixth Commission did, that the position of each State should be examined by an objective method but without taking on the functions of a Pay Commission which obviously we cannot do. The all-States' average level of emoluments as on 1st January 1977 is a fair measure of the adequacy or otherwise of the level of emoluments in different States. However, as noted earlier, the all-States' average position with regard to emoluments paid to their employees has itself deteriorated vis-a-vis that of the Central Government employees between 1.1.1972 and 1.1.1977. We believe that this should be a cause for concern as it shows that in many States the level of emoluments is unduly depressed compared not only to the Centre but also to other States. This is not a situation conducive to harmonious relations between the State Governments concerned and their employees, and calls for remedial measures. We have decided, therefore, to adjust the all-States' average level of emoluments in such a manner that the differential between the adjusted average and the Central Government level is the same on 1.1.1977 as it was on 1.1.1972, and to use this adjusted average as a norm for the level of emoluments.

94. We have estimated the deficiencies where they exist in individual States compared to the adjusted all-States' average. The amounts necessary for bringing the level of emoluments in such States to the adjusted all-States' average have been estimated, and we are providing for these amounts in the revenue expenditure forecasts of those States in the period covered by our Report. We are making no change in respect of the States where the level of emoluments was above the adjusted all-States' average on 1.1.1977, and are allowing fully for the maintenance of the emoluments as on that date.

95. Consistently with our approach as set out above, we have also allowed provisions for each State to cover the cost of the two dearness allowance instalments which the Central Government has sanctioned to its employees after 1.1.1977. We have accordingly provided, in the re-assessment of the expenditure forecasts of the States, for the costs of two instalments of dearness allowance, according to the patterns of the States themselves, except in the case of Kerala. The two instalments of dearness allowance allowed by the Centre after 1.1.1977 were effective from 1.9.1977 and 1.1.1978, respectively, of which the former was in effect a restoration of the earlier instalment which had been withdrawn from 1.7.1976. Kerala, however, which had been following the Centre in this matter, had not withdrawn at that time any instalment of dearness allowance. Accordingly, for Kerala, only the instalment of dearness allowance sanctioned from 1.1.1978 has been taken into account for working out the provision for upgradation of emoluments.

96. In the estimates we have made, we have also provided for teachers in aided institutions and employees of local bodies, as the Sixth Commission had done. We believe that a close linkage exists between the emoluments of State Government employees proper and those of local bodies and aided institutions. As a result, any change in the emoluments of the former touch off demands from the latter. Accordingly, in the estimates we have made, we have provided for increases in the emoluments of

teachers in aided institutions and of the employees of local bodies over their existing levels to a corresponding extent as in the case of emoluments of the State Government employees proper. To this extent, we are following the precedent of the Sixth Commission.

97. The table below sets out the provisions allowed to each State in the period covered by our Report for upgrading the average emoluments as on 1.1.1977 to the adjusted all-States' average level described earlier, and the provisions for dearness allowance given after 1.1.1977. The figures cover

State Government employees as well as those of local bodies and teachers in aided institutions:-

(Rs. lakhs)

States	Provision allowed for the period 1979-84			
	Amount claimed by State Govts.	Upgradation of emoluments as on 1-1-77	Provision of D. A. after 1-1-77	Total
1. Andhra Pradesh	7026	876	8178	9054
2. Assam	8612	2868	2868	5736
3. Bihar	31507	28262	8635	36897
4. Gujarat	11308	-	7106	7106
5. Haryana	1712	1514	2018	3532
6. Himachal Pradesh	880	742	908	1650
7. Jammu & Kashmir	9983	6313	2825	9138
8. Karnataka	6353	2247	5069	7316
9. Kerala	19006	-	3103	3103
10. Madhya Pradesh	25636	16771	7788	24559
11. Maharashtra	34583	3399	8993	12392
12. Manipur	966	1406	388	1794
13. Meghalaya	498	185	339	524
14. Nagaland	2644	1425	641	2066
15. Orissa	7548	2826	4742	7568
16. Punjab	7891	2264	3200	5464
17. Rajasthan	4714	2811	5269	8080
18. Sikkim	N. A.	318	136	454
19. Tamil Nadu	39967	15502	9696	25198
20. Tripura	817	1493	582	2075
21. Uttar Pradesh	37065	7295	15996	23291
22. West Bengal	32230	13393	10386	23779
<b>All States</b>	<b>290946</b>	<b>111910</b>	<b>108866</b>	<b>220776</b>

98. Many State Governments appointed Pay Commissions or Committees after we commenced our work. The Tamil Nadu Pay Commission has submitted its report to the State Government, which has also announced its decisions and informed us of the financial implications. The Maharashtra Government had appointed a Pay Commission earlier and took decisions on its report a few months ago. Similarly, the West Bengal Government had an interim report from a Pay Commission appointed in 1977, and has taken certain decisions thereon. The Kerala Pay Commission has also made its report to the State Government. The Punjab Pay Commission has yet to submit its report, but the State Government has estimated additional expenditure of Rs. 50 crores as the likely cost of implementing that Commission's report. It becomes unnecessary to deal with these reports and the decisions taken thereon in view of our approach based on objective considerations as described above, irrespective of when particular States revise pays or allowances. To the extent that the decisions of the individual State Governments involve a higher cost to them in the period covered by our Report than we have allowed for, they would have to find the necessary additional resources on their own.

#### States' reassessed forecasts on Revenue account

99. We have given the summary position of the forecast on revenue account of each State, as reassessed by us, in Appendices 1.28(i) to (xxii).

The net position on revenue account of each State, as reassessed by us, assumes better fiscal management in most States than has been evident, in matters like efficient collection of government dues and improved performance and higher returns in departmental undertakings as well as public enterprises. No Finance Commission can relax these basic requirements of fiscal efficiency. We have at the same time assumed that expenditure on emoluments of employees would be better regulated

with due regard to the availability of resources and the various demands thereon. In States where the levels of emoluments are lower, in the interest of the efficiency of the administrative apparatus, we have allowed suitable provisions to enable the States to improve the level of emoluments of their employees. In another Chapter, we have also dealt with the requirements of the States for improving the standards of administration of the more important non-developmental sectors and services.

## CHAPTER 3

### RE - ASSESSMENT OF THE RESOURCE FORECAST OF THE CENTRAL GOVERNMENT

1. As mentioned earlier, we obtained from the Central Government their forecast of receipts and expenditure on revenue account as well as of capital receipts and disbursements, together with notes explaining the manner in which they had projected various items. We examined the forecast on the same lines as those of the States. In that examination we were greatly aided by the discussions which we had with the Secretaries in the Union Ministry of Finance and their senior colleagues including the Chairmen of the Central Board of Direct Taxes and the Central Board of Customs & Excise. At these discussions, the Financial Commissioner, Railways, the Secretary, Planning Commission and the Union Home Secretary participated. We also had a detailed discussion with the Union Defence Secretary. These discussions helped us in getting a fuller understanding of the policies and thinking having a bearing on the resource forecast.

2. We examined the projections of the tax revenues of the Central Government in the light of considerations similar to those which we kept in mind while we were considering the forecast of tax revenue receipts of the State Governments, that is, the long term and recent revenue growth trends, elasticities of the revenues of different taxes with respect to Net National Product as well as with respect to Net National Product originating in the non-agricultural sector and the manufacturing sector as appropriate, the changes in the tax structure in recent years, concessions which have been given, and so on. We have, accordingly, taken somewhat higher rates of growth of revenues than assumed by the Central Government, in respect of Union excise duties (7%), customs duties (7%) as well as the corporation tax (9%). We also assumed a rate of growth of revenues from sales tax in the Union territories in line with what we have adopted for the neighbouring States, i.e. higher than that taken by the Central Government for the purpose of their forecast. As reassessed by us, the total revenue receipts of the Central Government in the quinquennium 1979-84 would be Rs. 80, 126 crores, of which income-tax would account for Rs. 7, 192 crores and Union excise duties Rs. 32, 607 crores.

3. In regard to the forecast of expenditure, as in the case of the forecast of the States, we eliminated unusual items of current expenditure which were unlikely to recur in the future. We moderated the rates of growth assumed in the forecast of expenditure on the Police and on Audit. In the case of the Police the present policy of the Central Government appears not to favour expansion in the strength of the Central police organisations, and efforts have been initiated to reduce the strength wherever possible. We have therefore allowed a rate of growth of expenditure at 6 per cent on the Police in the forecast period. The expenditure on subsidies on food, fertilizers and exports is very substantial, adding up to Rs. 1, 026 crores in the Central budget estimates for the current year. We proceeded on the basis that while export subsidies may not be susceptible to reduction in view of the role they play in sustaining the national export effort, there was scope for reducing the burden of subsidy on fertilizers. We have, therefore, projected the expenditure on subsidy of fertilizers in such a manner that it should be progressively reduced to nil by 1983-84. In regard to food subsidies, the expenditure as appearing in the Central budget is for the purpose of meeting the deficit incurred by the Food Corporation of India in its operations covering procurement of foodgrains, their handling and storage, and issues at prices fixed by Government. We recognise that there are a number of special considerations which apply in regard to procurement prices and issue prices of foodgrains. We are also aware of the importance to the country of having an adequate buffer stock of foodgrains involving substantial costs. At the same time, we believe it is necessary to restrain and reduce gradually the expenditure on food subsidies. Accordingly we have projected this item of expenditure in such a manner that by 1983-84 the amount of subsidy would be reduced by 25 per cent from the level of 1979-80.

4. We also looked into the returns to the Central budget from the investments of the Government in its industrial and commercial undertakings drawing upon material from the Bureau of Public Enterprises. As on the 1st April 1977 the total investment (equity and loans) in 145 enterprises was Rs. 11,097 crores. Of this total, the paid-up capital was Rs. 5,413 crores and the loans and deferred credit Rs. 5,684 crores. This excluded investments of Rs. 78.18 crores in insurance corporations, Rs. 241.29

crores in the National Textile Corporation and Rs. 10.79 crores in 3 enterprises registered under Section 25 of the Companies Act, 1956. Undertakings under construction accounted for Rs. 532 crores i.e. 4.79 per cent of the total investment. Enterprises producing and selling goods accounted for an investment of Rs. 8,624 crores, and service enterprises for Rs. 1,940 crores.

5. The gross profit earned by running concerns in 1976-77 was Rs. 1,054 crores, which was 9.7 per cent on the capital employed. Gross profit is the excess of income over expenditure after providing for depreciation and charges pertaining to previous years but before providing for interest on loans, taxes and appropriations to reserves. Capital employed is the gross block less accumulated depreciation thereon plus working capital. Enterprises producing goods earned gross profits at 9 per cent on the capital employed. The service enterprises gave a return of 10.8 per cent on the capital employed.

6. Of the total investment of Rs. 11,097 crores mentioned above, that of the Central Government was Rs. 9,569 crores, including Rs. 5,368 crores paid-up capital, and Rs. 4,201 crores by way of loans. The total return to Government on equity and by way of interest on the loans amounted to 4.43 per cent in 1976-77. On equity alone the return as calculated comes to 4.4 per cent. There appears to be an improving trend in the past few years in the performance of the Central public enterprises. It has however to be noted that, as compared to the enterprises of the State Governments, the Centre has few promotional undertakings. The bulk of the investments are in production and service enterprises, which have a large command of the markets, advantages of scale, the scope for attracting management talent, and so on, unlike the enterprises of the States. The Central enterprises also have readier access to finance compared to most of the enterprises of the States.

7. Taking these factors into account we have assumed that in the forecast period the return on equity investment by the Central Government in its enterprises should increase from 4.4 per cent in 1976-77 to 7.5 per cent by 1983-84. The receipts on account of interest on loans advanced to the enterprises have been taken as calculated according to the terms applicable to such loans and included in the forecast of revenue receipts. The return on equity has been calculated on the investments likely to be made by the end of 1978-79, as estimated from the Central budget. We have not taken into account, as in the case of States also, investments likely to be made from 1979-80 onwards.

8. The re-assessment of the forecast of the Central Government which we have made as above has resulted in an overall improvement of Rs. 4,626 crores in the five-year period 1979-84 compared to the resource position indicated in the forecast.

## CHAPTER 4

### FINANCING OF RELIEF EXPENDITURE

1. We now turn to the topic of financing of expenditure for relief of distress caused by natural calamities. Paragraph 9 of the Presidential Order requires us to review the existing policy and arrangements in regard to the financing of relief expenditure and also to suggest such modifications therein as we consider appropriate, having regard, inter alia, to the need for avoidance of wasteful expenditure.

2. It is a well accepted proposition that the primary responsibility for relief measures for people affected by natural calamities is that of the State Government concerned. However, it often happens that the seriousness of a calamity calls for relief measures and consequent expenditure which may be of an order beyond the means of a State in a particular year. In such a case, the State Government calls upon the Centre for financial assistance. The Central Government has from time to time laid down its policy for such assistance.

3. Measures for relief of distress on the occurrence of a natural calamity differ in the case of floods, cyclones, earthquakes, and the like from those in the case of serious droughts. In the former case, immediate succour has to be extended to the people affected on a large scale and within a relatively short time. For instance, considerable numbers of people have to be moved to safe place, temporary accommodation for them has to be found, arrangements for their clothing and feeding have to be made, and as soon as they can go back to their homes, they may have to be assisted with small grants to set up their households again. In the process, the State Government has to incur substantial expenditure on transportation, drinking water arrangements, medicines, etc. At the same time, emergency arrangements have to be made for restoring road communications where they are disrupted and embankments and other protective works have to be strengthened. Arrangements also have to be made to help flooded areas drain quickly, etc. Following such an emergency phase, assistance has to be given to the affected people to rehabilitate themselves by repairing or rebuilding their houses and clearing their lands for a new crop, as also for seed and other inputs. Works have to be taken up by the Government Departments concerned for repairing flood-damaged public works and restoring them to the original condition. These could last for some months and even spill into the next financial year. Ordinarily, the situation does not call for the Government providing relief employment to the affected people as a specific measure. The agricultural operations which are taken up again provide employment, as do the normal Plan schemes and the Government works for repairs and restoration of public assets. In the case of droughts, the problems faced by the State Governments and the people are somewhat different. There is usually adequate warning of distress conditions likely to develop, their extent and intensity. Estimates can, therefore, be made and reviewed from time to time as to the number of people likely to be affected, those likely to need gratuitous relief and the measures necessary for providing them relief by way of drinking water, and so on. The requirements of fodder and other steps for movement of useful cattle can similarly be assessed and planned for. Some time is also available for planning relief works. The standing procedures usually require a shelf of schemes to be kept ready in each district after adequate investigation so that they can be taken up when necessary. The Plan works which are distributed generally all over the State also provide employment and these could be specially accelerated in times of such need.

4. It is in the light of the experience of relief operations of the nature described that the financing of relief expenditure has to be considered. All the Finance Commissions from the Second onwards have recognised the necessity of providing an amount referred to as the margin for relief expenditure in the expenditure forecasts of each State. When a calamity occurs necessitating expenditure on relief measures, the States have this margin to draw upon immediately. It is easier for them to do so if the unspent amount out of the margin for any year is not merged in the general resources of the State for normal expenditure but is kept invested in easily encashable form. Though very few States follow this practice, it is well understood that they, as well as the Central Government whose assistance is sought by them, should take into account the unspent amounts available in the margin in any year while computing the Central assistance which may be decided upon.

5. It has been the practice of the past Commissions to take the average of expenditure booked in the accounts under the head accommodating Relief Expenditure for a few years and adopt the average as the margin for each State. The Second, Fourth and Fifth Commissions took respectively the average of this expenditure for 10 years, 8 years and 9 years, while the Sixth Commission took the average of this expenditure for the period 1956-57 to 1971-72. The actual expenditures which they took into account not only included items of direct relief like gratuitous relief, drinking water arrangements, fodder arrangements, emergent expenditure immediately after a calamity, but also expenditure on relief works. However the margins did not provide for any element of repairs and restoration of public assets which become necessary on a fairly extensive scale following floods, cyclones and the like. This was because the actuals booked under the relief head usually do not include such expenditure. We have considered the matter afresh. Since the expenditure on public works which are damaged by a natural calamity does not create new assets and yet constitutes quite a heavy burden on the finances of the States, we feel that the margin which we propose to allow for each State should include an element on this account. In regard to expenditure on relief employment in drought, however, in the light of the modifications which we propose later in the policy of Central assistance towards relief expenditure, we believe that the relief employment expenditure need not be included in the margin. We have, accordingly, estimated the average annual expenditure for each State for the years from 1969-70 to 1977-78 on direct relief other than relief employment, and on repairs and restoration of public properties damaged by floods, cyclones and earthquakes. We have drawn upon the finance accounts, as well as estimates approved by the Central Government for the purpose of computing Central assistance. We have made an adjustment in the figures for 1977-78 to moderate the effect of the extraordinarily large expenditure necessitated by the unprecedented cyclone in Andhra Pradesh and Tamil Nadu in 1977. Where appropriate, we have also taken into account the commissioning of major projects in recent years which would have the effect of controlling or moderating floods. On the 9-year averages which we have thus derived, we have added an incremental 15 per cent, on the consideration that the averages are somewhat depressed on account of the price levels before they rose steeply in the middle of the period we have taken. The margins thus worked out for each State for each year of the period covered by our Report, and included in the reassessed forecasts of expenditure, are shown below :-

S. No.	State	(Rs. lakhs)
1	Andhra Pradesh	858
2	Assam	346
3	Bihar	1308
4	Gujarat	956
5	Haryana	147
6	Himachal Pradesh	51
7	Jammu & Kashmir	130
8	Karnataka	200
9	Kerala	159
10	Madhya Pradesh	183
11	Maharashtra	457
12	Manipur	8
13	Meghalaya	7
14	Nagaland	14
15	Orissa	871
16	Punjab	268
17	Rajasthan	774
18	Sikkim	1
19	Tamil Nadu	859
20	Tripura	18
21	Uttar Pradesh	1080
22	West Bengal	1360
	Total:	10055

6. We believe that these margins would enable the States to bear the burden of relief expenditure better than has perhaps been the case so far, even in calamities of more than moderate severity. We may add that the States should invest the unspent balances out of the margin in any year in easily

encashable securities so that these can be drawn upon in a year of need and the purpose of providing the margins is fully served.

7. . We have already referred to the policy of the Central Government pronounced from time to time for assisting States to meet the burden of relief expenditure on occasions when it is beyond their means to do so. According to the policy decisions following a review in 1953, the Central Government gave 50 per cent of the expenditure on gratuitous relief as a grant and 50 per cent of the expenditure on test relief works as a loan besides concessional supplies of foodgrains. In February 1955 the assistance policy was revised. The State Governments could then expect grants to cover half the total expenditure on gratuitous relief upto Rs. 2 crores and 3/4ths of the expenditure above that limit. Expenditure on relief works taken up as a preferable alternative to gratuitous relief, and which did not create assets already served, or when the value of assets created was less than the expenditure, was also to be expenditure on gratuitous relief. So too was the expenditure on distress loans given as a substitute for gratuitous relief where subsequent recovery proved impossible. The Centre also agreed to give grants equal to half the expenditure on the repairs of Government roads, bridges, etc. where no new assets were created and half the cost of repairs to administrative and other Government buildings. In the case of roads and buildings of local bodies which did not have sufficient resources, the Centre provided a grant equal to 37½ per cent of the cost of repairs in cases where the States could not assist the local bodies fully. The Centre also provided ways and means loans depending on the financial position of the States. Further, where the States were compelled because of the relief expenditure burdens to divert resources from the implementation of the Plan, the Centre provided development loans. Not only did the Central assistance policy of 1955 thus cover the different components of relief expenditure, but it was also envisaged that the resources for a State's Plan should be kept intact. After the Second Finance Commission recommended, for the first time, a margin for each State towards relief expenditure, the Central Government informed the States that the margin would be set off against the total relief expenditure before Central assistance under the policy of February 1955 was given. The assistance policy was revised again with effect from 1961–62. This was done to simplify the procedure and also to define clearly the circumstances in which Central assistance would be considered justified. The States were required to inform the Centre when they felt that the expenditure would be in excess of Rs. 1 crore. Thereafter the Centre constituted a Team of officers to undertake an on-the-spot assessment of the impact of the calamity and to consider whether any of the relief measures could be dovetailed within the Plan schemes through minor adjustments in the schemes or financial provisions for the Plan. The Central assistance was normally limited to half the expenditure on relief items, including works undertaken as a preferable alternative to gratuitous relief, where new assets were either not created or were of a value less than the expenditure. It was also indicated to the States that in calamities of very considerable magnitude, the Centre would consider additional ad hoc grants.

8. The Fourth Finance Commission suggested that the scheme of Central assistance and its working might be reviewed following representations made to it by the States. The review by the Central Government led to changes in the Central Assistance policy which were communicated to the States in September 1966. These continued to operate till March 1974. Under this scheme the States were to inform the Centre when they felt, on the occurrence of a natural calamity, that the relief expenditure would exceed the margin. While doing so, the States were also required to furnish details of the damage or losses caused by the calamity, the relief programme and expenditure contemplated by the State Government and the extent to which Plan schemes could be taken up in the affected areas to provide employment. The Centre then deputed a Team of officers for an on-the-spot assessment of the situation and an estimation of the expenditure. The Team also assessed the extent to which the expenditure could be met from the Annual Plan provisions, the additional expenditure necessary and fixed ceilings on items of relief expenditure within which the actual expenditure would be shared by the Centre. The shareable items included relief works expenditure. The Central assistance, in accordance with the new policy, was limited to 75 per cent of the actual expenditure in excess of the margin, 2/3rds of which were given as grant and 1/3rd by way of loan. The balance of 25 per cent of the expenditure was to be borne by the State. Expenditure on repairs and restoration of public properties damaged in the calamity and on loans to third parties was not eligible for assistance but the States could obtain ways and means advances depending on their financial position.

9. In 1972-73 this policy underwent a major modification in practice, when the Central Government ceased fixing ceilings of expenditure on relief works, which was by far the largest component of relief expenditure in a drought. The change contributed largely to the enormous increases in relief expenditure in the closing years of the Fourth Plan. As observed by the Sixth Commission, a considerable proportion of the expenditure was probably wasteful. With better planning and organisation the works executed would perhaps have given enduring benefits. The Sixth Commission also observed that the scale of relief works expenditure and of the Central assistance in effect bypassed and eroded the fair and rational transfer of Central resources to the States evolved by the Finance Commission and the Planning Commission from time to time. The Supplementary Report of the Comptroller & Auditor General of India for 1973-74 noted that in most States lists of relief works which could be taken up on short notice had not been prepared even in districts which were drought-prone or had been repeatedly visited by droughts, floods and cyclones in the past. Some works which were selected were such that they could not possibly be completed within the period of relief operations. Works left incomplete from earlier years were not taken up in preference to new works. Many were started without adequate technical preparation such as investigations and approval of estimates.

10. Following the Report of the Sixth Commission, the Central Government gave up its relief assistance policy of 1966 and adopted the procedure recommended by that Commission. Under the new policy, assistance given to a State for relief expenditure is to be adjusted within the ceiling of Central assistance for the State's Plan. The Sixth Commission felt that such a procedure would give the States an incentive for economy in expenditure and for maximising the results from the expenditure actually incurred. The Sixth Commission also envisaged that the schemes for providing relief should be integrated with the overall development Plan of the State. Under the present policy also, when a State reports the occurrence of a calamity and presents its assessment of the impact and the expenditure requirements, a Central Team of officers is deputed to make an on-the-spot assessment. The report of the Team is considered by a high-level Committee headed by a Member of the Planning Commission. The high-level Committee's recommendations as to the amounts and purposes of advance Plan assistance are placed before the Union Finance Minister for approval before the allocations are finalised.

11. In their memoranda to us, the State Governments have expressed their views on the present policy of Central assistance to the States towards relief expenditure. Andhra Pradesh has pointed out that if the advance Plan assistance is given without due regard to the total Plan assistance that the State is entitled to and the impact that any advance assistance would have on the annual Plans of later years when it is adjusted, the implementation of the Plans might well be in serious jeopardy. Assam has referred to the peculiar severity of the calamities caused by floods in the rivers in that State and has suggested that the bulk of the relief expenditure should be covered by Central assistance, though the State Government admits that expenditure on relief could, as far as possible, be utilised for creating assets as is the premise in the present scheme of Central assistance. Bihar has referred to the vast areas in the State susceptible to floods and drought, and has pointed out that the non-Plan expenditure incurred for such calamities since 1974-75 has far exceeded the margin allowed by the Sixth Commission. Since the excess of non-Plan expenditure over the margin is not covered by the Central assistance under the present policy, the State has not been able to find enough resources to repair and restore its assets after they suffered severe damage from floods. The State Government has also observed that the dovetailing of relief expenditure with Plan schemes has, in effect, reduced the real content of the State Plan. It has urged that the expenditure in excess of the margin should be fully provided for by the Central Government in the shape of grants. Gujarat also feels that the present scheme of Central assistance is not suitable for meeting the situation arising from wide-spread droughts to which that State is prone, and which affect not only the State budget but also have a major impact on the economy of the State. It feels that the premise of the last Commission that a massive time-bound development programme can substantially reduce and perhaps eliminate the effects of drought was impractical. The State has also pointed out that when the Annual Plan outlays are predominantly for the capital intensive irrigation and power sectors, there is little flexibility for drawing upon the Plan for providing employment for vast numbers in areas of poor or no rainfall which are affected by droughts. The State has suggested that the relief expenditure should be met by way of grants under article 275, regardless of non-Plan revenue surpluses, if any. The relief

expenditure needs should be determined on objective criteria like areas and population prone to droughts, floods etc., the percentage of cropped areas provided with assured irrigation facilities, areas under forests, and such other considerations. Five-year ceilings of assistance may be fixed by the Central Government after assessment by Central Teams. Haryana has also suggested that the assistance for relief expenditure should be provided as grants by the Centre irrespective of any non-Plan revenue surplus, and has commented that the present policy of advance Plan assistance is not of any real help to the State. Himachal Pradesh has observed that the State Government has little room to adjust any substantial relief expenditure within the size of its Plans or total budget. Jammu & Kashmir has made the same point and has asked for revival of the Central assistance policy of 1966 even in a limited way. Karnataka considers it illogical to link relief expenditure with assistance for the State Plan. It has pointed out that very large areas in the State are drought-prone, and in practice it is not possible for Plan outlays to absorb the burdens of providing relief employment. Kerala has referred to the cyclonic disasters in the Southern States in 1977 and has pointed out that the scheme of the Central Government sharing relief expenditure through advance Plan assistance is totally inadequate for such calamities. It has suggested a national relief fund to which the States as well as the Centre should contribute equally, and an autonomous national relief body with representation from the States to administer the fund. Madhya Pradesh has observed that the present Central policy is unsatisfactory, and that diverting the outlays in a current annual Plan from areas not affected by drought was not practical. It has also observed that adjustments of the advance Plan assistance in subsequent years would seriously affect the Plan outlays in those years. The State Government has suggested that the Centre should set up a relief assistance fund out of its own resources, and in addition one per cent each from income tax, corporation tax and Union excise duties from the divisible pool may be credited into the fund. It has also suggested that the Central Teams should include representatives of at least two of the States. Maharashtra feels that the present Central assistance policy is unworkable and has suggested the revival of the 1966 scheme with additional safeguards, if necessary. Orissa has made suggestions more or less on the same lines, requesting also that the entire relief expenditure in excess of the available margin should be covered by Central grants in the case of the deficit States. Punjab has pointed out that the present policy of Central assistance, which is intended to curb undue expenditure on relief works, is not apt for natural calamities like cyclones, hail-storms etc. where the bulk of the expenditure is non-Plan and on items other than works. In its view, the present policy has resulted in upsetting the State budgets and affecting the Plans adversely. It feels that the 1966 policy was more equitable and realistic, and that the Centre should provide outright grants for relief expenditure, irrespective of non-Plan revenue surpluses, if any. Rajasthan has also stressed the limitations of the present assistance policy of the Centre and has suggested that a national fund may be set up, fed by contributions by the Centre as well as the States. The assistance to be given from the fund, entirely by way of a grant, should be determined after an assessment by a Central Team. If no such fund is set up, the Finance Commission should provide for an amount to each State for transfer to a famine relief fund every year, and relief expenditure in excess of such annual transfers should be covered by the Centre by way of grants subject to ceilings set by Central Teams. Tamil Nadu has found the present scheme of assistance unrealistic and inequitable. It has suggested that the relief expenditure requirements assessed by the Central Teams may be provided by the Centre on the same basis as Plan assistance, but to be adjusted against the Plan assistance, so that the development efforts of the States are not jeopardised only for the reason of the occurrence of a natural calamity. Uttar Pradesh has suggested that the assistance given by the Centre should not be treated as advance Plan assistance to be adjusted against the State's entitlement of assistance for the State Plan, but should be wholly by way of grant except for amounts re-lent by the State. West Bengal has also urged that additional outlays on relief expenditure over the margins should be fully met by the Centre and no part of the assistance should be adjusted against the State's entitlement of Central assistance for its Plan.

12. We have obtained from the States their figures of Plan and non-Plan expenditure incurred by them in each year from 1974-75 on relief measures following droughts, floods and cyclones. Appendix II.1 shows the figures reported by the States, which may be taken as indicative of the orders of magnitude of expenditure on the Plan and non-Plan side. We have also obtained from the Union Ministry of Finance the amounts of advance Plan assistance given by the Central Government to each State from 1974-75 to 1977-78 for specified purposes, and the expenditure reported by the

States for those items. Appendix II.2 shows the figures. The advance Plan assistance for the four years, amounting to Rs. 307 crores, was less than 50 per cent of the total expenditure of Rs. 680 crores intimated to us by the States. These figures certainly support the view of the Union Finance Ministry that the present policy of Central assistance has led to restraint in relief expenditure and also to minimising the burden on the Central budget. On the other hand, it does seem that the non-Plan expenditure on relief account has been substantial in many States, and this could have been met only by economies in maintenance expenditure and in Plan expenditure as well as through budgetary deficits, which we consider undesirable. We note here that on such occasions the State economy often suffers a setback, and the State budget some loss of normal revenue. It is also worth noting that the Central Government, as we were informed by the Union Ministry of Finance in our discussion with them, have in recent years included repairs and restoration expenditure in the items eligible for advance Plan assistance though it does not create any new assets. To our mind this is a recognition of the fact that the present policy does not quite meet the needs of a situation created by serious floods or cyclones. We also note that, of the total expenditure covered by advance Plan assistance, over 90 per cent was on reconstruction and replacement of roads, buildings, flood control and irrigation works and other public assets, in 1975-76; while the same items accounted for over 33 per cent in 1976-77 and about 55 per cent in 1977-78.

13. Our scheme of transfer of resources from the Centre to the States is intended to place the latter in such a position that they can maintain financial equilibrium in the years covered by our Report. We have considered the present Central scheme of assistance towards relief expenditure from the point of view of how it is likely to affect the finances of the States when they are visited by serious natural calamities. We have already noted the possible undesirable effects of dislocation in the finances of a State on this account. We have also, on the other hand, kept in mind the necessity of minimising any tendency for wasteful expenditure on the part of the States. From this point of view, we feel that the States should bear a significant share of the total relief expenditure burden. Thirdly, it seems clear to us that the burden of non-Plan expenditure, which does not create any new assets, following serious damage caused to public assets by floods, cyclones and the like, cannot be properly or adequately taken care of in the present scheme of Central assistance. A clear indication of this is the inclusion in recent years, already referred to, of expenditure of non-Plan nature in items taken into account for advance Plan assistance which, by definition, should be available only for expenditure which creates new assets. A fourth aspect we have borne in mind is the fact that the Central Government has not found it possible to adjust advance Plan assistance given after 1976-77 against Plan ceilings of the States concerned. This leads one to the inference that this adjustment is not a matter of mere arithmetic, but there are real limitations in the scope for such adjustment when the amount of the advance assistance is too large, in relation to the minimum Plan outlays for the years following a calamity, and in relation to the total entitlement of a State to Central assistance for its Plan. We feel therefore that it would be appropriate and necessary to introduce modifications in the present arrangements. It would also be useful, while doing so, to distinguish between relief expenditure necessitated by droughts on the one hand, and floods, cyclones, earthquakes and the like on the other.

14. In our view the present scheme of Central assistance to States for relief expenditure could be continued but in a somewhat modified form. For expenditure in excess of the margin we have provided, in any year, as estimated by the Central Team, the State Government should make a contribution from its Plan for providing relief employment mostly to mitigate the effects of drought. We would expect that such relief works would be specially selected in order to improve the capability of the affected area and the people to withstand drought conditions better in future. The extent to which the State Government should contribute from its Plan in this manner should be assessed by the Central Teams and approved by the high-level Committee headed by the Member of the Planning Commission mentioned earlier, but the contribution should not exceed about 5 per cent of the Annual Plan outlay. The Plan outlay thus to be taken as a contribution from the State Government should be treated as an addition to the Plan outlay in that year and covered by advance Plan assistance as in the present scheme. The adjustment of the advance Plan assistance against the ceiling of the Central assistance for the Plan of the State should be effected within five years following the end of the drought. We have suggested that the State Plan contribution should not exceed 5 per cent of the Annual Plan, after taking into account broadly the sizes of the Plan outlays and the amounts of the

Central assistance for the Plan in the current year, and keeping in mind the relative inflexibility in the outlays for irrigation and power, industry and mining, road transport, land reforms, investments in agricultural financing institutions, and the like. We would, of course, expect that the Central Teams and the high-level Committee would take into account the provisions not only in the State Plans, but also in the Central or Centrally-sponsored sector, for schemes which have a high employment content. In this connection, we understand that in the new five-year Plan, the outlays for drought-prone area programmes and other area development programmes, as well as for minimum needs like roads, drinking water, etc. are likely to be very substantial and can be drawn upon for relief employment purposes. We hope that the Planning Commission and the State Governments would also give importance in the Plans to the completion of works taken up for providing relief, after the calamity is past. If the expenditure requirement, as assessed by the Central Teams and the high-level Committee cannot be adequately met in a particular case even after the State Plan contribution is taken into account, the extra expenditure should, in our view, be taken as an indication of the especial severity of the calamity which would justify the Central Government assisting the State to the full extent of the extra expenditure. This assistance should be made available half as grant and half as loan. We feel that the loan burden which a State would take on in such circumstances would act as a factor to discourage extravagance.

15. In regard to expenditure on relief and on repairs and restoration of public works following floods, cyclones and other calamities of this nature, we feel that the Central assistance should be made available as a non-Plan grant, not adjustable against the Plan of a State or against the Central assistance for the Plan, to the extent of 75 per cent of the total expenditure in excess of the margin. The remaining 25 per cent should be borne by the State, which would discourage wasteful expenditure.

Where a calamity is of rare severity, it may be necessary for the Central Government to extend assistance to the State concerned even beyond the schemes we have suggested.

16. We would like to reiterate that the Central Teams should do their assessments with great care, particularly in the interest of the States themselves. A relaxed view of the expenditure needs would possibly leave room for expenditure of doubtful value, and needlessly add to the burden of the States who, in the schemes of relief we have suggested above, would have to bear a sizeable part of the expenditure. It is necessary, in our view, that the Central Teams and the high-level Committee should fix the ceilings on all items of expenditure. Incidentally, it would follow from the above that the teams would have to make estimates of both non-Plan and Plan expenditure.

17. We have mentioned earlier that we would expect the States to invest unutilised balances out of the margin in any year in easily encashable securities, to be drawn upon as need arises. The Central Teams should take into account the availability of accumulated balances of such funds while they make their assessments.

18. We believe that with the modifications in the policy of Central assistance for relief expenditure, which we have suggested above, such of the grievances of the States as have substance would be largely removed.

## CHAPTER 5

### ESTATE DUTY IN RESPECT OF PROPERTY OTHER THAN AGRICULTURAL LAND

1. In paragraph 6(a) of the Presidential Order we have been asked to suggest changes, if any, to be made in the principles governing the distribution among the States of the net proceeds in any financial year of estate duty on property other than agricultural land. This is one of the taxes and duties which, under Article 269 of the Constitution, are levied and collected by the Government of India. The Article provides that the net proceeds shall be assigned to the States within which the duty is leviable in a year, and distributed among them in accordance with such principles as may be formulated by Parliament by law.

2. The duty is levied under the Estate Duty Act, 1953. The Second Finance Commission examined for the first time the principles which should govern the distribution of the net proceeds of the duty among the States. That Commission held that the most appropriate principle of distribution would be the location of the property assessed to duty. That Commission also observed that it would not be possible to apply the principle of location in the case of duty attributable to movable property, in respect of which, therefore, that Commission considered some general principle, such as population, inescapable. The later Finance Commissions generally endorsed the principles recommended by the Second Finance Commission. Each of the Commissions had also specified the percentage of the net proceeds of the estate duty in a financial year to be retained by the Central Government as being the proceeds attributable to the Union Territories.

3. The existing principles laid down by the Sixth Commission are:

- i. Out of the net proceeds of the estate duty during each financial year, a sum equal to 2.5 per cent thereof be retained by the Union as being the proceeds attributable to Union Territories;
- ii. The balance of net proceeds be distributed among the States in accordance with the following principles:
  - a. Such balance be first apportioned between immovable property and other property in the ratio of the gross value of all such properties brought into assessment in that year;
  - b. 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 brought into assessment in that year; and
  - c. The sum apportioned to property other than immovable property be distributed among the States in proportion to the population of each State.

4. In their memoranda to us, most of the States have suggested continuance of the existing principles of distribution. Himachal Pradesh has added that the share attributable to the Union territories should be reduced to 1.5 per cent. Jammu & Kashmir has proposed that the principles of distribution should take into account backwardness and genuine needs of the States. Madhya Pradesh, while suggesting the continuance of the existing principles, has observed that receipts attributable to Union territories need not be a pre-determined fixed percentage but should be worked out for each year on the same basis as in the case of the States taking all the Union territories as one unit. Maharashtra has suggested the modification in the existing principles that the proceeds apportioned to property other than immovable property should be distributed on the basis of collections in a State, as being the nearest approximation to the proceeds attributable to such property. Tripura and West Bengal have expressed no view, nor has Sikkim, where the duty is not leviable.

5. We are in agreement with the views of the earlier Commissions that in the distribution of the proceeds of estate duty, which is one of the taxes and duties leviable under Article 269, each State should get, as near as may be, a share equivalent to what it would have obtained if it had the power to levy and collect the duty. It would also be incorrect, in our view, to determine the shares of the States

in proportion to the collections of the duty in each State, since collections may take place in a State on account of duty assessed on properties situated in other States.

6. We had a discussion with the Union Ministry of Finance and the Central Board of Direct Taxes to elicit their views in regard to the difficulties, if any, which they had in the compilation of statistics of location of properties brought to assessment. We were informed that the Statewise statistics furnished to us by the Central Board of Direct Taxes in regard to the value of property brought to assessment, the demands raised, etc., did not represent location of the assessed property but only the States in which the assessments had been made. We were also informed that the system of compilation of statistics could be re-organised so as to determine the values of the properties assessed to duty each year by their location in different States, but that this would involve additional costs and some administrative difficulties. While we recognise that the Department may have problems to solve in this regard, we cannot agree that these difficulties should be allowed to frustrate the principle that the States should get in respect of a tax or duty under article 269 what they would have obtained if they had the power to levy and collect it themselves. This can best be ensured if Statewise location of the property subjected to tax or duty is taken into account.

7. We have examined also the question whether it would be possible to determine the location of properties other than immovable property subjected to estate duty. We find that the rules framed under the Estate Duty Act lay down the manner in which properties other than immovable property, which are held abroad, should be treated for the purpose of determining location. These are principles which are well established, and can equally be applied for the determination of the location of such properties in India.

8. We accordingly recommend that the net proceeds of estate duty in respect of property other than agricultural land brought to assessment in each of the years from 1979-80 to 1983-84, should be distributed among the States in proportion to the gross value of the immovable property as also property other than immovable property taken together located in each State, excepting in regard to property located abroad. We have noticed, in the statistics furnished by the Central Board of Direct Taxes, that there is a small element of duty collected in respect of property held abroad. We recommend that this element of the net proceeds of the duty in any year should be included in the share of the States where the relevant assessment was done. Sikkim will also be entitled to a share in the net proceeds of this duty, determined in accordance with these recommendations, if and when the duty becomes leviable in that State in the period covered by our report.

9. We have every reason to think that the Government of India will issue instructions to the authorities concerned to ensure that statistics are compiled to enable the share of each State being computed in accordance with our recommendations. Obviously, it is not possible for us to estimate what the share of each State would be in each year, for computing its revenue receipts on this account. The amounts involved are not likely to be substantial, considering that the net proceeds of the duty likely to be available for the five-year period would be of the order of about Rs. 60 crores for the 21 States, as indicated by the Government of India. We have not taken these amounts into account in the receipts of the States in the period covered by our Report. The share which each State may get in each year would therefore be available for its Plan.

10. We do not deem it necessary to determine now the portion of the net proceeds of estate duty attributable to the Union territories, for the years covered by our Report. This portion, for each year, should be determined in the same manner and on the same principles as for the determination of the shares of each State, taking the Union Territories as one unit for the purpose.

11. Section 52 of the Estate Duty Act gives power to the Central Government to accept from the person accountable for estate duty, in satisfaction of the whole or part of such duty, any property passing on the death of the deceased. We are not aware of any occasion when the whole or part of the estate duty in any particular case has been collected in this manner. But such cases may arise in future. In such cases the amount of the duty involved should be treated as having been collected in cash for the purpose of our recommendation above.

12. The net proceeds of the estate duty in any year are required to be certified by the Comptroller & Auditor General of India under article 279 of the Constitution. We understand that the net proceeds of estate duty for the years after 1971-72 have not been so certified. We cannot but note this with concern. It is expected by all concerned that after the recommendations of a Finance Commission are

accepted by the Government of India, the work of the departmental and other authorities would proceed in the normal course of business smoothly in accordance with the law and the Constitution so as to give effect completely and without serious delay to the scheme of transfer of resources to the States. We hope that the difficulties of the Comptroller & Auditor General and the Department in the certification of the net proceeds will be overcome and steps will be taken to ensure that such delays do not occur in future. We do not see why the certification process cannot be completed within a few months after the close of a financial year.

13. We have also noticed that for the years for which the net proceeds have not been certified by the Comptroller & Auditor General, the Central Government is making provisional payments to the States on account of their shares on the basis of the revised estimates of collections of the respective years, distributed in the population ratio of the States. This is being done under Rule 4 of the Estate Duty (Distribution) Rules 1963, made under Section 4 of the Estate Duty (Distribution) Act, 1962, which invokes the use of the population ratio only for duty attributable to property other than immovable property. We suggest that the provisional distribution of the shares of the States, which would be made on the basis of the revised estimates for a year till the certified net proceeds are known, should be done on the same principles as the final distribution. For this purpose, the previous year's shares of the States could be used provisionally.

## CHAPTER 6

### ADDITIONAL DUTIES OF EXCISE

1. Clause (b) of paragraph 6 of the Presidential Order authorises this Commission to suggest changes, if any, in the principles governing the distribution among the States of the net proceeds in any financial year of the additional excise duties leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 1957, on cotton fabrics, woollen fabrics, rayon or artificial silk fabrics, sugar and tobacco including manufactured tobacco. The proviso to clause (b), however, lays down that the share accruing to each State shall not be in any case less than the revenue realised from the levy of sales tax on these articles for the financial year 1956-57 in that State.

2. The additional duties of excise are levied by the Central Government in pursuance of a unanimous agreement recorded by the National Development Council in December 1956. That agreement was that sales taxes levied in the States on mill-made textiles, tobacco including manufactured tobacco and sugar should be replaced by a surcharge on the Central excise duties on these articles and that the income derived therefrom should be distributed among the States on the basis of consumption. It also provided that the distribution among the States should assure to them the income derived by them at that time from their respective sales taxes. The Council had also agreed that the sharing and distribution among the States should be referred to the Finance Commission. The additional duties of excise have since then been levied and collected by the Centre. The aforesaid arrangement was in the nature of tax rental as noted by the earlier Commissions. Though the States have the constitutional right to levy sales tax on any of these articles, but by virtue of Sections 14 and 15 of the Central Sales Tax Act, which has declared these articles to be goods of special importance in inter-State trade and commerce, the rate of the tax cannot exceed 4 per cent. Further, in the event of a State Government levying a sales tax on any of these items, it forfeits its share of the additional excise duty.

3. The earlier Finance Commissions which recommended the principles for distribution of the net proceeds of additional excise duties among the States found that the most appropriate basis of distribution would be that of consumption of the articles in each State, since such a basis ensured to the States shares more or less equivalent to what they would have obtained if they had continued to levy and collect sales taxes. The Commissions had, however, faced the difficulty arising from lack of reliable statistics of consumption of these articles in each State. Each of them had therefore devised formulae which it considered would most closely approximate to the basic principle.

4. The amounts which each State had derived from sales taxes on the articles in the year 1956-57 have generally been referred to by the earlier Commissions as the guaranteed amount. Such guaranteed amount was first estimated by the Second Commission. The later Commissions accepted the Second Commission's estimations. Except the Sixth Commission the other Commissions had first set apart and distributed the guaranteed amount from the net proceeds of each year covered by their reports. The balance of the net proceeds was then recommended to be shared among the States in accordance with the formulae which, as mentioned above, each Commission evolved.

5. In their memoranda to us, the State Governments have expressed their views not only on the principles for distribution of the net proceeds of the duties but also on the manner in which the scheme of replacement of sales tax by additional duties of excise has been operated by the Central Government. We shall deal with this second aspect later. Only Gujarat, Maharashtra and U. P. have taken the position that the guaranteed amount should be first set apart. As far as the principles of distribution are concerned, Andhra Pradesh and Assam have suggested no change in the formula of distribution adopted by the Sixth Commission. West Bengal has expressed no view. Bihar has suggested that the entire proceeds should be distributed on the population ratio of the States. Gujarat and U. P. have proposed distribution in the same ratio as that of the guaranteed amount of each State. Haryana has proposed that 10 per cent of the proceeds should be distributed on the population ratio and the balance in the proportion of the sales tax in each State to the total sales tax of all States. Kerala, Maharashtra and Tamil Nadu have proposed the same basis as Haryana, except that they would give no weight to population. Himachal Pradesh, Manipur and Meghalaya have discounted the sales tax collection criterion and have suggested weightages of 70 per cent to population, 20 per cent to backwardness and 10 per cent to production. While Manipur and Meghalaya would apply this formula to the entire net

proceeds, Himachal Pradesh has suggested first setting apart 20 per cent of the proceeds for the hill areas which, according to it, consume these articles more than the plains. Nagaland has proposed weightage of 65 per cent to population, 25 per cent to backwardness and 10 per cent to production, while Punjab has suggested, for the same factors, 50 per cent, 40 per cent and 10 per cent respectively. While Punjab and Orissa have both stated that consumption is the best basis of distribution, Orissa has suggested that the entire proceeds should be distributed in the population ratio. Rajasthan follows Orissa but has suggested as an alternative distribution of the net proceeds of the duties from the 3 groups of articles in proportion to the average consumer expenditure on each of them as worked out from the National Sample Survey. Jammu & Kashmir has pointed out that the growth in receipts from the additional excise duties has not kept pace with that in sales tax revenues of the State and has suggested that this imbalance should be corrected and the State adequately compensated in the sharing of the proceeds of the duties. Karnataka has proposed 90 per cent weightage to population and 10 per cent to backwardness measured by the distance of the per capita income from the maximum per capita income of any State. Madhya Pradesh has suggested a slight variation in these percentages, namely, 95 and 5. Tripura has proposed that 50 per cent of the net proceeds should be distributed on the basis of density of population, 25 per cent on backwardness, 15 per cent on the basis of State income and 10 per cent on production.

6. We have at the outset considered the question whether the guaranteed amounts should first be set apart and the balance of the net proceeds of additional duties of excise be distributed according to the formula of such distribution agreed upon by us. If that were done, there is no doubt that some States would receive in the period covered by our Report shares slightly larger than the shares they would receive if the guaranteed amounts were not so set apart. While it is true that under the N.D.C. resolution earlier agreed to, a State is entitled to have a share which should not be less than the guaranteed amount, the agreement does not assure to any State any extra benefit what it would receive were the guaranteed amount first set apart. The agreement when properly read cannot necessarily bear such an interpretation. The principle of distribution which we recommend hereinafter would therefore apply to the entire net proceeds, since the share due to each State will be more than the guaranteed amount.

7. We agree with the earlier Commissions that the appropriate basis for distribution is that of consumption in each State of the articles subject to the additional excise duties. We have examined whether the household consumer expenditure surveys of the National Sample Survey would provide an adequate and reliable measure of the consumption of these articles in each State. At our request that organisation did a special compilation for us from the consumer expenditure survey of 1972-73 (27th Round). The Survey included a large variety of items of household consumption of sugar, tobacco and textiles. The description of these items is different from that of articles subject to additional duties of excise. In consultation with the Central Board of Excise and Customs, the items covered by the consumer expenditure survey were classified to conform as closely as possible, first, with categories which are totally exempt from additional excise duties, and secondly with those on which these duties are leviable. The rest did not clearly fall in the exempt or dutiable categories. At our request the N.S.S.O. was good enough to tabulate for these categories total as well as per capita consumer expenditure and also the quantities purchased by households for rural and urban areas separately and in each State. The aggregate results are shown in the table below:

(in Rs. crores)

	Total	On category (i), i.e. entirely exempt items	Distribution of expenditure net of Col. 3		
			Excluding category (i) items	On category (ii) items i.e. those entirely subject to addl. Excise duty	On category (iii) i.e. all other items, not in (i) or (ii)
1	2	3	4	5(a)	5(b)
<b>Sugar</b>	1074.61 (100)	409.21 (38.08)	665.40 (62.92)	628.49 (59.49)	36.91 (3.43)
<b>Tobacco</b>	543.55 (100)	13.51 (2.49)	530.04 (97.51)	94.02 (17.30)	436.02 (80.21)
<b>Textiles</b>	2269.13 (100)	262.04 (11.55)	2007.09 (88.45)	1351.19 (59.55)	655.90 (28.90)

Note 1: Figures in brackets are percentages.

2: The totals in Col.2 relate only to expenditure incurred in purchase, excluding the value of home grown products.

We consulted the Director of the Central Statistical Organisation in regard to the comparability of that organisation's estimates with the estimates compiled for us by the NSSO. The NSSO's aggregates of household consumer expenditure are lower than the CSO's estimates of private final consumption at current prices, by 47.93 per cent in the case of tobacco, 47.74 per cent in the case of sugar and 19.59 per cent in the case of textiles. We have found it difficult to find adequate explanations for these differences. We have also compared the NSSO estimates with data on production of sugar, tobacco and textiles and found discrepancies which are again difficult to comprehend. The total quantity of sugar purchased in 1972-73 (July - June) according to the NSSO estimate is 29 per cent more than the production of sugar in that year (October- September) as officially estimated by the Department of Food of the Central Government. The NSSO compilation for us shows the total consumption of cigarettes at 15810 million in that year as against the production figure of 61093 million as intimated to us by the Central Board of Excise & Customs. In the case of cloth, the Indian Cotton Mills Federation has estimated the production and availability for home consumption, excluding export and other purposes, at 8500 million metres for 1972 and 8001 million metres for 1973, which includes production in the mill sector as well as the decentralised sector, blended and mixed fabrics and man-made fibre fabrics. The NSSO compilation shows only 5174 million metres as total purchases of textiles which represented about 65 per cent of the availability estimated by the I.C.M.F. Even adding purchases of ready made garments, the total value of household purchases comes to 73 per cent of the availability estimated by the I.C.M.F. These differences between production and household consumption are difficult to explain even if allowances were made for inventory levels, trade flows, non-reporting by producers and non-household consumption. We have noticed further from the NSSO compilation that while the unit prices paid for sugar do not differ very much as between the States, there are wide variations in the unit prices at which tobacco and textiles were purchased in the different States. This again is difficult to comprehend. We may perhaps note here that the NSSO consumer expenditure surveys, as we have been given to understand, do not fully capture the expenditure of the higher income groups and therefore are not likely to reflect adequately the consumption of varieties of tobacco and textiles which contribute in a large measure to the revenues from additional excise duties.

8. In view of these difficulties we are unable to rely on the NSSO data for our present purpose of directly estimating the consumption in each State of the articles subject to additional excise duties. We must also observe that the NSSO's surveys in any case cover only household expenditure, whereas both in the case of sugar and textiles non-household consumption is also significant and relevant for us. Besides, it appears to us somewhat doubtful to use NSSO data which relates to the year 1972-73 for distribution of additional excise duties for the period which would commence 7 years later. While sugar consumption possibly may not radically change over a few years, being a common item of need, the same cannot be said in regard to all the varieties of tobacco and textiles. In the case of tobacco, roughly 80 per cent of the additional excise duties is derived from cigarettes, the duties thereon being different for different slabs of value of the article. Similarly, the duties on textiles fall differently on diverse classes of textiles. The information furnished to us by the Central Board of Excise and Customs discloses that the contribution of man-made fabrics, which are relatively high priced among the textiles, to the total proceeds of the duties on textiles has been increasing rapidly in the last few years and is now about two-thirds or more.

9. We would like to suggest to the Government of India, in the light of the above, that they should give renewed consideration to the question of collecting suitable statistics for reliable estimates of consumption of these articles in each State for the benefit of the future Finance Commissions.

10. Before we proceed to consider the principles of distribution among the States of the net proceeds of the additional duties of excise, we would like to refer to the case of Sikkim. Sikkim became a State only in 1975 and was therefore not one of the participant States when the scheme of replacement of State sales taxes by additional excise duties was agreed upon in 1956. Additional excise duties are also not leviable in Sikkim. It may not be unreasonable to assume that had Sikkim been a part of the Union when the replacement of sales tax on certain commodities by additional excise duties was agreed upon, it too would have been a party to the overall agreement. The essential pre-requisite is that the State Government should keep in abeyance its right to charge a sales tax in order to qualify for a share in the additional excise duties. We have been informed by the State Government that a sales tax is being charged presently on cotton fabrics, woollen fabrics, and rayon or artificial silk fabrics, but no

sales tax is levied on sugar and tobacco including manufactured tobacco. Thus, Sikkim should have a share in the net proceeds of the additional excise duty on the last two items and also on textiles in the event of its withdrawing sales tax on that item. The further consideration is that additional excise duties would in any case be chargeable on these items at the production and clearance stage, when brought into Sikkim from the rest of the country. The consumers in Sikkim would have been charged a price which took into account the additional excise duty already levied and would have borne the same burden in this regard as consumers in the rest of the country. It, therefore, seems equitable to us that Sikkim should have a share in the net proceeds of these duties except, of course, in the case of textiles till such date as the State continues to levy a sales tax on textiles.

11. We have obtained, from the Department of Food of the Government of India, statistics of despatches of sugar to each State and the Union Territories during the last few years ending with 1976-77. The Department has also informed us that we could safely take the despatches of sugar to each State in each year as the measure of consumption. We believe that it would be in order if we were to use despatches as a fair approximation of consumption and to take the average of the despatches to each State in the 3 years ending 1976-77. The share of the Union Territories and of each State in the total of the average despatches in these 3 years to all the States should be taken as the share in the proceeds of the duties. Accordingly, we recommend that 3.271 per cent of the net proceeds of the additional duties of excise on sugar in each of the years from 1979-80 to 1983-84 should be retained by the Central Government as attributable to the Union Territories and the balance should be distributed among the States in the percentages shown below:

State	Percentage
Andhra Pradesh	5.245
Assam	2.408
Bihar	5.933
Gujarat	8.742
Haryana	2.666
Himachal Pradesh	0.860
Jammu & Kashmir	0.831
Karnataka	4.901
Kerala	3.783
Madhya Pradesh	6.019
Maharashtra	17.082
Manipur	0.143
Meghalaya	0.029
Nagaland	0.115
Orissa	2.178
Punjab	6.220
Rajasthan	4.729
Sikkim	0.057
Tamil Nadu	6.449
Tripura	0.172
Uttar Pradesh	13.184
West Bengal	8.254

12. In the case of textiles and tobacco we have been unable to find a similar method as in the case of sugar for estimating consumption in each State. We are unable to agree with the suggestion of some of the States that the sales tax collections in a State would be a reliable guide for the estimation of the consumption of the articles subject to additional excise. Sales taxes fall on all varieties of articles and exemptions for sales tax are given by different States for different articles. Sales tax revenues seem to depend also on the extent to which the economy of a State is diversified. Besides, actual collections are influenced by the structures of the sales tax systems in and the rates adopted by different States as well as by the vigour or otherwise of the administration from time to time. In our view, therefore, the sales tax collections in the different States would be a doubtful measure of the relativities between them in the matter of consumption of textiles and tobacco. We prefer to go by the

generally accepted proposition that the higher the income the higher also the consumption of textiles and tobacco, particularly the varieties which contribute the major part of the revenue from additional excise duties. We believe that the relativities in the consumption of these articles as between the States would be reflected adequately in the product of the population and the per capita State Domestic Product. We have obtained from the Central Statistical Organisation a comparable series of per capita State Domestic Product at State current prices for each State for the years 1970-71 to 1975-76. The CSO's comparable estimates of the per capita State Domestic Product are given in Annexure VII.3. We have multiplied the average per capita State Domestic Product of each State for the 3 years ending 1975-76 by the population of the State according to the 1971 census, and worked out the percentage shares of this product of each State in the corresponding all-States' total figure. The proceeds attributable to the Union Territories has been worked out in the same manner. We recommended that 2.192 per cent of the net proceeds of the additional duties of excise on textiles and on tobacco in each

year from 1979-80 to 1983-84 should be retained by the Central Government as attributable to the Union Territories and the balance be distributed among the States in the percentages shown below:—

<b>Textiles</b>	
<b>State</b>	<b>Percentage</b>
Andhra Pradesh	8.02
Assam	2.298
Bihar	7.221
Gujarat	6.015
Haryana	2.79
Himachal Pradesh	0.734
Jammu & Kashmir	0.744
Karnataka	6.083
Kerala	4.02
Madhya Pradesh	6.422
Maharashtra	13.51
Manipur	0.185
Meghalaya	0.171
Nagaland	0.084
Orissa	3.457
Punjab	4.27
Rajasthan	4.366
Sikkim	-
Tamil Nadu	7.71
Tripura	0.257
Uttar Pradesh	12.549
West Bengal	9.094

13. No share has been shown for Sikkim in the case of textiles as that State levies a sales tax thereon. Should the State Government at any time in the period covered by our Report give up its tax on textiles, it would be entitled simultaneously to a proportionate share in the net proceeds of the additional duties of excise thereon, reflected adequately in the product of the population and the per capita State Domestic Product. We have obtained from the Central Statistical Organisation a comparable series of per capita State Domestic Product at State current prices for each State for the years 1970-71 to 1975-76. The CSO's comparable estimates of the per capita State Domestic Product are given in Annex VIII. We have multiplied the average per capita State Domestic Product of each State for the 3 years ending 1975-76 by the population of the State according to the 1971 census, and worked out the percentage shares of this product of each State in the corresponding all-States' total figure. The proceeds attributable to the Union Territories has been worked out in the same

manner. We recommended that 2.192 per cent of the net proceeds of the additional duties of excise on textiles and tobacco in each year from 1979-80 to 1983-84 should be retained by the Central Government as attributable to the Union Territories and the balance be distributed among the States in the percentages shown below:—

<b>Tobacco</b>	
<b>State</b>	<b>Percentage</b>
Andhra Pradesh	8.018
Assam	2.297
Bihar	7.219
Gujarat	6.013
Haryana	2.789
Himachal Pradesh	0.734
Jammu & Kashmir	0.744
Karnataka	6.081
Kerala	4.019
Madhya Pradesh	6.419
Maharashtra	13.506
Manipur	0.185
Meghalaya	0.171
Nagaland	0.084
Orissa	3.456
Punjab	4.268
Rajasthan	4.365
Sikkim	0.034
Tamil Nadu	7.707
Tripura	0.256
Uttar Pradesh	12.544
West Bengal	9.091

The State-wise percentages share should in that event be as shown below :-

<b>TEXTILES</b>	
<b>State</b>	<b>Percentage</b>
Andhra Pradesh	8.018

Assam	2.297
Bihar	7.219
Gujarat	6.013
Haryana	2.789
Himachal Pradesh	0.734
Jammu & Kashmir	0.744
Karnataka	6.081
Kerala	4.019
Madhya Pradesh	6.419
Maharashtra	13.506
Manipur	0.185
Meghalaya	0.171
Nagaland	0.084
Orissa	3.456
Punjab	4.268
Rajasthan	4.365
Sikkim	0.034
Tamil Nadu	7.707
Tripura	0.256
Uttar Pradesh	12.544
West Bengal	9.091

14. As would be seen from above, we are specifically recommending the shares of the States separately in the net proceeds for additional excise duties on sugar, textiles and on tobacco, and would also expect that when the Additional Duties of Excise (Goods of Special Importance) Act is amended in order to give effect to our recommendations as may be accepted by the President, the shares of the States would be shown separately for each of these articles. We are doing so in order to avoid any doubt as to the entitlement of a State in its share of the proceeds of the duties on the articles other than any of them on which it may levy a sales tax in the period covered by our Report. In the Act as it stands after it was amended in 1974, the provisions of the Second Schedule would seem to mean that if a State were to levy sales tax on any one of these articles it would forfeit its share in the proceeds of the duties on the other articles also. It cannot be that such was the intention of those who evolved the scheme of replacement of sales tax by additional excise duties. We are glad to find from our enquiry from the Union Ministry of Finance that it was never the intention of the Central Government to deprive a State of its share in the proceeds of the duties on all the three articles were it to levy sales tax but not on all of them. We are informed that the intention of the Central Government is that in such a case it would use its power to pay the State its appropriate share by a special order. The communication dated September 20, 1978, which we have received from the Union Ministry of Finance, is reproduced in Appendix III.1.

15. We now turn to the complaints from most of the States about the manner in which the Central Government has implemented the scheme of replacement of sales taxes by additional duties of excise. Strong complaints had been voiced before the Fifth Commission was constituted. That Commission was asked to review the matter. It recommended that unless the Central Government and the States jointly considered the matter afresh and arrived at a fresh agreement, the scheme need not continue. Accordingly, the Central Government in March 1970 arranged to have the matter discussed in the National Development Council. As a result of the deliberations which followed, an agreement was arrived at between the Central Government and the States in December that year, under which the States consented to the continuance of the scheme and the Government of India agreed to the following – first, that specific duties would be converted into ad valorem duties except in regard to unmanufactured tobacco, secondly, that the incidence of additional excise duties as a percentage of the value of clearance would be raised to 10.8 per cent in a period of 2 or 3 years and, thirdly, that the ratio of 2.1 between the yields of basic and special excise duties on the one hand and the additional excise duties on the other would be achieved and maintained, though no rigidity for this ratio was envisaged. It was also agreed that a standing review committee, on which the Government of India and the State Governments should be represented, would be set up with the Economic Adviser, Planning Commission, as the convener. The agreed conclusions of December 1970 in the NDC Committee are

found in the letter dated February 10, 1971 from the Secretary, Planning Commission to the Union Finance Secretary reproduced in Appendix III.2.

16. The Government of India has replaced specific duties by ad valorem duties progressively, except in the case of unmanufactured tobacco, bidis and man-made fabrics of certain varieties. In regard to the revenue from additional excise duties being brought up to 10.8 per cent of the value of clearances, the Union Finance Minister announced in Parliament in 1972 that this ratio would be achieved by the end of 1973-74 when the Fourth Five-Year Plan was to end. However, we find from the information we have obtained from the Union Ministry of Finance that this ratio has not been achieved. The percentage was 8.66 in 1973-74 and has thereafter come down to the figure of 6.82 estimated for 1977-78. In these two years the corresponding percentages for the basic, special, regulatory and auxiliary duties in force from time to time were 24.35 and 16.13. As regards the ratios between the Union excises and the additional duties, it was 4.14:1 in 1971-72, 2.62:1 in 1976-77 and is estimated to have been 2.37:1 in 1977-78. The following table discloses the picture:

Years	Value of clearances (approx.) (Rs.crores)	Basic including special, regulatory auxiliary duties		Additional duties of excise		Ratio between Col. (2) and Col. (4)
		(Rs. crores)	% to Col. (1)	(Rs. crores)	% to Col. (1)	
(0)	(1)	(2)	(3)	(4)	(5)	(6)
1972-73	1732.83	440.00	25.39	135.62	7.83	3.24 : 1
1973-74	2007.38	488.85	24.35	173.75	8.66	2.81 : 1
1974-75	2409.49	553.65	22.98	187.89	7.80	2.95 : 1
1975-76	3417.77	623.67	18.25	223.43	6.54	2.79 : 1
1976-77	4061.65	673.74	16.59	257.13	6.33	2.62 : 1
1977-78(RE)	4295.67	693.02	16.13	292.76	6.82	2.37 : 1

We have given in Appendices III.3(i) and (ii) the details received from the Ministry of Finance.

17. We cannot but take note of the tardy progress made by the Government of India in implementing the agreement reached between them and the State Governments in 1970. When the Finance Secretary and the Secretary, Economic Affairs, of the Ministry of Finance and the Chairman of the Central Board of Excise and Customs were confronted with this position, it was pointed out by them that fulfilment of both the conditions would have implied a substantial increase in the rates of duty and it may not have been feasible to do so in the then prevailing conditions, particularly during the period of acute inflation. We trust that the Government of India would take urgent steps to implement the agreement fully as it is basic to the scheme for the replacement of sales tax by additional excise duties. In the alternative, if the prevailing state of the economy makes it impracticable to abide by these conditions, then it is only fair that the terms of the agreement should be re-negotiated. Non-fulfilment of the terms of the agreement has led some of the States even to suggest that the total proceeds of Union excise and additional duties should be pooled and notionally divided in keeping with the ratios agreed upon in 1970 for the purpose of determining the shareable proceeds of additional excise duties.

18. Nonetheless we do believe that the discontent evident among the States would not perhaps have grown as it has over the last few years, if the Review Committee mentioned earlier had been regularly convened to provide an opportunity for full and frank discussions between the Central Government and the State Governments. No meeting of the Review Committee has been convened so far, though it was intended that it would meet at least once a year to consider the working of the new arrangement and make such recommendations as may be necessary for its further implementation. We are informed that the Ministry of Finance proposed, for the first time in 1975, that a meeting of the Committee may be convened but the Planning Commission felt otherwise as seen from their communication to us reproduced in Appendix III.4. We urge that regular meetings of the Review Committee should be held.

## CHAPTER 7

### GRANT IN LIEU OF TAX ON RAILWAY PASSENGER FARES

1. In terms of paragraph 6(c) of the Presidential Order constituting the Commission we have to suggest changes, if any, to be made in the principles governing the distribution among the States of the grant to be made available to them in lieu of the tax under the repealed Railway Passenger Fares Tax Act, 1957.

2. The tax on railway passenger fares is one among the taxes which shall be levied and collected by the Government of India but is assigned to the States under Article 269 of the Constitution. The tax was levied for the first time under the Railway Passenger Fares Tax Act, 1957. The Second Finance Commission, which was then at work, was requested to make recommendations as to the principles which should govern the distribution of the net proceeds in any financial year of the tax, among the States. That Commission took the view that the principle for distribution should be such as to secure for each State, as nearly as possible, the share of the net proceeds on account of actual passenger travel on railways within its limits. That share was determined by allocating the passenger earnings among the States on the basis of the route mileage within each State, making due allowance for the wide variations in the density of traffic between the various railway zones and as between the different gauges in each zone. Accordingly, that Commission allocated the non-suburban earnings of each railway by the route mileages located in each State, separately for each gauge and distributed the proceeds of the tax among the States in the same ratio, after setting aside a quarter of one per cent as the share attributable to the Union territories. The Second Commission made its recommendations for a five-year period ending with 1961-62.

3. The Railway Passenger Fares Tax Act, 1957, was, however, repealed and the tax was merged in the passenger fares with effect from 1st April 1961. This step was taken by the Government of India in pursuance of the recommendations of the Railway Convention Committee, which was persuaded by the Railway Board's contention that the levy of the passenger fare tax had limited the scope for raising passenger fares. The Railway Board had at the same time conceded that the States, which would have taken their receipts from this source in computing their resources for the Third Five Year Plan, should not be put into difficulties. The Board had, therefore, suggested that the States should continue to get from the Railways, through the General Revenues, a fixed amount in the following five years. The Convention Committee accepted this suggestion and recommended that Rs. 12.50 crores should be paid annually by the Railways for distribution to the States in the five-year period ending 1961-66, in lieu of the tax. The Fourth Finance Commission had placed on record the almost unanimous view of the States that the fixation of the grant at a specific level had deprived them of a potential elastic source of revenue and had urged that the level of the grant should be raised in the proportion in which the railway passenger earnings had increased since the merger of the tax with the fares. Subsequently, it was suggested to the Railway Convention Committee, 1965, by the Railway Board that in view of the growth in passenger traffic from 1960-61 to 1964-65 and the further growth anticipated in the subsequent years, the amount of the annual grant to the States in lieu of the tax might be increased to Rs. 16.25 crores for the period from 1966-67 to 1970-71. The Railways suggested, as a part of this proposal, that they might pay an additional dividend to the General Revenues at 1% on the capital invested upto 31st March 1964. The additional dividend was estimated at Rs. 18 crores per annum, out of which Rs. 16.25 crores would be paid to the States as grant in lieu of the tax and the balance would be utilised to assist the States in providing their portion of the resources required for financing Railway safety works. The Convention Committee accepted these suggestions and in pursuance of its recommendations the annual grant to the States was raised to Rs. 16.25 crores from 1966-67. The Railway Convention Committees of 1971, 1973 and 1977 left the quantum of the annual grant unchanged. The amount of this grant is, therefore, Rs. 16.25 crores till the end of the current year. The amount of the grant from 1979-80 onwards is yet to be decided.

4. The Third, Fourth and Fifth Commissions, which had been asked to deal with the distribution of this ad hoc grant to the States, considered that the principle of distribution should be such that the States were generally in the same position in this matter as they were before the repeal of the Act. The Sixth Commission also was of the same view and accordingly worked out the percentage shares of the different States on the basis of the statistics of gaugewise route lengths of railways in each State and the actual passenger earnings from non-suburban traffic for each zonal railway for the four years ending 1971-72.

5. Almost all the States, while communicating their views to us on the principles for the distribution of the grant, have supported the existing principles. A few of them, however, have suggested that some other considerations should be taken into account for determining the distribution of the grant. Himachal Pradesh has proposed that while half the grant may be distributed on the existing principles, the other half should be distributed in the inverse proportion of the railway track length per hundred square kilometre of area. Jammu and Kashmir has asked for the backwardness of States to be taken into account, and in the alternative, has suggested that the contribution of each State in the total passenger earnings of the Railways should be the criterion and not the railway mileage in each State. Manipur, which has no railway line, has suggested that the entire grant should be distributed on the population ratio without reference to the existence or otherwise of railway lines in a State. Meghalaya has suggested that half the grant should be distributed on the existing principles and the other half on the population ratio. Sikkim has suggested that if the grant is distributed on the basis of what the States would have got, had the tax been continued, the road length from Gangtok in Sikkim to Siliguri in West Bengal should be treated as the railway route length within Sikkim. We may mention that there are out-agencies at Imphal in Manipur, Shillong in Meghalaya and Gangtok in Sikkim for booking railway tickets.

6. We are in agreement with the view held by the earlier Commissions that, though the tax on railway passenger fares has been repealed and what the States now receive are not shares in the proceeds of a tax under Article 269 but shares in the grant in lieu of the tax, these shares should be determined in the same manner as if the levy and collection of the tax had continued. The general principle for the distribution of proceeds on taxes and duties under Article 269 as enunciated by the Commissions in the past is that each State should receive from such taxes, as nearly as may be, the amounts which it would have raised if it had the power to levy and collect them. In the light of this principle, we have given consideration to the question as what the principles of distribution should be. If the tax had continued and were to be collected by the States, each State would be competent to collect tax only on railway fares paid within that State, irrespective of the States through which the journeys may be performed. There can be no extra-territorial collection by any State. Railway passenger fares are paid in advance before the commencement of the journey. The tax was collected at source and was a percentage of the fare. It, therefore, appears to us that the most appropriate distribution of the grant in lieu of the tax would be in proportion to the non-suburban passenger earnings from traffic originating in each State. We feel also that the assumption of the earlier Commissions that the railway route lengths falling within each State would be an appropriate basis for working out the shares of the States, suffers from deficiencies. For instance, it is not clear how far the route lengths would reflect differentiations in the capacity for moving passenger traffic over single, double or multiple lines or factors like electric or diesel traction, line capacity improvement works, passenger load factors, etc. It appears to us that the developments over the last few years in these respects might well have rendered the basis adopted by the earlier Commissions less reliable now than it might have been in the past.

7. We feel fortified in our view that the basis for the distribution of the grant should be in the proportion of non-suburban passenger earnings in each State to the total passenger earnings in all the States by the provisions of the Railway Passenger Fares Ordinance 1971 promulgated by the President in October 1971. This Ordinance was replaced by an Act of Parliament in December 1971. The enactment provided for the levy of a tax on railway passenger fares at a flat rate of 5 per cent of the fare, where the fare was not less than a rupee. The levy was in force from 15th November 1971 to 31st March 1973, whereafter the Act was repealed. The levy was under Article 269 and the net proceeds were assigned to the States by law. The States had agreed that they would re-transfer to the Centre amounts equivalent to their shares since the purpose of the levy (together with a number of others) was to enable the Central Government to defray the expenditure on Bangladesh refugees. This aspect, however, is not relevant for our purposes. For the assignment to the States of the net proceeds of this tax on railway passenger fares, Section 6 of the Ordinance and the Act provided:—

“During each financial year ending on or after the 31st day of March, 1972, there shall be paid to each State (not being a Union territory) such sum of money as bears to the net proceeds of the tax collected under this Ordinance during that year in all the territories of India the same proportion as the aggregate of the fares collected in that State during that year bears to the aggregate of the fares collected in all the territories of India during that year.”

8. We have obtained from the Railway Board the statistics of non-suburban passenger earnings of railways for the four years ending 1977-78 (Annexure VII (4) and have worked out the percentage share of different States on the average non-suburban passenger earnings of the railways in each State during these four years. The percentages are set out below:

States	Percentage Shares
Andhra Pradesh	6.99
Assam	2.46
Bihar	9.50
Gujarat	5.28
Haryana	1.97
Himachal Pradesh	0.13
Jammu & Kashmir	0.74
Karnataka	3.21
Kerala	2.61
Madhya Pradesh	5.84
Maharashtra	15.87
Manipur	-
Meghalaya	-
Nagaland	0.26
Orissa	1.73
Punjab	3.81
Rajasthan	5.48
Sikkim	-
Tamil Nadu	6.85
Tripura	0.04
Uttar Pradesh	18.58
West Bengal	8.65
	<b>100.00</b>

9. We recommend that the grant to be made available to the States in lieu of the tax under the repealed Railway Passenger Fares Tax Act, 1957 be distributed in accordance with these percentages in each year from 1979-80 to 1983-84.

10. As stated above, we do not know yet on what basis the Railway Convention Committee would fix the grant payable to the States in lieu of the tax on railway passenger fares from 1979-80 onwards. We are, therefore, unable to work out what the shares of the States would be in accordance with the percentages recommended above. Meanwhile, for the purposes of the assessment of the revenue position of the States, we have calculated their shares on the present level of Rs. 16.25 crores as the annual grant.

11. We next turn to the question of the quantum of the grant. Though our terms of reference do not mention the question of re-imposition of the tax or the re-determination of the quantum of the grant, practically all the States strongly urged that the amount of the grant should be re-determined in the light of what the proceeds would have been had the tax continued in its original form and estimated on the basis of the current earnings from non-suburban passenger traffic. Uttar Pradesh suggested that the Commission may recommend the re-imposition by the Government of India of the tax on railway passenger fares. Most of the State Governments were highly critical about the replacement of the tax by a fixed grant and argued that the States should not be deprived of their due share in the buoyancy of the receipts accruing from passenger fares. Maharashtra argued that the unsatisfactory financial position of the Railways was extraneous to any decision on the quantum of the grants to be paid to the States in lieu of the tax on Railway fares, it being one of the levies under Article 269 of the Constitution. West Bengal discounted the argument that the Railways have to shoulder certain social obligations which should be taken into account when deciding on the grant to be paid in lieu of the railway passenger tax. The State has suggested that the tax should be revived if the amount of the grant were not enlarged to 15 per cent of the railway passenger earnings.

12. Because of the near unanimity amongst the State Governments on this issue, and the strong views expressed by them both in their Memoranda and during their discussions with us, we have thought it appropriate to consider the relevant issues in some detail.

13. We have earlier referred to the Fourth Commission's observations on the representations of the States that the amount of the grant should be increased and to the subsequent consideration given to the matter by the Railway Board and the Railway Convention Committee. At that time the Railways had themselves given weight to the growth in passenger traffic from 1960-61 to 1964-65 and the further growth anticipated thereafter while suggesting to the Convention Committee that the amount of the grant might be raised to Rs. 16.25 crores from 1966-67. It is indisputable that passenger traffic and passenger earnings continued to grow in the later years. If due weight had been given to this consideration as was done at the time the grant was increased to Rs. 16.25 crores, it would be legitimate to expect that the grant would have been increased further at intervals. However, this has not been the case. The Sixth Commission estimated that if the tax on passenger fares had continued the actual collection from the tax in 1969-70 and 1970-71 would have been about Rs. 24.46 crores and Rs. 26.17 crores respectively. That Commission also estimated that in the three years thereafter the tax would have amounted to approximately Rs. 31 crores, Rs. 33 crores and Rs. 36.5 crores, on the assumption that roughly 10.7 per cent of non-suburban passenger fares would represent the tax element. From the figures furnished to us by the Railways we have estimated that, if the tax had been continued in its original form, assuming the average rate of 10.7 per cent of non-suburban passenger earnings as the tax element, the collections would have been Rs. 56.21 crores in 1976-77, Rs. 61.17 crores in 1977-78 and Rs. 63.22 crores in 1978-79 (BE). Non-suburban passenger traffic in terms of passenger kilometres increased from 68617 million in 1961-62 to 126754 million in 1976-77, or by a factor of 1.85. Average earnings per passenger per kilometre are estimated to have gone up from 2.01 p. in 1961-62 to 4.03 p. in 1976-77 for non-suburban passenger traffic, i.e. by a factor of 2. Non-suburban passenger earnings increased from Rs. 137.73 crores in 1961-62 to Rs. 525.30 crores in 1976-77 i.e. by a factor of 3.8. On the other hand, the amount of grant in lieu of the tax, fixed at Rs. 12.50 crores when the tax was abolished in 1961, was raised once to Rs. 16.25 crores in 1966, and has been stagnant at that figure since then.

14. The Finance Commission may not be the competent body to advise whether it would be appropriate to re-impose the railway passenger fare tax as has been urged by at least one State Government. Nevertheless, we do appreciate the force of the argument put forward by almost all State Governments that a fixed grant is not an adequate replacement of a tax on railway fares, since it does not take into account the considerable buoyancy in the earnings of the Indian Railways caused by the rapid increase in passenger traffic. The increase in average earnings per passenger kilometre from 2.01 paise to 4.03 paise mentioned earlier may have come about because of fare increases necessitated by higher working expenses in the form of increased fuel charges, payment of higher emoluments to Railway personnel, increased costs of stores and spares etc. As such, it may be difficult to insist on a corresponding increase in the grant payable to the States. Even so, we cannot ignore the substantial increase that has taken place in the extent of passenger traffic since 1961-62 as reflected by the figures of non-suburban passenger kilometres. We feel that the States are entitled to their due share arising from the growth in non-suburban passenger traffic by a factor of 1.85 since 1961-62 as it is a major element responsible for the overall increase in passenger earnings from this traffic by a factor as high as 3.8 since 1961-62. The factor of 1.85 would represent a grant of about Rs. 30 crores a year.

15. However, we also appreciate that the Indian Railways as the largest departmental undertaking should be enabled to operate at a profit and should be in a sufficiently strong financial position to service the loans granted for their developmental projects, including the construction of new lines, for which State Governments themselves make repeated demands. We also appreciate the social obligations of the Railways e. g. carriage of suburban traffic and of essential commodities, sometimes at a loss. On the other hand, there is also force in the point urged upon us by one of the State Governments that they also have to bear substantial financial burdens on account of the operations of the Railways, for instance, for the dispersal of traffic carried by the Railways at the destinations.

16. We would suggest that having regard to the various factors mentioned above, the Government of India should specifically refer the question of increasing the quantum of the grant in lieu of the railway passenger fares tax, to the appropriate Railway Convention Committee. Since this Committee carefully examines the overall financial position of the Railways, the dividend payments that should be made to General Revenues, as also the contributions of the Railways to the Depreciation, Development, Pension and other Funds, we can reasonably expect that the Committee would judiciously consider, in the light of the facts stated above, the question of increasing the grant payable to the States.

## **CHAPTER 8**

### **GRANT ON ACCOUNT OF WEALTH TAX ON AGRICULTURAL PROPERTY**

1. In terms of paragraph 6(d) of the Presidential Order we are to suggest changes, if any, in the principles governing the distribution among the States of a grant to be made available to them on account of wealth tax on agricultural property.

2. Wealth tax on agricultural property was introduced with effect from assessment year 1970-71 by amending Section 2(e) of the Wealth Tax Act, 1957. The amendment was a part of the measures in the Finance Act of 1969. Prior to this amendment, assets defined for the purposes of the wealth tax did not include agricultural property. The effect of the amendment of the Wealth Tax Act in 1969 was that agricultural property stood included in the properties taxable under the Act. This amendment is not applicable to the State of Jammu & Kashmir.

3. Wealth tax is not one of the taxes and duties which, under the provisions of the Constitution, are to be shared with the States either on an obligatory or permissive basis. Nor is it a tax levied or collected by the Centre and assigned to the States. However, when agricultural property was made liable to wealth tax as aforesaid the Central Government decided on its own that the net proceeds of the tax on agricultural land would be passed on to the States as grants-in-aid.

4. The Sixth Commission was required to recommend the principles for the distribution among the States of the grant for the five years from 1974-75 to 1978-79. That Commission took the amount of grant as equivalent to the net collections of wealth tax on agricultural property reduced by the net collections attributable to the Union territories. It considered the tax as being comparable in its incidence to estate duty in so far as the latter related to immovable property. It observed that the location of the property brought to assessment would be clearly identifiable in each case and would provide a reliable basis for the distribution of the proceeds among the States. It recommended accordingly that the grant should be distributed among the States in proportion to the value of agricultural property situated in each State and brought to assessment each year. It did not consider population as an appropriate basis for distribution, since it would have no bearing on the extent or value of agricultural property brought within the tax net. Backwardness of a State or its need for development was also considered as not relevant. The Sixth Commission noted further that collection of the tax would not be an appropriate basis as collection in a State may in some cases relate to property located outside the State.

5. Before making its recommendation the Sixth Commission had consulted the Central Board of Direct Taxes in regard to statistics then maintained by the Department and the possibility of maintaining statistics for agricultural property in each State brought to assessment. While that Commission was informed that the data were not readily available, it observed that it had no doubt that arrangements could easily be made for compilation of the relevant statistics relating to agricultural property located in each State and brought to assessment in a year.

6. The Sixth Commission's recommendations were accepted by the Government of India, to be effective in relation to the net collections in each year from 1974-75 to 1978-79. As we have been informed by the Union Ministry of Finance, the Government of India decided for the years 1970-71 to 1973-74, to adopt the population ratio as the basis for distribution of the grant among the States. For these four years the total amount of the grant payable to the States was estimated at Rs. 2 crores only. In the implementation of the Sixth Finance Commission's recommendation, the Central Board of Direct Taxes found that the statistics of wealth tax assessments maintained by it would not enable it to ascertain the value of agricultural property located in each State and brought to assessment in a year, without taking upon itself considerable amount of additional work. Besides, with effect from the assessment year 1975-76, the separate exemption available till then in respect of agricultural land was done away with and the exemption for agricultural property was linked with the exemption for other types of assets. One of the results was that the derivation of the element of tax on and the calculation of the value of agricultural property in the total property brought to assessment from 1975-76 became a complicated matter. The Union Ministry of Finance, therefore, decided in 1976 that the distribution of the grants to the States, in relation to the years from 1974-75, should be in proportion to the value

of agricultural property brought into assessment in the States where the assessments took place. The recommendation of the Sixth Commission, which was accepted by the Central Government, was that the distribution should be in proportion to the value of the property located in each State and brought to assessment. The Central Government had laid the Report of that Commission before Parliament in December 1973, together with its decisions on the recommendations in the Report. We have been informed that the Ministry of Finance felt that the distribution of the grant in this modified manner could be deemed to be substantial compliance with the recommendations of the Sixth Commission. Whatever the considerations which impelled the Government to take this decision, we are not sure how far it could be deemed to be substantial compliance with the recommendation of the Sixth Commission. This apart, it also seems to us that in the method which the Government of India has adopted, the amount attributable to Union Territories might be larger than in proportion to the value of agricultural property located in the Union Territories and brought to assessment.

7. In the case of the Wealth tax on agricultural property, it is not obligatory to obtain a certificate of the net receipts from the Comptroller & Auditor General. The question does arise, however, whether the amount of the grant in each year on account of Wealth tax on agricultural property should not be consistent with the collections shown in the Finance Accounts of the Central Government prepared by the Comptroller & Auditor General and reported to Parliament. We find that the collections of Wealth tax in 1975-76, according to the Finance Accounts, were Rs. 53.73 crores, of which Rs. 4.59 crores were shown as being on account of agricultural property. According to the information given to us by the Ministry of Finance, however, they have taken Rs. 0.91 crore as the collection of Wealth tax on agricultural property in that year and the shares of the States have been distributed on that basis. We hope that the Government of India would look into this matter.

8. We would suggest that in a matter involving fiscal transfers from the Centre to the States, the Government of India should take measures which would ensure that the due shares of the States in the realised revenue are determined and paid to them without undue delay.

9. We have carefully considered whether any change should be made in the principles for the distribution among the States of the grant on account of Wealth tax on agricultural property in the light of the above and after taking into account the difficulties expressed by the Union Ministry of Finance and the Central Board of Direct Taxes in the compilation of statistics. We have taken note of the complexities involved in calculating the element attributable to agricultural property out of the total Wealth tax collections, following the amendment in the law with effect from 1975-76 by which the exemption for agricultural property became linked with the exemption for other assets. We have also noted that, according to the Ministry of Finance, the receipts on account of Wealth tax on agricultural property in the years 1979-80 to 1983-84, projected in line with the departmental figure of Rs. 0.91 crore for 1975-76, would be very small and shares therein would make no material difference to the States. Though, in the normal course, we would have suggested the continuance of the principle recommended by the Sixth Commission, in the circumstances brought out above, we recommend that the share of each State in the grant in each of the years from 1979-80 to 1983-84 should be an amount equivalent to the net collection in that State in each year. Sikkim will also become entitled to a share in the grant in accordance with this recommendation, if and when the levy of the Wealth tax is extended to that State in the period covered by our report.

10. Considering the very small amounts involved, and also the fact that it is not possible at present to estimate what the shares of the States would be in each year in the future, we have decided to ignore the shares out of this grant from our computations of the revenue receipts of the States in the period covered by our report.

## CHAPTER 9

### CENTRE-STATE FINANCIAL RELATIONS AND OUR SCHEME OF TRANSFERS TO THE STATES

1. The Finance Commission derives its being from Article 280 of the Constitution. This Article, in Part XII of the Constitution is basic to the fabric of Centre -State financial relations. Its position in Chapter I of Part XII of the Constitution gives a clear indication of its place and functions in the overall scheme of Centre-State relations, which is particularly spelt out from Articles 268 to 281. The sequence of the matters dealt with by these Articles is significant. Article 268 refers to the duties levied by the Union but collected and appropriated by the States. Article 269 lists the 'taxes' levied and collected by the Union but are assigned to the States. In the case of the taxes and duties referred to in these Articles the Central Government has no discretion to retain any part of the proceeds. Article 270 refers to income tax levied and collected by the Union and distributed between the Union and the States. That proportion of the proceeds of the income tax which is distributable among the States have been treated as assigned to the States and does not form part of the Consolidated Fund of India. Article 270-also specifies that the distribution of the share of the States inter se will be prescribed by the President by Order after considering the recommendations of the Finance Commission. Article 272 refers to Union duties of excise levied and collected by the Government of India, which may be shared with the States if the Parliament by law so provides. Article 275 speaks of grants-in-aid of the revenues of the States as Parliament may determine to be in need of assistance. The sums of such grants-in-aid shall be charged on the Consolidated Fund of India. The meaning of this sequence is clear, in that, firstly, the need of transfer of resources raised by the Centre to the States is recognised and made part of the Constitution; secondly in the case of the taxes which are to be divided or may be divided between the Centre and the States, it is the Finance Commission which has to make recommendations in regard to the allocation of the respective shares between the Union on the one hand and the States on the other, and also in regard to the principles for deciding the shares of the States inter se. The Commission also has to recommend the principles which should govern the grants-in-aid to the States under Article 275. These two duties are mandatory. The President can also refer other matters to the Commission in the interest of sound finance.

2. While the Commission's discretion in the matter of making recommendations on these matters is not limited in the Constitution, it also seems clear that the Commission has little discretion to make transfers beyond the scheme laid out in Chapter I of Part XII of the Constitution. We have kept this position in mind throughout our deliberations. On a careful review and after full consideration we are of the view that the framework of Centre-State Financial relations embodied in the Constitution has stood the test of time and has worked fairly and smoothly.

3. Our terms of reference are different from those of the earlier Commissions in one important respect. For the first time, the considerations set out in paragraph 5 of the Presidential Order are to be kept in mind while making recommendations in regard to sharing of taxes and also in the determination of grants-in-aid. For the earlier Commissions, similar "considerations" were applicable only when the Commissions were determining the amounts of grants-in-aid. A few of the States have brought up this point in their memoranda to us, and also in our discussions with them. In their view, the entitlement to shares of taxes should have nothing to do with the considerations mentioned in paragraph 5 of the Presidential Order. Such a view would be difficult to sustain as we have to estimate the requirements of all the States uniformly within the Constitutional framework of Centre-State financial relations. The Commissions in the past had also in practice made their assessments of the revenue requirements of the States on uniform considerations. The change in our terms of reference compared to those of the earlier Commissions is, in a sense, a purely formal one, recognising the past practice. Further tax shares and grants-in-aid under article 275 have always been inextricably linked in the schemes of transfer of the past Commissions. Actually, grants under article 275 were determined and recommended for the purpose of making up the revenue requirements of the States to the extent that they had not been met by the tax shares.

4. Some of the States further contended that it was incorrect for the President i.e., the Government of India, to ask the Commission to keep in mind a set of stated "considerations" as in para 5 of the Presidential Order. The argument was that these were constraints on the Commission, which has to hold the balance between the Centre and the States and therefore the Central Government ought

not to indicate what considerations should be kept in mind by the Commission. This view would have some validity if the considerations set out in the Order were in fact constraints, or prescribed procedures which were not already inherent in the established practice. For instance quite clearly any Commission has to keep in mind the essential demands on the Centre's resources. It is also a well-established practice by now that the Finance Commissions refrain from considering the financing of the Central and State Plans. These are the matters referred to in clauses (i) and (ii) of para 5 of the Presidential Order. The rest of the clauses of this paragraph, except clause (vi), refer specifically to a number of items covering both the receipts and the expenditure on revenue account, which any Commission necessarily has to take into account. The Commission's freedom to take into account other factors is not inhibited. The only special feature in paragraph 5 is clause (vi) which asks the Commission to take into account the requirement of backward States for upgrading standards of administration in non-developmental sectors and services. The developmental area is excluded as being in the domain of the Planning Commission. The clause is in consonance with the widely accepted thesis that regional imbalances should be mitigated and redressed to the extent possible. It is, therefore, reasonable to take the view, which in fact we have taken, that the contents of paragraph 5 of the Presidential Order were not constraints on the Commission in any way.

5. We have given attention to the principles which should govern the grants-in-aid of the revenues of the States under Article 275. A set of principles was adopted by the first Commission. These were broadly endorsed by subsequent Commissions. Some of those principles were more in the nature of guidelines for the internal work in the Commissions in the matter of the re-assessment of the revenue forecasts of the States. Some related to areas which have since then become clearly established as being within the purview of the Planning Commission. The later Finance Commissions also had serious difficulties in the application of some of these principles, for instance, measurement of the effects of economy and efficiency in expenditure, or assessment of the comparative tax efforts of the States. In the present circumstances we believe that the following should be the principles for grants-in-aid under Article 275 :-

- a. Grants-in-aid may, in the first place, be given to States to enable them to cover fiscal gaps, if any are left after devolution of taxes and duties, so as to enable them to maintain the levels of existing services in the manner considered desirable by us and built in their revenue forecasts. In this connection consideration should be given to the tax effort made by the individual States in relation to targets for the Plan, to economy in expenditure consistent with efficiency and to prudent management of public sector enterprises.
- b. Grants-in-aid may be made as correctives intended to narrow, as far as possible, disparities in the availability of various administrative and social services between the developed and the less developed States, the object being that every citizen, irrespective of the State boundaries within which he lives, is provided with certain basic national minimum standards of such services. While the long term objective may be to provide to each citizen these services at the levels obtaining in the most advanced States, due regard should be had to the feasibility of upgrading these standards in the shorter term.
- c. Grants-in-aid may also be given to individual States to enable them to meet special burdens on their finances because of their peculiar circumstances or matters of national concern.

6. In the course of our work we have taken into account the tax effort of the States and the returns which prudent management of public enterprises should fetch to the State Governments. We have also projected expenditure requirements on the revenue account in such a manner as to induce States to improve efficiency and to regulate expenditure carefully. While providing for upgradation of emoluments, we have gone by objective tests and discounted larger expenditure which some of the States had proposed. In the matter of narrowing disparities in the standards of services between the less developed and the advanced States, we have decided that the required amounts should be provided by way of specific grants-in-aid. We have taken prohibition as a national policy, and are recommending grants from the Centre to States to cover losses of excise revenue. We have also recommended that the net interest liability devolving on the States in each year for the period covered by our Report on account of their fresh borrowings and lendings should be made good by grants to be calculated and paid by the Central Government.

7. At this stage we might deal with the point often made about the erosion in the importance of the Finance Commission, which is a body under the Constitution, in the total picture of Central

Government transfers to the States. The criticism generally is that the transfers effected by the Finance Commissions have amounted only to about one-third of the total fiscal transfers from the Centre to the States. Appendix IV.1(i) to (iv) show respectively the total transfers from the Centre to the States from 1951-52 to 1978-79, the transfers during the same period on the recommendations of the Finance Commissions, the transfers under the Plans by way of assistance for State Plans as well as in pursuance of Central and Centrally sponsored Plan schemes and other Central transfers. The Central Government's investments in its own projects in different States are not included in these figures. The point usually made is that the "other transfers" from the Centre to the States, which are discretionary, are unduly large and in fairness to all the States their magnitude should be reduced. The suggestion is that the Finance Commission should deal with more of the transfers now being effected by the Centre at its discretion. Some of the States have stressed this point as being particularly important in the present situation where the governments at the Centre and in the States are of differing political complexions.

8. These transfers include ways and means advances to the States and short-term loans for agricultural inputs which in the period 1974-79 account for Rs. 1288 crores out of the total transfers of Rs. 3761 crores. These temporary advances should properly be excluded for the purpose of counting the Centre's discretionary transfers, as they are normally recovered in the same year or the next. Small savings loans account for Rs. 1441 crores in the same period. There are other items of Central transfers which are also made in accordance with uniform policies and procedures applicable to all States. However, there have been significant transfers from the Centre in the years 1969-74 and in 1974-79 which have been made to particular States in order to improve their resource position. In many cases the deterioration in the resource position of these States has probably resulted from their own decisions and actions. The loans in the first period to clear overdrafts, and again in 1978-79 to restore a degree of balance in the accounts of the States with the Reserve Bank, are of this nature. One might hold the view that these transfers to some States, in a sense, discriminate against States which manage their affairs well on their own and reward relatively weaker fiscal management of some other States. These transfers also supplement Finance Commission and Planning Commission transfers, in a manner not envisaged in the Report of the Finance Commission or by the N.D.C. However, one should also note that in part at least the deterioration of the financial position of some of the States which were given such special loans could have been due to unforeseen deviation from the assessment of the requirements of these States by the Finance Commissions.

9. Turning now to the transfers under the auspices of the Planning Commission, the Central Assistance for the State Plans is in accordance with a formula settled in the National Development Council in which all the States participate. The Centrally-sponsored Plan schemes are generally in the fields of responsibility assigned to the States or in the Concurrent List. In recent years there has been, as we understand, some blurring of the lines between the Central sector and the Centrally-sponsored Plan schemes. The scope of these schemes is currently being reviewed by the National Development Council.

10. Whatever may have been the position in the past in the matter of the size of discretionary Central transfers, the freedom of a Finance Commission to evolve its own scheme of transfer for the period covered by its Report is in no way limited. The only constraints on it are firstly, that it has to operate within the four corners of the constitutional provisions and secondly, that it should leave the area of Plan investments and Central assistance for State Plans to the Planning Commission. The latter is not in any real sense a constraint on the Finance Commission. The Central assistance for State Plans is not decided independently of the situation of the State resulting from the Finance Commission awards, for, to the extent that the States' resources are improved vis-a-vis their requirements for their Plans, the proportion of Central assistance for the Plan in the total transfer can be smaller.

11. In any discussion of Centre-State financial relations, it is necessary to bear in mind that there is not only the question of the manner and the amounts of the transfer of financial resources from the Centre to the States, but also what the efforts of the States themselves are to raise resources. Taking the States as a whole, their total tax revenue amounted to Rs. 445 crores in 1960-61, Rs. 1528 crores in 1970-71 and Rs. 2305 crores in 1973-74. The corresponding figures for 1977-78 R. E. and 1978-79 B. E. are Rs. 4316 crores and Rs. 4601 crores. The following table shows the percentage of the States' own tax revenues to the total tax revenue of the Centre and the States together from 1968-69 onwards:

(Amounts Rs. Crores)

		Centre's tax Revenue	States' tax Revenue

Years	Total Tax Revenue (Centre & States)	Amount	% to total	Amount	% to total
1968-69	3735.98	2509.84	67.18	1226.14	32.82
1969-70	4185.30	2823.07	67.45	1362.23	32.55
1970-71	4734.55	3206.80	67.73	1527.85	32.27
1971-72	5567.72	3872.44	69.55	1695.28	30.45
1972-73	6438.18	4509.70	70.05	1928.48	29.95
1973-74	7378.75	5073.38	68.76	2305.37	31.24
1974-75	9202.32	6321.75	68.70	2880.57	31.30
1975-76	11164.51	7608.78	68.15	3555.73	31.85
1976-77	12313.49	8270.84	67.17	4042.65	32.83
1977-78 (R.E.)	13221.67	8906.04	67.36	4315.63	32.64
1978-79 (B.E.)	14654.09	10052.76	68.60	4601.33	31.40

It is interesting that the percentage of the tax revenues of the States to the total of the tax revenues of the Centre and the States has remained around 31 to 33 per cent except in 1972-73. This indicates that in the matter of additional resource mobilisation the States as a whole have not lagged behind the Central Government and the performance of the States has been on the whole creditable.

12. The performance of the individual States in this regard, however, has not been uniform. The table below sets out index numbers for each State, taking the tax revenues in 1976-77:

States	Indexed with base 1960-61 as 100
1. Andhra Pradesh	853
2. Assam	515
3. Bihar	667
4. Gujarat	1415
5. Haryana	398 (1968-69 = 100)
6. Himachal Pradesh	227 (1971-72 = 100)
7. Jammu and Kashmir	899
8. Karnataka	1103
9. Kerala	925
10. Madhya Pradesh	916
11. Maharashtra	1058
12. Manipur	266 (1970-71 = 100)
13. Meghalaya	2480 ( - do - )
14. Nagaland	1421 (1965-66 = 100)
15. Orissa	946
16. Punjab	787
17. Rajasthan	837
18. Tamil Nadu	870
19. Tripura	961
20. Uttar Pradesh	791
21. West Bengal	615

The uneven nature of the resource efforts of the different States can be clearly seen. These figures, however, do not necessarily reflect upon the adequacy or otherwise would in part be due to varying rates of growth of incomes and prices in different States. Partly, it would arise from varying efforts at mobilising additional resources, tax concessions and withdrawals, and the efficiency in collecting taxes.

13. Appendix IV. 2(i) shows the tax revenues of the States from 1960-61 onwards. Appendix IV. 2(ii) shows the changes in the pattern of taxation in the States in terms of the percentage share of major taxes in the total tax revenue.

14. In the analysis made above we have not taken into account the revenues of local bodies and their efforts to raise their own resources. Properly speaking, it would be necessary to take into account the efforts of local bodies in each State to raise their own resources, while making comparisons of the tax efforts of the States. We have given in Appendix IV.3 for illustrative purposes, the per capita tax of the State Governments and their urban local bodies taken together for 1975-76, using the figures obtained in the exercise done by the Town and Country Planning Organisation referred to later. It is

evident that there are wide divergences between the States in the matter of the resource efforts of the local bodies.

15. We had requested the States to furnish information to us on the local bodies' own resources and transfers made to them by the States, as well as their expenditure on selected services. The information we have received is shown in Appendices IV.4(i) and (ii). At our request the Town and Country Planning Organisation of the Ministry of Works and Housing of the Central Government had also collected and analysed the receipts and expenditure of urban local bodies in all the States. The results of this exercise together with a note of the Town and Country Planning Organisation may be seen in Appendices IV.5(i) and (ii). There are discrepancies between the information from the State Governments and that collected by the Town and Country Planning Organisation, which we are unable to reconcile.

16. It is a matter of disappointment to us that in many States the arrangements for a continuous study and review of the finances and expenditure of local bodies are apparently inadequate. The Sixth Commission had drawn attention to this matter and had hoped that State Governments would take remedial steps. We would like to repeat this suggestion. We had hoped to be able to make a study of local body revenues and expenditure in depth, but this has not been possible for want of complete and comparable information from all the States. We trust that the State Governments as well as research institutions would pay increasing attention to the subject of local body finances.

17. The general concern over the widening disparities in the levels of development among the States is reflected in the criticism of the existing arrangements for ordering of Centre-State financial relations. The Finance Commission and the Planning Commission together determine bulk of the transfers from the Centre to the States, and also have the largest influence on the fiscal capacity of the State to build up and maintain an adequate administrative infrastructure and to invest in development. It could be argued that since the spheres of responsibilities of the two Commissions are different, the Finance Commission could be neutral to the philosophy and requirements of development Plans. It may also be argued that if anyone is to be blamed at the national level for the widening economic disparities between the States, it should be the Planning Commission. Such a view would be untenable as it ignores the intimate relationship between the results of what each Commission does. The developmental process guided and supported by the Planning Commission should result in reduction of economic disparities between the States, and in the poorer States building up their resource potential which the Finance Commission would take into account at the end of a Plan period. On the other hand, the Finance Commission's transfers should provide the financial wherewithal for the States to maintain and develop an adequate administrative infra-structure, which is responsive to the increasing demands that a developing economy generates. Also, there is no denying that the implementation of development Plans would itself suffer in the absence of such an infrastructure. Further, a Finance Commission's scheme of transfers which leaves a few States with substantial surpluses on revenue account which can be ploughed back into fresh investments, and the rest of the States with a zero surplus, could contribute to widening of the economic disparities.

18. Our focus should therefore be specifically on how to place the financially weaker States in a position from where, with the guidance of the Planning Commission, they could get a better start than has been the case in the past, in absolute terms as well as relative to the advanced States. There is no other way of achieving this objective than to ensure that our fiscal transfer scheme leaves as many of the poorer States as possible with surpluses on the revenue account, which could be ploughed back for fresh development. In our view the role of a Finance Commission should not be negative, of filling in the revenue gaps only, but positive in that its scheme of devolution gives a better start for developmental outlay.

19. The States have stressed the point that the fiscal transfer should be effected mainly, if not wholly, through devolution of taxes. Even the poorer States have urged, as they had before the earlier Commission, that the transfer should be made by way of tax shares rather than grants-in-aid. This would obviously help them a little more than if the grants constituted the bulk of the transfer to them, since they would then be able to share the benefits of buoyancy in the tax receipts of the Centre and of additional taxes raised by it. We are clearly of the view that the grants-in-aid element in the transfer scheme should as far as possible be a residual item and the attempt should be to make the bulk of the transfers through tax shares.

20. We have dealt with the determination of the shares of the States in all items of Central taxes excepting income tax and Union excise duties, and now turn to the principles for the distribution of

the shares of the States in the proceeds of these taxes. The sharing of income tax with the States is mandatory under Article 270 of the Constitution. The sharing of Union excise duties with the States is permissible under Article 272. Over the years the revenue from the latter has come to dominate not only the Central revenues but also the statutory transfers to the States. It is, therefore, not possible to conceive of a scheme of fiscal transfer from the Centre to the States which does not provide for sharing of Union Excise Duties.

21. Since the Constitution distinguishes between the two taxes, we have to determine separately the shares of the States in income tax and in excise duties and the principles of distribution thereof among the States. Also not many States have proposed or countenanced the theory that there need be no distinction in this matter between income tax and Union excise duties or that identical principles of distribution could be adopted for both.

22. Most States have pressed for the size of the divisible pool of income tax being raised from the level of 80 per cent determined by the Sixth Commission. In support, they have referred to the fact that the Central Government has recently raised the Union Surcharge to 15 per cent from the earlier level of 10 per cent simply as a revenue measure rather than for meeting any specific Union purposes. In the view of the States, as also of some others, this step in effect deprives the States of a share in the increased revenue from income tax and surcharge taken together. It has also been pointed out that the basic tax and the surcharge are substitutable. We feel that though Article 271 does not in express terms lay down that the Union surcharge should be for meeting the burdens of the Centre arising from any emergent requirements, there is an underlying assumption that a surcharge should only be levied for meeting the requirements of some unexpected events and should only be for the period during which it lasts. In this view a surcharge continued indefinitely could well be called an additional income tax, shareable with the rest of the proceeds of income tax. We have, however, refrained from suggesting such a course in view of the express provision in the Constitution. We feel, though, that it would be necessary and proper to give weight to the strong feelings of the States on this subject by increasing the size of the divisible pool. Accordingly we recommend that in the period covered by our report, 85 per cent of the net proceeds of income tax, excepting in so far as those proceeds represent proceeds attributable to Union territories or to taxes payable in respect of Union emoluments, shall be assigned to the States excluding Sikkim, where the tax is not leviable at present. This would mean in effect that out of the total net collections of income-tax excluding the Union surcharge, 20.22 per cent, or about Rs. 1214 crores in the five year period, would remain with the Centre.

23. Traditionally, in the distribution of income tax shares among the States inter se, a weight has been given to the contribution to income tax revenues from each State. One of the earlier Commissions had observed, and this is valid even today, that after the amendment of the Income Tax law in 1959 which had the effect of shifting a large part of income tax on companies to the category of corporation tax, what may be termed incomes of local origin in each State contribute significantly towards the income tax revenues from that State. It would also be probably true to say that the income tax on emoluments of State employees would be in the same category. In view of such considerations, we have decided that ten per cent of the divisible pool of income tax should be distributed among States in the same proportion of their contribution to the income tax revenue. A smaller proportion is likely to be unacceptable to the States which contribute significantly to income tax revenue. A larger proportion would set a trend in the wrong direction, considering the fact that the larger collections of the revenue come from the advanced States, and the effect of a larger weightage to contribution would tend against the objective proposed for our fiscal transfer scheme. For the purpose of determining the proportions of the contribution of the States to the income tax revenue, we have decided to adopt, like the last two Commissions, the State-wise proportions of net assessments, taking the years 1972-73 to 1976-77. We have obtained information from the Union Ministry of Finance for this purpose, which is shown in Appendix IV.6.

24. For the rest of the divisible pool of income tax, the tradition has been to distribute it in the population ratio of States. This is based on the theory that population is what the first Commission called a broad measure of the needs of the States. In the context of the relations between the Centre and the States, it is difficult in our view, to discount the population factor. When population is used as a factor in the determination of the tax shares, it is a recognition of an element in the relations between the Centre and the States and between the States inter se, which is difficult to replace. Traditionally, this has been accepted as a factor in the determination of the shares of the States in the proceeds of income tax, and to discount the weight given to this factor so far may well be taken as a derogation of the importance of some at least of the States in the Union. Any substitution of the

population factor by others, in our present context, would mean the introduction of criteria like levels of development which, in any case, have now come to be accepted as part of schemes for distribution of the proceeds of excise duties. A weight to factors such as levels of development in the case of income tax is unlikely to be acceptable to the developed States. We have accordingly decided that 90 per cent of the net proceeds of income tax shareable with the States should be distributed among them in the population ratio.

Dr. C. H. Hanumantha Rao also feels that the principles for the distribution of the divisible pool of income tax among the States should be the same as in the case of excise duties. However, in view of the decision of the Commission to give a significant weightage to factors in favour of the less developed States in the distribution of the much enlarged divisible pool of excise duties he concurs with the overall recommendations in this Chapter.

25. Though at the moment income tax is not leviable in Sikkim, we have to provide for distribution of a share to Sikkim in case the levy is extended to that State in the period covered by our Report. We have accordingly worked out the shares of the States in the net proceeds of income tax, including Sikkim and excluding it. For this purpose, we are obviously not in a position to make an estimate of its share in the portion of the net proceeds of the tax distributed in proportion to contribution.

26. We have determined the proceeds attributable to Union territories on the same principles as we have adopted for the States, as 2.19 per cent.

27. We accordingly recommend, in respect of distribution of the net proceeds of income tax in each of the years 1979-80 to 1983-84 that -

- a) Out of the net proceeds in each financial year, a sum equal to 2.19 per cent thereof shall be deemed to represent the proceeds attributable to Union territories,
- b) The percentage of the net proceeds, except the portion representing the proceeds attributable to Union territories, to be assigned to the States, should be 85, and
- c) The distribution among the States *inter se* of the share assigned to the States in respect of each financial year should be on the basis of the following percentages:-

States	Percentage with Sikkim	Percentage without Sikkim
1. Andhra Pradesh	8.021	8.023
2. Assam	2.521	2.522
3. Bihar	9.536	9.540
4. Gujarat	5.957	5.959
5. Haryana	1.819	1.819
6. Himachal Pradesh	0.595	0.595
7. Jammu and Kashmir	0.818	0.818
8. Karnataka	5.440	5.442
9. Kerala	3.948	3.950
10. Madhya Pradesh	7.354	7.356
11. Maharashtra	10.949	10.953
12. Manipur	0.188	0.188
13. Meghalaya	0.178	0.178
14. Nagaland	0.085	0.085
5. Orissa	3.738	3.739
16. Punjab	2.713	2.714
17. Rajasthan	4.362	4.364
18. Sikkim	0.035	..
19. Tamil Nadu	8.048	8.050
20. Tripura	0.258	0.258
21. Uttar Pradesh	15.422	15.429
22. West Bengal	8.015	8.018
<b>All States</b>	<b>100.00</b>	<b>100.00</b>

28. We have already spelt out our objective of ensuring that the results of our fiscal transfer scheme should place as many of the less affluent States as possible in surplus on the revenue account. We are doing so by a combination of two related aspects of the sharing of proceeds of excise duties with the States, namely, the size of the divisible pool and the principles for its distribution. At this stage we may refer to a demand made by two States, namely, West Bengal and Tripura, that 75 per cent of the Central

revenues should be shared with the States. From the memoranda of these States we are not able to make out how this percentage has been arrived at and how it has been estimated by them that the balance of the Central revenues would be adequate for meeting the inescapable expenditure of the Central Government. The West Bengal memorandum does not spell out the views of the State Government on the principles of the distribution of proceeds of income tax and excise among the States. Therefore, it does not appear that the State's demand for 75 per cent of the Central revenue for the States is based on any estimation of the needs of the States vis-a-vis the needs of the Centre. Nor can we appreciate how such a demand is in consonance with the provisions of the Constitution. We are unable to agree with their approach.

29. We have a special feature of the Union excise duties to deal with. In its last Budget, the Central Government has levied an excise duty on generation of electricity. The State Governments had been pressing for the withdrawal of the levy or, in the alternative, for the transfer to them of the entire net proceeds. They had not only moved the Central Government on these lines, but many of them had also made similar representations to us in the course of our discussions with them. We have now been informed by the Union Ministry of Finance that the Central Government has decided that the entire non-shareable portion of the net proceeds of the excise duty on generation of electricity would be transferred to the States, with effect from 1st April 1979, subject to the levy continuing to be in force beyond that date. The Union Ministry of Finance has also furnished its estimates of the revenue expected to be collected in each State in each of the years covered by our Report. Their communications may be seen in Appendix IV.7.

30. We are wholly in agreement with the approach of the Central Government that the net proceeds of the revenue from this duty should be given back to the States in which they are realised. We have decided accordingly to recommend that the entire collections of revenue from this duty attributable to each State, net of cost of collection, in each year of the period covered by our Report, should be transferred to that State. We have taken note of the manner of attributing to States the net proceeds in certain cases, as indicated by the Union Ministry of Finance in their communications cited above. In case the Central Government gives up the levy of this excise duty, from that year onwards the States should be in a position to obtain resources, equivalent to their shares of the proceeds of the excise duty, through adjustments in their electricity duties or in the electricity tariffs.

31. Considering their size, the Union excise revenues must have a predominant role in the transfer of financial resources to the States. We have also decided, as mentioned earlier, that the bulk of the fiscal transfers to the States should be by way of tax shares, reducing the element of grants-in-aid under Article 275 to a residual position on the one hand and leaving surpluses on revenue account with as large a number of States as possible on the other. In regard to the Centre, we have to ensure that after the fiscal transfers we propose, it is left in a sufficiently comfortable position to meet all the demands on its resources. In this connection we have taken note of the existing methods of financing the Plan, which include not only transfers to the States by way of Central assistance for their Plans, but also the possible requirements for budget support to the Centre's own Plans and the Plans of the Union Territories. Keeping these considerations in mind we recommend that the divisible pool of Union excise duties should be 40 per cent of the net proceeds of excise duties, as clarified hereafter, collected on all commodities in any year, excluding the net proceeds of the duty on generation of electricity. The net proceeds should include the proceeds from all Union excise duties excluding additional duties of excise in lieu of sales tax which we have separately dealt with and cesses levied under special Acts and earmarked for special purposes, but including other excise duties whether they are designated special or regulatory or by any other name. We do not also take into account the proceeds of the Additional Duties of Excise on certain textiles and textile articles levied under Ordinance No. 4 of 1978 promulgated by the President. Section 4 (2) of the Ordinance lays down that the proceeds shall not be distributed among the States.

32. A large number of States have urged us to recommend that the revenues of the Central Government from the corporation tax should also be shareable with the States in the same manner as income tax. They have pointed out that the amendment in the Income Tax Law carried out by the Central Government in 1959 had the effect of transferring to the category of corporation tax a sizeable part of the revenue which was part of income tax till then. We are not commenting on this issue, as different views may well be held on it. The States have also pointed out that thereafter the revenues from the corporation tax have increased enormously, and much faster than income tax. Further, some States have made out that they have to incur large expenditures in order to provide the infrastructure and other services which sustain the businesses paying corporation tax. The States have also pointed

out that if the corporation tax were made shareable with the States, the interest of the Centre need not be adversely affected, for the share of the States in the income tax could be suitably reduced. Their anxiety generally is that they should have the scope for sharing in an item of revenue which is much more buoyant than income tax and is bound to grow in future as it has in the past. Even if we sympathise with the point of view of the States, we are unable to make any specific recommendation on this matter since the Constitution is categorical that the corporation tax revenues are not shareable with the States. We can only suggest, in view of the strong representations made by the States to us as well as to the earlier Commission, that the Central Government may consider holding consultations with the States in order to settle the point finally.

33. We now turn to the principles of distribution of the shares of the States in the net proceeds of excise. It is now well established that the distribution of the net proceeds of excise duties among the States is used by the Finance Commissions to make their contribution to the reduction of imbalances among the States. We have already referred to the growing concern in the country over the widening economic disparities between the States. It is true that the reasons are not only to be found in the financial strength or weakness of the States, but also in cultural and institutional factors which could facilitate or retard economic growth. Some of these important factors are susceptible to being changed by Government action if there is a will to do so. Notwithstanding such considerations, there is no doubt that financial strength would be a decisive influence in favour of growth. It is axiomatic that the potential for mobilizing financial resources is not the same in States which have different levels of development and domestic product. This also means that the people in the poorer States do not have the same opportunities for advancement and the same access to public services as those in the advanced States. Annexure VII.3 shows the average per capita SDP at current prices of each State for the 3 years 1960-61 to 1962-63 compared with the 3-year averages for 1973-74 to 1975-76. There has hardly been any change in the relative ranks of the States in the two periods. In fact, the position of Bihar, Andhra Pradesh, Assam, Madhya Pradesh and Uttar Pradesh has worsened. Appendix IV. 8 shows the variations in the total of Plan and non-Plan expenditure in the different States, taking the average annual expenditure for the years 1961-64 and 1974-77. In the first period the difference between the highest and the lowest per capita expenditure was Rs. 77.07, while in the later period the difference had widened to Rs. 183.16.

34. The Finance Commissions in the past have distributed some part of the proceeds of excise duties on the basis of relative backwardness of States. Each Commission had evolved its own method of assessing their relative backwardness. Since the proportion of the net proceeds of excise distributed on this principle was not large, the contribution which the past Commissions made towards reduction of inter-State imbalance was modest. We have already indicated that our aim is to do more in this direction. We propose to do so by a combination of different measures. Population, as a determinant of the shares of States in divisible taxes is merely a scale factor. Therefore, appropriate factors other than this factor have to be built into the scheme of distribution of the proceeds of excise to realise the basic objective of our scheme of fiscal transfer.

35. As regards the indicators of levels of development of States, we think that, for our purposes, it would be desirable to adopt the overall indicators of backwardness such as per capita income and the proportion of people below the poverty line, instead of partial indicators such as the level of schooling, health services, road mileage, etc. Partial indicators reflect very much the particular pattern of allocation of resources by different States. It is possible that a State which has the necessary resource potential may neglect certain sectors, whereas even a less developed State lacking in resources may show more than average performance in respect of certain services. Besides, construction of an overall index of backwardness or level of development on the basis of individual or partial indicators is beset with the problem of relative weights to be assigned to these indicators. Any set of such weights decided a priori or on the basis of factor analysis is bound to be highly arbitrary.

While it is true that as between States with the same per capita income level, the proportion of people below the poverty line may differ depending on the way the resources have been allocated and on policies followed for the reduction of poverty by different States, it should be recognised that the poverty problem of some States is partly the result of special factors on which the governments concerned have little control. We have, therefore, decided to give some weight to this factor with a view to take account of such special factors.

36. Another factor which we have taken into account is directly related to the primary concern of a Finance Commission with the fiscal needs of States and their potential to raise their own resources. We have noted earlier that the revenue-raising potential is not the same in all the States.

37. In the light of these considerations, we have decided that the shares of the States in the divisible pool of excise should be determined giving equal weight to the population factor, the inverse of the per capita State Domestic Product, the percentage of the poor in each State measures by a method which Prof. Raj Krishna has evolved for us, and a formula of revenue equalisation which we have worked out. Each of these principles should be given equal weight of 25% to determine the shares of the States in the divisible pool. On full consideration we have come to the conclusion that by adopting such multiple criteria for the distribution of the pool of excise revenue among States, instead of on the basis of any single criterion of backwardness, we would be reducing the chance of the formula becoming either unduly favourable to certain States or working harshly against some others.

38. We have used the per capita State Domestic Product in a comparable series at State current prices which has been worked out for us by the Central Statistical Organisation. We have adopted the annual average for the triennial 1973-76. The poverty percentage in each State is the proportion of people below an augmented poverty line in the State to the aggregate poor population in all the States. The augmented poverty line is the minimum per capita consumption expenditure level for 1970-71 on the well-known Dandekar-Rath criterion plus the State budget expenditure per capita in that year on selected public services directed towards the welfare and security of the citizens. A note setting out the methodology and the poverty percentages of each State may be seen at Appendix IV.9. We are conscious that the estimates of 1970-71 are somewhat outdated but we believe that this should not make any material difference for our purpose in the light of general experience that the incidence and distribution of poverty have not changed significantly in recent years.

39. The revenue equalisation principle we have adopted is a recognition of the fact that States which are less favourably placed in regard to their resource potential should be specially helped in order to place them in a position where they can also take steps more readily for the betterment of the people living in those States. We have computed the per capita revenue potential of each State with reference to the average per capita SDP for the triennium 1973-76. The per capita average of each State's own tax and non-tax revenue for 1975-76 and 1976-77, obtained from the Accounts, were regressed on the average per capita income, excluding the five atypical States of Manipur, Meghalaya, Nagaland, Sikkim and Tripura. We thus derived the estimated values of per capita revenue of each State. The distance of the per capita revenue thus estimated for each State from the maximum estimated per capita revenue among all the States - that of Punjab - has been multiplied by the estimated population of the State as on 1st March 1976 obtained from the Registrar General. For the atypical States their own average per capita revenue for the years 1975-76 and 1976-77 has been adopted. The percentage of the product of the distance of the per capita revenue so estimated from that of Punjab and the population for each State in the total of these products for all the States gives us the share of each State in the 25 per cent component of the divisible pool of excise. In the process described, it will be noted that if a State has been lacking in effort to raise resources compatible with its resource potential, it will not be rewarded. Nor is any State penalised which has raised resources in excess of the estimated revenue consistent with its resource potential.

40. We have worked out the relative shares of all the States in terms of percentages in accordance with the principles we have adopted. At present Union duties of excise are not leviable in Sikkim and that State is therefore not entitled to a share in the net proceeds of these duties. We should, however, provide for a share for that State in case the duties become leviable in it within the period covered by our Report. We have accordingly worked out, on the same principles as for the other States, the percentage shares for Sikkim as well as the other States. These should become operative if and when Union duties of excise are levied in Sikkim.

41. We thus recommend that during each of years 1979-80 to 1983-84 -

- a) the entire net proceeds of the Union excise duty on generation of electricity should be paid out of the Consolidated Fund of India to each State in an amount equal to the collection in or attributable to that State; and
- b) out of the balance of the net proceeds of the Union excise duties levied and collected on all other articles excluding cesses levied under special Acts and earmarked for special purposes, forty per cent should be paid out of the Consolidated Fund of India

to the States and distributed among the States on the basis of the following percentages:-

<b>Percentages</b>			
	<b>State</b>	<b>Excluding Sikkim</b>	<b>Including Sikkim</b>
1.	Andhra Pradesh	7.698	7.691
2.	Assam	2.793	2.793
3.	Bihar	13.025	13.021
4.	Gujarat	4.103	4.101
5.	Haryana	1.177	1.177
6.	Himachal Pradesh	0.521	0.521
7.	Jammu & Kashmir	0.839	0.839
8.	Karnataka	4.877	4.876
9.	Kerala	4.036	4.035
10.	Madhya Pradesh	8.727	8.725
11.	Maharashtra	6.633	6.632
12.	Manipur	0.218	0.218
13.	Meghalaya	0.200	0.200
14.	Nagaland	0.097	0.097
15.	Orissa	4.682	4.682
16.	Punjab	1.226	1.226
17.	Rajasthan	4.813	4.813
18.	Sikkim	..	0.028
19.	Tamil Nadu	7.641	7.637
20.	Tripura	0.373	0.373
21.	Uttar Pradesh	18.293	18.290
22.	West Bengal	8.028	8.025

42. The net surplus or deficit situation of each State on revenue account as re-assessed by us, and the position emerging as a result of our scheme of fiscal transfers are shown in the following Table:-

<b>STATES</b>	<b>Non Plan Revenue Surplus (+) Deficit (-) Without Devolution</b>	<b>Revenue Deficit after Devolution of revenues</b>	<b>Revenue Surplus after Devolution of revenues</b>
1. Andhra Pradesh	(-) 579.79	..	923.18
2. Assam	(-) 410.12	..	86.82
3. Bihar	(-) 1057.53	..	1092.32
4. Gujarat	(+) 164.12	..	1127.99
5. Haryana	(+) 370.06	..	678.63
6. Himachal Pradesh	(-) 317.33	207.07	..
7. Jammu & Kashmir	(-) 358.61	199.56	..
8. Karnataka	(+) 1.15	..	1006.15
9. Kerala	(-) 531.11	..	235.05
10. Madhya Pradesh	(-) 422.63	..	1111.25
11. Maharashtra	(+) 1290.70	..	3004.75
12. Manipur	(-) 184.08	146.32	..
13. Meghalaya	(-) 129.29	92.61	..
14. Nagaland	(-) 236.26	218.35	..
15. Orissa	(-) 952.19	136.92	..
16. Punjab	(+) 389.97	..	809.50
17. Rajasthan	(-) 663.24	..	220.28
18. Sikkim	(-) 36.20	35.72	..
19. Tamil Nadu	(-) 849.00	..	627.39
20. Tripura	(-) 196.23	136.57	..
21. Uttar Pradesh	(-) 1258.86	..	1943.86
22. West Bengal	(-) 857.33	..	715.27
TOTAL	(-) 9039.80	1173.12	13582.37
Net	(+) 2216.00		
	(-) 6823.80		

1. Net surplus and deficits are shown without taking account of provisions recommended by us separately for upgradation of standards of administration.

2. Devolution of taxes and duties refers to Income tax, Union duties of excise, Additional duties of excise and grant in lieu of tax on railway passenger fares.

43. Eight States have gaps left on the revenue account. We recommend that grants-in-aid of the revenues of each of these States equivalent to the amount of the deficit on the revenue account should be charged on the Consolidated Fund of India and paid in each year of the period covered by our Report, as shown in the following table:-

(Rs. crores)

STATES	Total amount to be paid in the five years.	Grants-in-aid to be paid in				
		1979-80	1980-81	1981-82	1982-83	1983-84
1. Himachal Pradesh	207.07	37.60	40.54	41.63	43.00	44.30
2. Jammu & Kashmir	199.56	41.06	40.82	39.20	39.40	39.08
3. Manipur	146.32	26.19	28.00	29.27	30.76	32.10
4. Meghalaya	92.61	16.97	17.67	18.44	19.48	20.05
5. Nagaland	218.35	38.29	41.34	43.65	46.48	48.59
6. Orissa	136.92	41.55	37.74	29.03	19.16	9.44
7. Sikkim	35.72	6.32	6.70	7.11	7.54	8.05
8. Tripura	136.57	24.36	25.75	27.29	28.85	30.32
<b>TOTAL</b>	<b>1173.12</b>	<b>232.34</b>	<b>238.56</b>	<b>235.62</b>	<b>234.67</b>	<b>231.93</b>

44. The total transfers to all States, recommended by us as shares of taxes and grants-in-aid including grants for upgradation of standards of administration, are 55 per cent of the total divisible tax receipts of the Central Government in the period covered by our report and 26 per cent of the total revenue receipts of the Central Government.

45. Prof. Raj Krishna has different views on some of the recommendations in this Chapter, which he has set out in his Note of Dissent appended to this Report.

46. We have recommended earlier that the Central Government should pay grants-in-aid under Article 275 in order to meet the losses in excise revenue which may result from steps taken by the States to introduce prohibition. We have also set out the manner in which such grants should be calculated by the Central Government. Besides, as we have mentioned elsewhere, we have not taken into account, while re-assessing the revenue forecasts of the States, any net interest liability arising out of their fresh borrowings and lendings in the period covered by our Report, since we are not in a position now to make reasonably accurate estimates. It is necessary that any such net interest liability which arises in any of the years covered by our Report, is covered by grants-in-aid under Article 275 equivalent to the amount of net liability in the case of the 8 States mentioned in paragraph 43 above. In the case of the other States, if in the period covered by our Report, the net interest liability on account of fresh borrowings and lendings exceeds the surplus on revenue account which we have estimated, such excess should be covered by grants-in-aid under Article 275. We consider that it would be helpful to the Central Government and to the States to specify the manner in which the net interest liability and the amounts of the grants-in-aid, if any, should be calculated by the Central Government. We accordingly recommend as follows:-

- i. For the liability on account of payment of interest, all such borrowings during a year, as are according to the normal rules of classification brought to account under the Major Heads of Account '603' and '604', except the following items, should be taken into account at the rates of interest as are actually applicable to each such borrowing:
  - a) overdrafts on the Reserve Bank of India;
  - b) cash credit accommodations from the State Bank of India or other commercial banks for procurement of foodgrains, edible oils, other commodities of civil supplies, etc., in as much as the State Governments should recover the interest payable on such accommodations at the time of disposal of such commodities;
- ii. where the whole or a part of such fresh borrowings in a year is repayable within the same year (e.g. loans for agricultural inputs), or in subsequent years within the period 1979-84 (e.g. block loans, as at present, for State Plans), the liability on account of interest in a year on such fresh borrowings should be computed with reference to the amount of the borrowings outstanding from time to time;
- iii. gross interest liability of Assam on account of fresh borrowings from the Centre during 1979-84, as computed in accordance with (i) and (ii) above, should be reduced by Rs. 22 lakhs in

1980-81, Rs. 42 lakhs in 1981-82, Rs. 62 lakhs in 1982-83 and Rs. 79 lakhs in 1983-84. These amounts have been included in the assessment of the non-plan revenue expenditure of the State Government in the respective years, as interest liability on loans assumed by the Commission as likely to be received by the State from the Centre at the level of Rs. 4 crores each year towards the construction of the new capital of the State. If the loan in any year is different, a corresponding adjustment should be made;

- iv. For computing receipts on account of interest on fresh lendings, whether for Plan or non-Plan purposes, by the State Governments, during each of the years from 1979-80 to 1983-84, a uniform rate of interest at 6 per cent per annum on the outstandings of all such fresh loans, brought to account under all the Major Heads of Account from '677' to '767', should be taken into account, except fresh loans to Government servants (Head 766) other than house building loans;
- v. like the liability for payment of interest on fresh borrowings, interest receipts on fresh lendings should be computed, in the manner prescribed above, from year to year, on the outstanding amounts of such fresh lendings;
- vi. the Accountant General of each State should be requested to intimate to the Ministry of Finance, by the middle of January in each year, the figures of actual borrowings, of different categories, of the State Government, brought to account under the Major Heads of Account '603' and '604', during the first 8 months from April to November of that financial year, as also the rate of interest and the terms of borrowings applicable in each case. Likewise, the figures of actual lendings, and the terms thereof, as well as fresh investments, referred to in (v) above, during the first 8 months of the year should be obtained from the Accountants General;
- vii. on the basis of such actuals for the first 8 months of a year and the estimates, on best judgement, of further borrowings, lendings and investments during the last 4 months of a year, computations of the net interest liability on fresh lendings and borrowings should be made in relation to each of the years from 1979-80 to 1983-84;
- viii. the additional grant-in-aid that, on such computation, may become due to a State Government, in respect of each financial year, should be paid by Presidential Order, before the close of that year, subject to final adjustments towards payment of arrears or recovery of excess payments, if any, in the following year in the light of the actual amounts and the terms of fresh borrowings, lendings and investments in that previous year; and
- ix. following the computations made as above, the President should be moved to increase, to the extent required, the grants recommended by us under Article 275 of the Constitution to the 8 States mentioned in paragraph 43 above. In the case of the other States, the net interest liability computed should be set off against the surplus as assessed by us, and the net deficit, if any, should be given as grants-in-aid by Presidential Order under Article 275.

47. We would suggest that the Central Government should incorporate suitably every year in the Explanatory Memorandum on the Central Budget or in the Supplementary Demands as the case may be, the computations made as above and the grants payable towards the net interest liability. The State Governments concerned should also be kept informed of such computations.

## CHAPTER 10

### UPGRADATION OF STANDARDS OF ADMINISTRATION

1. In accordance with sub-paragraph (vi) of paragraph 5 of the Presidential Order, the Commission has to have regard, among other considerations to:

“the requirements of States which are backward in general administration for upgradation of standards in non-developmental sectors and services with a view to bringing them to the levels obtaining in the more advanced States over the period covered by the Report of the Commission; the manner in which such expenditure could be monitored, being also indicated by the Commission.”

2. The Sixth Finance Commission had allowed provisions to enable States which were backward in standards of general administration to improve the standards. That Commission was required to deal with this matter as one of a ten-year span, of which the first five years were the period covered by its Report. The financial provisions made by it for States were calculated so as to bring them up to the all-States' average of per capita expenditure on each of the various services regarded by that Commission as falling within the purview of the phrase "general administration" used in its terms of reference. We are, however, required to confine ourselves to providing for upgradation of standards of administration in non-developmental sectors and services. The period in which this upgradation of standards is to be attained is limited to the five years covered by our Report.

3. For an assessment of the existing standards and of the gaps between the backward and the more advanced States, we have decided to confine ourselves to the sectors and services which are the more important elements in the basic administrative infrastructure of government. In our view these would be the following:—

- (1) Administration of taxes.
- (2) Treasury and Accounts administration.
- (3) Judicial administration.
- (4) General administration, consisting of revenue, district as well as tribal administration, and the Secretariat services.
- (5) Police.
- (6) Jails.

Certain States have sought provisions to upgrade the administration in certain other fields like education, welfare of Scheduled Castes and Tribes etc., which do not in our view belong to the category of non-developmental sectors and services specified in our terms of reference, but rather to the Plan.

4. There is no doubt that, judged on various indicators, there are disparities in respect of the administrative infrastructure between the States, and there is a clear need to upgrade and improve the standards of administration in several States. The capabilities and efficiency of the administration have a significant bearing not only on the quality of public services rendered and the level of satisfaction of the citizenry, but also on the developmental situation in a State. We feel that administrative efficiency is not a function of finance alone, but depends very much on the priority accorded to the performance of basic administrative tasks by the State Governments themselves, their attention to improvements in organisational structures and methods of work, the capacity of the official machinery to innovate, reform and change and the efficient functioning of the financial accounting and control systems. A strong political and administrative awareness and will, and sustained efforts, are also essential to carry out improvements within a defined period. We were struck by the fact that in several of the States which appeared backward in respect of general administration there was little preparedness for introducing the necessary improvements and upgradation of standards. This may have been, among other factors, partly the result of the low priority accorded to the non-developmental sectors on account of the severe constraints on their resources in recent years, judging from the fact of diversion of the provisions for upgradation made by the Sixth Finance Commission in several States for other purposes.

5. In the course of examining the standards of administration in different fields in the various States, as they are now, we have noticed that a simple measure like per capita expenditure is often misleading, especially taking into account also other indices of the effectiveness or output. Per capita expenditure figures are also misleading for the reason that the emoluments of the employees concerned with a particular service vary from State to State. Besides, it is not possible for us to assume, we find, that the States which are economically advanced always have better standards of administration of the different services than the other States. We have, therefore, examined the relative position of the States

in physical terms as far as possible, and considered the needs for provisions for upgradation of standards in relation to norms which we have evolved.

6. While we have examined the requirements for upgradation of standards of administration in terms of physical norms as far as possible, we have also kept in mind the feasibility of the implementation of improvement schemes within the five year period of our Report. We should mention also that we have not left out of consideration any State which, in our view, needs to effect some improvement in a particular service or sector, even though it may not have made any proposals. No State has been allowed larger provisions than it had proposed.

7. In the course of our consideration of the subject, we have found that in many cases the provisions under revenue account which we allow for the purpose of upgradation of standards of administration would need to be supplemented by provisions for administrative and residential buildings. Unless these buildings are provided for, it is unlikely that the object of providing funds on the revenue account would be achieved fully or within the period covered by our Report. We are led to this belief on the basis of the experience of most States in recent years, which has been that even essential administrative and residential buildings could not be provided for in their Plans, on account of the competing demands of other sectors on the available resources. We may cite the instance of courts or jails, areas which have been causing concern, and rightly. There is little point in numbers of new courts being opened to expedite the disposal of civil and criminal cases, especially in the smaller places to which the public have easy access, if the courts and judicial officers are also not housed suitably at the same time. We have, therefore, allowed provisions for the buildings also where we have considered these essential.

8. We have given careful consideration to the scope for grants-in-aid under Article 275 for meeting capital expenditure. The operative part of this Article speaks of "sums". There is no restriction or bar in the Article against making grants for capital expenditure. The first proviso to the Article expressly speaks of grants of capital sums. This goes to show that the expression grants-in-aid of revenues does not limit grants for revenue expenditure only. We are fortified in this view by the Note of the Chairman of the Fourth Finance Commission appended to its Report on the interpretation of Article 275. Further, it seems unreasonable to hold that the operative part of the Article enables the Commission to make grants for revenue expenditure only, while the proviso enables grants being made of revenue as well as capital nature. It is quite clear therefrom that it is open to us to recommend grants for capital expenditure also, apart from grants for revenue expenditure under Article 275.

9. As already mentioned we have considered the necessity for upgrading the standards of the services we have examined in all the States. We have also mentioned, while dealing with the reassessment of the forecasts of the States, that we were providing for upgradation of standards of administration separately. We are not incorporating the provisions which we have recommended in this Chapter in the re-assessed revenue forecasts of the States concerned. In our view, and in the light of the arrangements we have proposed for implementation and monitoring of the schemes for upgradation of standards, it is necessary to keep these provisions distinct and provide equivalent amounts as grants under Article 275.

10. We have considered also the question whether grants-in-aid should be made to States for upgradation of standards of administration irrespective of their financial position. We believe that the States which have been assessed by us to be surplus on the revenue account even without taking credit for resources being transferred in terms of our Report should be considered as not needing such assistance. It is our view that these States have the resources to effect such improvements in their standards of administration as they find desirable. We are, therefore, not recommending any grants for such States i.e. Gujarat, Haryana, Karnataka, Maharashtra and Punjab. In the case of the other States, where we have found that standards of administration need to be upgraded to the extent that we have worked out, we recommend that grants-in-aid be made equivalent to the revenue and capital provisions which we have estimated, and subject to the implementation and the monitoring of the upgradation schemes in the manner indicated hereafter.

11. We are aware that since the commencement of the Fifth Plan, outlays for buildings are being provided in the Plans, since they create capital assets. We would suggest that at the time of finalising the Plans of the various States, the non-Plan provisions we have recommended should be kept in view by the Planning Commission and the State Governments.

12. We have dealt with the standards of administration in different sectors and services later in this chapter. It should be understood that our exercise is no substitute for the normal scrutiny of the details by the administrative departments and the Finance Department of the State Governments concerned.

### Fiscal Services and Treasury and Accounts:

13. We have mentioned in our account of the reassessment of the revenue forecasts of the States that additional revenue expenditure has been built in the forecasts of expenditure relating to fiscal services and the treasury and accounts administration in many States. For these services, we recommend that capital expenditure needs may be provided through grants-in-aid under Article 275 in the following cases:

<i>(Rs. lakhs)</i>		
Bihar	Stamps and Registration	50
Himachal Pradesh	Upgradation of treasury and accounts administration	30
Madhya Pradesh	- do -	26
Rajasthan	- do -	100
Tripura	- do -	5
Uttar Pradesh	- do -	375
	<b>Total:</b>	<b>586</b>

Appendix V.1 sets out the specific items on which the States are entitled to spend these amounts. The releases against these entitlements should be regulated in the manner suggested later in this chapter.

### Judicial Administration.

14. The large accumulation of arrears of cases in different States is a matter of serious concern. The Union Law Minister has also written to us expressing his anxiety in the matter and proposing that the number of the courts in different States should be increased, with due regard to the accumulated work and the present rates of disposal of cases. In order to arrive at the requirements for upgradation of judicial administration, we have assessed the situation in the different States on certain objective quantitative standards, with reference to the institution, disposal and pendency of civil and criminal cases, in the period 1.1.1976 to 30.6.1977. The statistics furnished to us by the Department of Justice of the Central Government have provided a good basis for this assessment. The relevant data have been given in Appendix V. 2(i) to (iv). The adequacy or otherwise of the existing number of courts in different States has been judged with reference to the following criteria:

- i. the ratio of annual disposal of cases to fresh institutions, from which we have derived the additional number of courts needed in certain States for ensuring that disposal keeps pace with institutions.
- ii. the ratio of total pendency to annual disposal, which has enabled us to estimate the additional requirements of courts in order to ensure that the level of pendency is brought down in the next 4 or 5 years so as to enable courts to dispose of criminal cases within 6 months, and civil cases within 12 months of their institution.

15. We have relied to a large extent on the information contained in the periodical reviews, made by the Union Department of Justice, of the overall workload in the lower and appellate civil courts and magisterial and sessions courts. We had also asked for information from the State Governments in regard to the total number of courts at present. There are divergences in the figures from the two sources in the case of many States, which we are not able to reconcile, even though the information of the Department of Justice is also from the same sources. We have also taken note of the additional courts sanctioned in some of the States since 1977-78. We find that the present rates of disposal of cases in the courts at different levels vary a lot from State to State. While these variations may be explained partly with reference to the peculiar composition of the cases in different States, there seems to be room for improvement in the rates of disposal of cases attained at present in several States. We expect that with the upgradation of police administration which we are providing for and with the additional courts also being allowed for, there should be a marked improvement in timely disposal of criminal as well as civil cases.

16. Taking the overall workload, the number of courts and the current rate of disposal of cases in the lower as well as the higher courts upto the district level, we are led to the following assessment of the additional courts necessary in the States:

	Criminal Courts		Civil Courts	
	Lower	Higher	Lower	Higher
Andhra Pradesh	10	-	5	4
Assam	14	2	26	-
Bihar	85*	33	14	1
Himachal Pradesh	2	-	-	-
Jammu & Kashmir	2	-	-	-
Kerala	-	2	-	-

Madhya Pradesh	4	1	-	2
Manipur	7	-	-	-
Meghalaya	-	-	-	-
Nagaland	-	-	-	-
Orissa	12	7	-	2
Rajasthan	27	7	12	2
Tamil Nadu	4	-	-	-
Tripura	2	-	3	7
Uttar Pradesh	84*	48*	-	-
West Bengal	46*	3	51*	7

\* Phased in 2 years

The scales of expenditure on pay and allowances and other recurring and non-recurring expenses per court, including a provision for the library of law books in each court, have also been specified in the entitlement of the States. Details may be seen in Appendix V.3.

17. We would like to stress in this context the desirability of close supervision of the work of the courts by the High Courts in order to ensure the achievement of reasonable degree of speed and efficiency in the dispensation of justice, which is our objective in providing for more courts as indicated above.

18. We have also made provisions for buildings for the additional courts for which we have allowed provisions on the revenue account. It is the general experience that suitable accommodation for additional courts would not be available in the districts and particularly in the smaller towns. We have also made provisions for residences for presiding officers of these new courts. We regard it as essential for the independence and fair image of the Judiciary, that Judicial Officers should not be constrained to hire quarters from private persons as far as possible. For estimating the provisions, we have adopted moderate norms of area requirements and costs of constructions as given in Appendix V.4.

19. The total provisions we have allowed for the Upgradation of Judicial Administration in the various States during 1979-84 add up to Rs. 2399.45 lakhs, as shown in the Table below:

(Rs. Lakhs)

	Revenue	Capital
1. Andhra Pradesh	54.77	29.20
2. Assam	108.96	60.10
3. Bihar	373.43	208.30
4. Himachal Pradesh	5.02	2.80
5. Jammu & Kashmir	5.02	2.80
6. Kerala	8.56	4.10
7. Madhya Pradesh	22.88	12.95
8. Manipur	17.57	9.80
9. Nagaland	-	70.00*
10. Orissa	68.64	35.25
11. Rajasthan	136.41	73.05
12. Tamil Nadu	10.04	5.60
13. Tripura	42.51	21.35
14. Uttar Pradesh	374.58	217.20
15. West Bengal	262.26	156.30
<b>Total</b>	<b>1490.65</b>	<b>908.80</b>

\*For village courts

Item-wise details may be found in Appendix V. 5.

### Revenue, District and Tribal Administration

20. Revenue and district administration taken together constitute the dispersed general administrative structure in all these States. It is with the officials in this structure that the largest number of citizens have dealings at the field level. The revenue administration continues to be responsible for land records and land reforms administration, as well as for a wide variety of general administration, tasks of a routine as well as emergent nature. The district administrative structure provides a basic unit of integration for local administration as well as for decentralised developmental activities. The upgradation of standards in these sectors of administration is, therefore, of the utmost importance.

21. The Sixth Finance Commission had taken a composite view of expenditure on revenue and general administration. It had noted certain limitations of comparisons between States in physical terms such as the average size of districts, the span of control in terms of area and population served

by different functionaries, etc., and found itself unable to arrive at a set of general criteria to apply across the States. That Commission, therefore, allowed provisions for upgradation of standards on the basis of expenditure in per capita terms. We have been unable to proceed in the same manner. Under the present system of classification of accounts, the practices of booking expenditure under various heads differ from State to State. Comparisons in terms of expenditure are also vitiated by the fact that local bodies play varying roles in different States, and in States like Maharashtra and Gujarat they have been assigned particularly large roles and receive larger transfers from the State Budgets than in other States. We have looked into the expenditure incurred by the different States under the Heads of Account 229-Revenue Administration and 253-District Administration, as well as on the Secretariat Administration under the Heads 252, 276 and 296. We have examined the expenditure under these Heads in the States in per capita terms as well as in terms of net sown area, per district, as well as per square kilometre of area. Appendix V. 6 sets out some compilations we have done. The comparisons show that the field administration costs per capita were higher in States like Rajasthan than in Punjab, the level of expenditure in which State was on par with Madhya Pradesh as well as Karnataka. Gujarat was spending less per capita than Assam, and a little more than Bihar, though the Gujarat administration cannot be regarded as backward. In terms of costs per hectare and net sown area, the comparisons again show that Gujarat had the lowest costs, followed by Rajasthan, Madhya Pradesh and Haryana, while the cost in States like Tamil Nadu and Kerala were nearly four times that incurred in Gujarat. Maharashtra and Punjab were also low-spending States in these terms. The expenditure per district varied in the ratio of 1:4 between Haryana and Tamil Nadu, and 1:3 between Haryana and Andhra Pradesh or West Bengal. These expenditure comparisons, however, are not wholly meaningful, considering the great variations in the average size of districts in the different States, in terms of area as well as population. The range of variation in expenditure per square kilometre was again very wide, almost more than 5 times in Kerala, West Bengal and Bihar over Gujarat, Rajasthan or Madhya Pradesh, and this may be explained partly by the varying density of population in these States.

22. In the light of the above, we feel that it would not be right to go by any general criterion in determining the provisions to be made for upgradation of revenue and district administration. Instead, we have considered the proposals received from various States for upgradation of these sectors of the administration on merits in the light of experience. We have also carefully perused the documentation sent by many States in support of their proposals, including in certain cases like Assam and Orissa, the report of committees which had in recent years examined the requirements of reorganisation of districts, sub-divisions, etc.

23. A large number of the States which have tribal sub-Plan areas, have sent us proposals for upgradation of tribal administration in various aspects. We are aware that the administration of tribal areas stands in particular need of upgradation of standards and that some essential improvements for this purpose are also incorporated in the tribal sub-Plans. We have also been favoured with a Memorandum by the Union Ministry of Home Affairs on this subject. However, we found ourselves unable to appreciate the logic behind the proposals made by certain States for making enhanced provisions of expenditure on certain items like maintenance costs of roads and buildings, or other works, not with reference to any technical considerations which may have a bearing on the costs, but merely on the ground that the particular works happen to lie within the tribal areas of the State. We have attached priority to proposals for allowing compensatory allowances to transferable Government servants working in these areas. We believe that these employees work in areas where the normal facilities and amenities of living are not yet available as they are in the non-tribal areas, and have therefore to incur extra costs for various purposes. Compensatory allowances for work in such conditions would help them to overcome their financial and other disadvantages.

24. As regards Secretariat administration, we find no reason to support any of the proposals made. The amounts involved, which only some States have asked for, are quite small. Besides, we feel that attention has to be concentrated on improvements not in the State headquarters but in the field levels of administration.

25. Keeping in view the above considerations, we have made the following provisions for different States, for implementation of the schemes, as listed itemwise in Appendix V. 7:-

(Rs. lakhs)

States	Revenue	Capital	Total
Andhra Pradesh	165	306	471
Assam	146	622	768
Bihar	884	1112	1996
Himachal Pradesh	60	24	84
Jammu and Kashmir	50	200	250
Kerala	20	40	60

Madhya Pradesh	1156	680	1836
Manipur	74	540	614
Meghalaya	..	150	150
Nagaland	50	24	74
Orissa	793	444	1237
Rajasthan	200	390	590
Tamil Nadu	22	72	94
Tripura	95	24	119
Uttar Pradesh	151	2016	2167
West Bengal	98	96	194
Total	3964	6740	10704

### Police

26. The police administration is called upon to perform diverse tasks. It has an increasing responsibility to discharge not only in keeping law and order and investigating crime and prosecuting offenders, but also in regard to its dealings with the public and in obtaining their support. The National Police Commission is currently studying a wide variety of issues linked with the tasks of improvement and modernisation of the police force, and is reviewing, it is understood, the objectives, status, methods, organisational structure etc. of the Police. The recommendations of that Commission would, it is hoped, have a lasting impact on the course of the future development of police administration in the country.

27. We have made our own assessment of the current status in this sector of administration in the different States. We have looked into the total and per capita expenditure incurred at present in different States, the trends in the situation of crime in different States, the strength of the police and the Home Guards, etc., and certain general indicators of the adequacy or otherwise of the police force and its capabilities. We have also obtained information from the State Governments about the state of the equipment and accommodation for the police. Comparisons have also been made of the strength of the police vis-a-vis indicators of performance such as the percentage of cases pending investigation and the convictions secured out of the total cases decided by the courts. There are very wide variations across the States in these matters. Appendices V. 8(i) to (v) set out some of the compilations made by us in this connection.

28. We have examined the variations across the States in respect of these indicators. In absolute numbers, Bihar has the highest population figure of 1407 per policeman, which is nearly double the population per policeman in Punjab (707) and Maharashtra (755). However, if this number is viewed against the volume of crime in the different States, the relative position of Bihar is even worse. With reference to the number of policemen per 1000 crimes, the lowest number of policemen is found in Madhya Pradesh (320), Uttar Pradesh (338), Assam (395), and Bihar (445) as compared to Orissa (549), Maharashtra (552), Tamil Nadu (590) Andhra Pradesh (904), Haryana (1089) and Punjab (1357). We have excluded from this comparison States like Nagaland and Sikkim which have their own unique situations. However, neither the proportion of cases pending investigations with the police nor the percentage of convictions to total court decisions is apparently adversely affected by the smallness of the number of policemen per 1000 crimes in the case of Madhya Pradesh, Maharashtra and Tamil Nadu. On the other hand, the mere fact of a relatively larger police force does not seem to have a positive impact on the results achieved in these terms in the case of Haryana, Punjab, Rajasthan or West Bengal. Similarly, percentages of per capita expenditure in different States on the Police do not by themselves reveal that the expenditure on the police in a State is an index of the efficiency of the police administration. Some of the low per capita expenditure States come up well in the comparison of performance in terms of investigations and convictions, as compared to States spending higher amounts.

29. In their proposals for upgradation of the police administration, the States have covered a very wide range of activities, and have sought additional expenditure on schemes for augmenting police strength, training, additions to their fleet of vehicles of different types, equipment and facilities etc. A number of States have asked for augmentation of armed police strength. Certain States have also proposed additional expenditure on fire services. Requirements of additional buildings for police stations, training institutes, laboratories etc. have been included in some of the States' proposals, while almost all States have made demands for additional housing for the police.

The Railway Board have also furnished a memorandum to us suggesting that the States should be enabled to augment the Government Railway Police. A few States have also made similar proposals. We do not think that this question needs separate treatment. The provisions we are allowing for the revenue expenditure should enable States to meet such requirements.

30. We have given serious consideration to the proposals made by the States and have not been able to find justification for adding to the armed police strength in any State. We feel that the needs of States in this regard from time to time could be adequately met by drawing upon the Central Reserve Police.

31. We have taken the view in regard to fire services that it would be inappropriate for the Commission merely to upgrade services in some States where they are a direct charge on the State budget, while in several States the fire services are the responsibility of the municipal bodies. We would however suggest that the Union Ministry of Finance should use its good offices with the General Insurance Corporation to extend assistance appropriately to State Governments and local bodies to improve and augment fire services. In the long term, this course might well be in the interest of reduction of insurance risks. We note that there is already a parallel to what we have suggested, in that the Life Insurance Corporation provides assistance to local bodies for water supply and sewerage schemes etc. on similar considerations.

32. We have not made any provisions for non-residential accommodation separately. We have however given priority to the consideration of the overall revenue expenditure needs and the specific needs of police housing in different States. These are the items which in our view need upgradation more than the rest. The information on police housing considered by us is given in Appendices V. 9(i) to (iii). There are strikingly low levels of housing satisfaction for the subordinate ranks in many States, in spite of the operation of the Central assistance scheme for police housing for about two decades. It is clear to us that there is urgent need to provide for adequate housing in these States in the interest of discipline and morale of the police.

33. On an overall view of the situation we have adopted the following criteria for judging the relative status of police administration in different States, for arriving at the requirements for upgradation of standards:

- i. To the extent that, as compared to other States, any State has a lower figure of revenue expenditure on Police than is warranted by the level of crime in that State, the expenditure should be stepped up so as to enable the State to spend as much as the other States are spending on police with reference to their respective levels of crime per lakh of population. These provisions for enhanced revenue expenditure would enable the States which are backward in the matter of police administration (a) to increase the strength of civil police or strengthen Home Guards Organisation etc. and (b) to improve staff training, welfare, transportation, equipment and aids to scientific investigation.
- ii. In regard to the housing of subordinate police staff, consisting of constables and head constables, the average level of 58.2 per cent of satisfaction in the States which are above the all-India average in this regard has been taken as the norm to be attained by the rest of the States, and adequate provisions of capital expenditure have been allowed to these States for construction of the number of quarters and barracks estimated on this norm.

34. On the basis of the above-mentioned criteria, we recommend provisions to the extent of Rs. 251.59 crores, consisting of Rs. 168.73 crores of revenue expenditure and Rs. 82.86 crores of capital expenditure, as set out in detail for different States in Appendices V. 10(i) and (ii). This amount also includes Rs. 1.00 crore for the construction of an armed battalion headquarters in Meghalaya. The provisions recommended for each State are shown in the following Summary Table:

(Rs. lakhs)

	State	Revenue	Capital
1.	Andhra Pradesh	..	1223.00
2.	Assam	243.00	991.00
3.	Bihar	2213.00	1006.00
4.	Himachal Pradesh	496.00	156.00
5.	Jammu & Kashmir	800.00	720.00
6.	Kerala	..	345.00
7.	Madhya Pradesh	3599.00	159.00
8.	Manipur	..	286.00
9.	Meghalaya	..	281.00
10.	Nagaland	..	289.00
11.	Orissa	1443.00	
12.	Rajasthan	916.00	92.00
13.	Sikkim	..	51.00
14.	Tamil Nadu	443.00	675.00
15.	Tripura	..	173.00

16.	Uttar Pradesh	6720.00	
17.	West Bengal	..	1839.00
	<b>Total:</b>	<b>16873.00</b>	<b>8286.00</b>

The mode of releases of the grants to the States is discussed later.

35. We are aware of the position that the Plan will make some provisions for police housing, for all the States as well as for the Central Government and the Union Territories. Our concern is more specific, with reference to the leeway to be made up in five years in the backward States, and the provisions we have recommended should be seen in this light. We would like to stress that while determining the outlays for police housing under the Plans, the non-Plan provisions we have recommended should be kept in view by the Planning Commission.

#### **Jail Administration**

36. In regard to the requirements of upgradation of standards of administration of Jails, we have gone into the adequacy of accommodation with reference to the trends in respect of number of inmates at various times and the level of facilities provided and expenditure incurred on prisoners in the different States. We have also studied the observations of the Shah Commission in these matters. The facts show that Jails have been neglected for too long and that there has been practically no improvement in the environment, or in the methods of handling in-mates. We, however, do not regard ourselves as competent to lay down the requirements of modernisation of Jails, or the correctional services. At the same time, we are convinced that a certain minimum standard of upkeep of prisoners, improvements in diet and amenities, and to a certain extent additions to Jail capacity are urgently called for.

37. The essentials of the material received from the Ministry of Home Affairs and the Department of Social Welfare of the Government of India as well as that obtained from the State Governments have been compiled by us and may be seen in Appendices V. 11(i) to (iv). We have analysed the expenditure with reference to items which are related to the diet and other provisions made for prisoners and the expenditure on prison overheads. We are surprised to note that Maharashtra, Tamil Nadu spend less than Rs. 2 per prisoner per day on diet. This expenditure is below Rs. 2.50 in Andhra Pradesh, Orissa, Punjab and West Bengal. Adequate data on expenditure on other items for prisoners like washing, medicines, clothing etc. were not available for most of the States, but the amounts spent in States for which details were given in budget documents showed that the level of expenditure on these items was very low. The expenditure on establishment as well as Jail manufactures varied greatly from State to State. But we are perturbed to find that, with rare exceptions, the level of expenditure on the prisoners has been extremely low. It has to be remembered here that the inmates in Jails include not only convicts but also under-trials and other detenus, all of whom need to be given the essentials for a minimum human existence. We have been informed that there are extreme cases of neglect in this matter. It is stated that the Dewas Jail building in Madhya Pradesh was condemned over 20 years back (as reported by the State Government) and that all prisoners in this Jail have been kept in fetters for the reason that the Jail premises are not secure.

38. We have accordingly taken the view that priority should be given, firstly, to ensure that adequate direct expenditure was incurred on the prisoners and secondly, to improvements in amenities in the existing Jails in respect of water supply, sanitary facilities, electrification etc. Thirdly, there is immediate need to provide for construction of additional Jail capacities in States where these are found short of the minimum requirements. We have earlier made reference to the levels of direct expenditure on prisoners. We consider it necessary that a norm of Rs. 3 per head per day for diet and Re. 1 per day per prisoner for other items like medicine, clothing etc. should be a minimum, and that inclusive of prison overheads (not including the headquarters costs of direction and administration), a minimum of Rs. 6 per day per prisoner should be provided for in all the States. This level of expenditure has already been attained by 1978-79 in certain States which we regard as the advanced States for this purpose. We have made provisions accordingly for the States which are backward in comparison as in Appendix V.12. We have also taken note of the proposals of various States for improvement in amenities in the existing Jails, and have made suitable provisions wherever the requirement was established on the basis of the material sent to us.

39. We turn now to the need for additional Jail capacity. The information we have received on the Jail population on different dates, and the Jail capacities is given in Appendix V. 11(ii). It is clear that the Jails in several States are overcrowded. We have also taken care to look into the proportions of under-trials to the total Jail population in the States. We find that this proportion is very high in several States, for instance, Assam, Bihar, Orissa, Uttar Pradesh, West Bengal, rising in some cases to 80 per cent of the total inmates. While making provisions for additional Jail capacity for the long

term, we cannot obviously allow for such high proportions of under-trials. For additions to Jail capacity, we have limited the proportion of under-trials to a norm of not more than 40 per cent of the total Jail population. The basis adopted for making the provisions for additional Jail accommodation has been indicated in Appendix V. 13.

40. In the light of the above, we recommend the following grants to different States for upgradation of jail administration:

*(Rs. lakhs)*

	Revenue	Capital	Total
Andhra Pradesh	182	..	182
Bihar	205	250	455
Jammu & Kashmir	..	50	50
Madhya Pradesh	496	206	702
Manipur	..	68	68
Meghalaya	..	55	55
Orissa	221	221	442
Rajasthan	..	22	22
Sikkim	..	14	14
Tamil Nadu	631	862	1493
Uttar Pradesh	1078	270	1348
<b>TOTAL</b>	<b>2813</b>	<b>2018</b>	<b>4831</b>

Itemwise details are given in Appendix V-14.

41. Appendix V. 15 provides a summary statement of the upgradation provisions made by us for the various States.

### Monitoring

42. Para 5(vi) of the Presidential Order requires us to indicate the manner in which the utilisation of the provisions we allow for the upgradation of standards of administration can be monitored. We have gone into the question of the objectives, scope, methods and agencies for monitoring with due regard to the need of the system being effective, without becoming cumbersome to operate or self-defeating in the ultimate analysis. We also deal here with the aspect of monitoring referred to in para 5(v) of the Presidential Order, in respect of the provisions we have allowed for maintenance and upkeep of capital assets and plan schemes.

43. The main objective of monitoring is to ensure that the funds provided for specific purposes are actually utilised for those purposes, and are not diverted. Another objective would be to see that the desired results in physical terms are achieved by incurring expenditure. We had raised in our discussions with the State Governments the question as to what stage of upgradation of standards had been reached as a result of the utilisation of the amounts provided for various purposes by the Sixth Commission. No specific answers were forthcoming to this question in most States. Though expenditure reports would be an essential part of the monitoring system, they would have to be supplemented by some other indicators of the progress achieved. Thus, both financial as well as physical indicators would have to be stated wherever possible.

44. In the course of our discussions with the State Governments we ascertained that none had any objection in principle to monitoring of the utilisation of the provisions we allowed for upgrading standards of administration. Some States, however, felt that the monitoring should not be by a Central Ministry but rather through an independent agency, which could perhaps be part of an agency set up at the instance of the Finance Commission. The States also had no objection to monitoring through the normal audit by the Comptroller and Auditor General, for which purpose they felt that the accounts of the utilisation of the upgradation provisions could be shown in separate sub-heads.

45. We are of the view that the provisions which have been made by us for upgradation of standards should be used on the basis of physical plans of action. These plans of action should be formulated by each State concerned in sufficient detail so as to be meaningful, and then finalised in consultation with the administrative Ministry concerned at the Centre. The State should then proceed to utilise the upgradation provisions in accordance with these plans of action, the progress being reviewed by the administrative Ministry concerned in the Central Government. On the recommendations of the administrative Ministry, the Ministry of Finance should make releases by way of grants to match the expenditure in respect of the upgradation provisions we have allowed.

46. Accordingly, we recommend the following:

1. As far as provisions for maintenance of roads and buildings, expenditure on medicines and diet of patients, maintenance expenditure on irrigation and flood control etc. works are

concerned, it would be difficult to spell out the physical performance objectives. Except to the extent that budgetary provisions are specified by a sub-head in the major Head of Account concerned, it may be difficult to keep under review the utilisation of the provisions made. Moreover, since these provisions have been incorporated on a normative basis in the expenditure in the forecast period, it may not be feasible for an outside agency, say the Central Government, to keep the provisions under review. The only agency which could discuss this aspect regularly with the State Governments would be the Planning Commission, in the course of the Annual Plan discussions. We would suggest that the Planning Commission may, in consultation with the States, evolve a suitable procedure for monitoring the adequate maintenance of Capital assets and other schemes.

2. In respect of the provisions made by us for upgradation of non-developmental sectors, our recommendation is that the administrative Ministries concerned with the finalisation of plans of action and the release of grants should draw up procedures for monitoring in terms of financial as well as performance indicators based on the criteria adopted by the Commission while making these provisions. These criteria may be recapitulated here.
  - i. Capital expenditure on certain schemes relating to Stamps and Registration, Upgradation of Treasury and Accounts administration, as earlier described and set out in Appendix V.1, may be monitored by the Ministry of Finance.
  - ii. **Judicial Administration:** Additions of a specific number of courts, attaining the minimum norms of disposal per court based on past trends, and construction of court buildings and of residential accommodation for all the new Presiding Officers, as set out in Appendix V. 5, can be conveniently monitored by the Department of Justice.
  - iii. **Revenue, District and Tribal Administration:** The implementation of specific schemes for which provisions have been allowed as listed in Appendix V. 7 may be monitored by the Ministry of Home Affairs.
  - iv. **Police Administration:** The norms adopted for making provisions for upgradation of strengthening of police administration have only been stated in financial terms as far as revenue expenditure is concerned and the State Governments should finalise their plans of operation in consultation with the Ministry of Home Affairs. For the provisions made for Police housing, the Ministry of Home Affairs may draw up a suitable monitoring system to ensure that the funds provided are utilised for the construction of quarters/ barracks in accordance with the norms adopted by us. Appendix V. 10 (ii) lists the provisions we have allowed.
  - v. **Jails:** Provisions for incurring of minimum of expenditure of Rs.3 per day on the diet of prisoners and Rs.1 for medicines, clothing, etc. within the total provision of Rs.6 per day for direct expenditure on prisoners (including overheads), which should be monitored by having suitable sub-heads under the major head of account. For additions to overall capacity also we have specifically indicated the amounts provided to the States where such capacity needs to be augmented, and the progress made against these schemes should be monitored by the Ministry of Home Affairs. All the items, including amenities and improvements in Jails, and the provisions allowed by us are listed in Appendix V. 14. This should be utilised for the purposes of preparing plans of action, releases of grants and monitoring of progress.

47. We have examined the question of the mode of regulation of releases of grants. These grants should be made so as to cover the actual expenditure on the approved plans of action. An initial on-account grant may be released in the first year and the second year's grant on the basis of performance and expenditure reported by the State Government. By the third year, the audit report for the first year should be available and should also be taken into account while making the subsequent annual releases of grants. The grants we have recommended are for five years, and any shortfalls in actual expenditure in a year should remain available for utilisation in the subsequent years till 1983-84.

48. We expect that the provisions for upgradation of administration made by us will have a substantial impact on the effectiveness of the States' administration, and enable them to overcome the deficiencies that have come to light. We trust that the provisions will be purposefully utilised by the States.

## CHAPTER 11

### NON-PLAN CAPITAL GAP OF STATES

1. Under paragraph 8 of the Presidential Order constituting the Commission the Commission may make an assessment of the non-Plan capital gap of the States on a uniform and comparable basis for the five years ending with 1983-84. In the light of such an assessment, the Commission may undertake a general review of the States' debt position with particular reference to the Central loans advanced to them and likely to be outstanding as at the end of 1978-79 and suggest appropriate measures to deal with the non-Plan capital gap, having regard inter alia to the overall non-Plan gap of the States, their relative position and the purposes for which the loans have been utilised and the requirements of the Centre. The Sixth Commission, which was the first Finance Commission to be asked to undertake a comprehensive review of this aspect of the finances of the States, had similar terms of reference. There is however a significant difference between our terms of reference and those of the Sixth Commission in that whereas that Commission was asked to suggest changes in the terms of repayment of the Central Loans, we are required to suggest "appropriate measures" to deal with the non-Plan capital gap of the States in the period covered by our report.

#### **Assessment of non-Plan capital gap**

2. The capital transactions of the State Governments are brought to account under the various heads of account prescribed in the Consolidated Fund, Contingency Fund and the Public Account. A summarised list of these heads is given in Appendix VI. 1. As indicated earlier, we obtained from the States their forecasts of receipts and disbursements on capital account for the five years from 1979-80 to 1983-84. We re-assessed these forecasts on a uniform and comparable basis for estimating the gap of each State on capital account arising out of non-Plan transactions. We might observe in this connection that we have benefited considerably from the pioneering work of the Sixth Commission in this exercise. We have kept in mind certain general considerations, for instance, the current practice that some types of net receipts on capital account are taken as resources of the States for their Plans and so are not available for meeting non-Plan liabilities and the fact that capital outlays and loans advanced by the States generally represent investment expenditure and should form part of their Plans.

3. The capital outlay in the general services Sector in the States is mainly incurred for construction of non-residential buildings, other than those exclusively relating to a function included in the sectors 'social and community services' or 'economic services'. Outlays for stationery and printing, including purchase of machinery for printing presses, are also accounted for in this sector. Several States have proposed sizeable provisions for these purposes in their forecasts. These outlays would create new assets or new capacity and therefore should properly form part of the Plan. We have not, therefore, allowed any provision for non-Plan capital outlay in this group for computing the non-Plan capital gap of the States. However, we have provided elsewhere for their requirements on account of construction of buildings which we considered essential together with provisions on revenue account for upgrading the standards of administration of certain services in many States.

4. Capital outlay brought to account under the heads in the social and community services sector is mostly on buildings, both residential and non-residential, and other construction work like townships. These outlays basically create assets in the developmental sectors. In a few cases, the outlays under this group are in connection with purchase and sale of commodities by the Food and Civil Supplies Departments of the State Governments. We have not allowed any non-Plan capital outlay under the heads in this sector, except a provision of Rs. 20 crores in the case of Assam towards construction of a new capital for the State. Following the formation of Meghalaya as a separate State the project of the Government of Assam to build a new capital has been given non-Plan aid by the Government of India. We have assumed that of a total outlay of Rs. 40 crores in the five years from 1979-80 to 1983-84, half would be covered by grants from the Central Government and the other half by non-Plan loan assistance. The grant portion and the corresponding amount of capital outlay have been omitted from the forecast of the State Government for convenience.

5. Capital outlay under the heads in the economic services sector are essentially of a developmental nature and should therefore be in the Plan. In certain cases, however, the transactions are of a trading nature, like purchase and distribution of fertilisers, pesticides, etc. In such cases the entire outlay ought to be fully recovered within a short period. The capital account forecasts of some State Governments include provisions for payments provided by their land ceiling laws. The practice is not uniform in all the States. In many States the expenditure has been included in their forecasts on revenue account. We also found that there is no uniformity among the States in the categorisation of such expenditure as Plan or non-Plan. We are not in a position to make correct estimations of the extent

of surplus land likely to be acquired during the period covered by our Report in each State and the amounts of payments involved. We noticed that in some States the provision proposed on this account is based on phasing of acquisition of surplus land, which is too optimistic in the light of the achievements in recent years. It is not feasible to make a realistic and fair assessment of the pace of acquisition of surplus land in each State, and estimate on a uniform and comparable basis the payment liabilities likely to devolve on each State. We are of the view that the requirements of the States towards payments for surplus land acquired under the ceiling laws should be provided in their Plans, and that, for this purpose, the realisations from the allottees of such surplus land should be set off against such requirements. In this connection we have noted that the new Draft Five Year Plan for 1978-83 contemplates an outlay of Rs. 350 crores for land reforms and consolidation of holdings. The Planning Commission has also informed us that the Plans of many States for 1978-79 include outlays for payments under the land ceiling laws. Payments of compensation on the abolition of Zamindari, however, stand on a different footing. Hence, where the State Governments have proposed non-Plan expenditure for such payments we have allowed them in our assessment of the non-Plan requirements on revenue or capital account in which the provisions have been proposed by the States.

6. We now turn to the internal debt of the State Governments. Receipts from open market loans, net of repayments, are earmarked for financing the Plan. We have, therefore, excluded from the assessment of non-Plan capital gap both the receipts and repayments on account of open market loans of the State Governments. The States also obtain loans from the Life Insurance Corporation of India, the Agricultural Credit (Long-term Operations) Fund of the Reserve Bank of India and other financial institutions for financing Plan schemes. We have not, therefore, assumed capital receipts by way of loans from these sources. We have, however, fully provided for the repayment liability during the five years 1979-84 in respect of loans from these sources as are likely to be outstanding at the end of 1978-79. But we have not included either receipts or repayments on account of loans from commercial banks and ways and means advances from the Reserve Bank in our computation of the non-Plan capital gap of the States.

#### **Compensation Bonds**

7. We have assumed credit for such part of the estimated payment of compensation towards abolition of Zamindari and Jagirdari as may be made in the form of Bonds according to the information furnished by the respective State Governments. We have also allowed for disbursements on the Bonds issues as and when repayments become due during the five-year period from 1979-80.

#### **Loans and Advances from the Central Government**

8. We have not assumed credit in our assessment for any non-Plan loans from the Central Government to the States during the five years 1979-84 except in the case of Assam's capital earlier referred to. On the repayment side, however, we have fully provided for the repayments that may be due on Central loans, both Plan and non-Plan, which are likely to be outstanding against the States at the end of 1978-79.

9. We have found that the States' forecasts of receipts on account of recoveries during 1979-84 against outstanding amounts of loans advanced by them do not conform to any uniform pattern. It appears that the estimates of receipts are not based in all cases on the terms of the loans. In very many cases the recoveries assumed are so low that they point to the need for improvement in this important area of fiscal management. It is also noticed in a few cases that loan accounts take very long to prepare, even years, with the result that recoveries are bound to become difficult. It also appears that there is no centralised monitoring of loan recoveries in many States. Greater attention must be paid to these matters. Some of the State Governments have also included recoveries against fresh loans likely to be advanced during the quinquennium 1979-84.

10. A detailed analysis has been made of the loans advanced by the State Governments and likely to be outstanding at the end of 1978-79. In order to estimate on a normative basis the recoveries against the outstandings, which the State Governments should be assumed to make in the period 1979-84, we have categorised the loans as follows:-

- a. loans for social and community services;
- b. loans for general economic services;
- c. loans for agriculture and allied purposes;
- d. loans for other economic services; and
- e. advances to Government servants and miscellaneous loans.

11. We are not in a position to make close estimates of loans likely to be advanced by the State Governments during the five years 1979-84 and have not assumed any recoveries against such loans

except in the case of fresh advances to Government servants for purposes other than house building. We have not also assumed recovery against loans advanced to the State Electricity Boards and likely to be outstanding against them at the end of 1978-79, as most of these loans by their terms are not usually repayable by the Boards. For the rest of the loans advanced by the State Governments and likely to be outstanding at the end of 1978-79, we have adopted normative percentages of recovery uniformly for all States, on a broad consideration of the purposes for which the loans are usually advanced. The percentages of recoveries during the five years 1979-80 to 1983-84, as adopted by us, are: -

- (a) Loans for social and community services - 30%
- (b) Loans for general economic services - 45%
- (c) Loans for agriculture and allied purposes - 45%
- (d) Loans for other economic services - 56.25%
- (e) Advances to Government servants and miscellaneous loans - 50%

We have also taken credit for recovery of 60 per cent of the fresh advances to Government servants for purposes other than house building for the five year 1979-84 corresponding to the provisions we have allowed in this period.

#### **Inter-State Debt Settlement (Net)**

12. We have adopted in our assessment the forecasts furnished by the Governments of Assam and Meghalaya under this head. Meghalaya has also included in its forecast a provision for repayment to the Centre of a part of Assam's pre-reorganisation debt liability. We have not provided for this repayment since it has not been possible for us to verify that this liability has been correctly assumed by the Government of Meghalaya.

#### **Transfers to the Contingency Fund and transactions under the Fund**

13. These transactions, of a book-keeping nature, have been ignored.

#### **Provident Funds**

14. It appears to us that it would be proper to treat the net realisations under State Provident Funds as a draft on the savings of the community of Government servants, which should be available for creation of new assets in the Plan, and should not be set off against the non-Plan capital gap liabilities of the State Governments. Several States have also urged that net accretions in State Provident Funds should be let out of account in the assessment of the non-Plan capital gap account. We have also noted that a number of State Governments have been compulsorily diverting into the provident fund substantial portions of benefits in emoluments sanctioned by them to their employees. It would be inequitable to take these accretions to set off non-Plan capital liabilities.

#### **Other heads in the Public Account**

15. In regard to the transactions in the Public Account other than State Provident Funds, the Sixth Commission reckoned the net accretions on account of civil deposits as capital receipts available to the States for meeting their non-Plan disbursements on capital account. Civil deposits include deposits in civil and criminal courts, earnest money and other deposits by contractors, public works deposits and a variety of other deposits made for short periods. The accretions to these deposits fluctuate considerably from year to year. It is no doubt to be expected that with the increasing volume of Government transactions there should usually be a net accretion to such deposits from year to year. On the other hand, it also happens that large deposits in a particular period would be followed by large refunds later, thereby causing a strain on State Governments' finances. There are also inherent difficulties and imponderables in estimating accurately the transactions under civil deposits, and that too for a full 5-year period. In the light of these considerations, we have considered it expedient to leave out such deposits from the assessment of the non-Plan gaps of the States on capital account. To the extent the States have net accretions of these deposits during the forecast period, the resources will therefore become available to them for financing their Plans.

16. The non-Plan capital gaps of the State Governments for the five years ending with 1983-84, assessed as set out above, add up to a total of Rs. 3512. 18 crores. The State-wise details are given in Appendix VI. 2.

#### **Review of the States' Debt Position**

17. We have estimated the total outstanding debt of the State Governments at the end of 1978-79 at Rs. 18,785 crores, comprising the following: -

<i>(Rupees in crores)</i>	
<b>I. Internal Debt</b>	
(a) Market loans -	2572

(b) Other negotiated loans and Compensation Bonds etc(excluding W&M advances from RBI, cash credit accommodation from commercial banks, etc.) -	776
<b>II. Loans by the Central Government -</b>	13463
<b>III. Provident Funds and other unfunded debt -</b>	1974
	18785

18. In estimating the debt position of the States as at the end of 1978-79, we have not included the Ways & Means Advances from the Reserve Bank, which are of a short-term nature, or cash credit accommodation from commercial banks, that may be out-standing against some of the States at the end of 1978-79. Similarly, we have also not taken the outstandings of short-term Central loans. Appendix VI.3 gives the State-wise estimated debt likely to be outstanding at the end of 1978-79.

19. We indicate below the All-States' debt position since 1951, estimated as above:

*(In crores of Rupees)*

As on 31st March of							
	1951 Accts.	1956 Accts.	1961 Accts.	1966 Accts.	1969 Accts.	1974 Accts.	1979 Estimated
<u>Debt Liability</u>							
I. Internal debt							
(a) Market loans	111	222	410	720	950	1543	2572
(b) Other loans	12	45	182	458	539	612	776
II. Loans from Central Government	196	943	2014	4103	5569	8578	13463
III. Unfunded debt	56	86	133	231	367	857	1974
Total debt liability	375	1296	2739	5512	7425	11590	18785

20. Obviously, the States' indebtedness has increased manifold during the 28 years from the commencement of the era of planned development. However, such a situation is inherent in a developing economy and so long as the money is raised or utilised towards achieving social and economic goals of national priority, one need not feel unduly perturbed over the mounting debt burden of the State Governments taken together. We have also found that the progressive figures of capital outlay and outstandings of loans advanced by the State Governments, both for Plan and non-Plan purposes, have consistently been more than the outstanding debt. The table below would be of interest:

*(In crores of Rupees)*

Upto 31st March of							
	1951 Accts.	1956 Accts.	1961 Accts.	1966 Accts.	1969 Accts.	1974 Accts.	1979 Estimated
<u>Assets represented by</u>							
(i) Capital Outlay	369	1135	2365	4281	5743	9330	17362
(ii) Loans Outstanding	93	309	846	2246	3197	5163	9511
<b>Total</b>	462	1444	3211	6527	8940	14493	26873

This is a welcome feature, indicative of the States taken together having financed a part of their capital outlay and lendings from revenues and from net receipts under public account.

21. The States' indebtedness to the Centre has always constituted a predominant component of their total debt burden. A major part of the mounting debt burden of the States to the Centre is attributable to the large loan assistance being provided by the Centre to the States for financing the Plan. Till the beginning of the Fourth Plan the bulk of such assistance was linked to individual schemes. The pattern was changed to block assistance from the Fourth Plan onwards, not linked with particular schemes, with the result that a direct nexus between the loan funds and their utilisation cannot be established.

#### **Utilisation of the monies borrowed by the States from the Central Government**

22. Our terms of reference require us to take into account the purposes for which the Central loans have been utilised by the States.

As in the case of the Central loans which form part of the block assistance for State Plans, the small savings loans advanced by the Centre to the State Governments have all along never been ascribed to any specific purpose. The same applies to Central loans given from time to time to many

States in order to sustain their resources for the Plans. These categories of loans constitute the largest bulk of Central loans to the States. It is clear that it is not possible to determine the purposes for which the States utilised the major part of the loans from the Centre merely by reference to the designations given to the loans.

23. We have, therefore, evolved an empirical approach, by which we can estimate sufficiently for our purposes the manner in which States have used the loans from the Centre and the return flows of funds to their budgets. For each State, we have computed the receipts from various sources of funds that became available on capital account during the period of 12 years from 1967-68 to 1978-79. We have also worked out the capital outlays and the loans advanced by the State Governments during the same period. We have categorised the capital funds available to the State Governments into the following four broad categories, in the ascending order of the cost involved to the States in procuring these funds on capital account:-

Category (i) – no-cost funds, which include broadly the surplus on revenue account, recoveries of loans and advances by the States, and deposits and reserve funds not bearing interest;

Category (ii) – loans from the Central Government, net of repayments;

Category (iii) – market loans, net of repayments; and

Category (iv) – loans from the Life Insurance Corporation and other financial institutions, net accretions in the provident fund, deposits bearing interest and overdrafts.

Likewise, we have worked out the capital outlay and the loans and advances made by the State Governments during the same period of 12 years into three broad categories, namely -

- (a) those which are not likely to yield to the State budgets any return sufficient to cover interest charges, much less repayments of the loans used, and can, therefore, be termed as non-productive purposes - such as capital outlay on public works, roads and bridges, education, social security and welfare;
- (b) outlays which ought to yield sufficient direct returns, assuming good management, to meet interest charges, but which do not yield enough to enable States to meet the repayment liabilities of the principal - these which could be termed semi-productive purposes include capital outlay on housing, a part of the outlay on agriculture and allied services, outlay on multi-purpose river schemes etc., and, more importantly, loans for power projects; and
- (c) utilisation towards productive purposes, which we take as including mainly loans to various parties, where the States ought to be able to make recoveries sufficient to meet their interest and repayment liabilities.

24. Having thus categorised the funds available to the States, in the capital account during the 12 years from 1967-68 to 1978-79, as also the capital outlays and loans made by the States during the same period, we have assumed that the funds used for non-productive purposes would be the no-cost funds. If the non-productive purposes are not fully covered by the no-cost funds, Central loans have been taken as financing the balance. If in any case there is a balance of the no-cost funds, after meeting non-productive purposes, the amount has been taken as used for semi-productive purposes. To the extent that the use for semi-productive purposes is not covered by the balance of the no-cost funds, we have taken it that Central loans would have been used. In cases where the Central loan funds are larger than necessary for this purpose, they have been attributed to productive purposes. It appeared to us that it would be logical to assume, as we have done, that the requirements of capital expenditure, categorised into non-productive, semi-productive and productive uses should be properly met first from funds on which the State Governments have to bear no-cost and then progressively from funds which bear increasing costs.

25. We have thus estimated the amounts of Central loans which may be deemed to have been utilised towards non-productive, semi-productive and productive purposes. The percentage utilisation of Central loans accordingly has been shown in the Table below (the percentages have been rounded to the nearest multiple of 5):-

*(Percentages in nearest multiples of 5)*

Sl. No	States	Non-Productive purposes	Semi-productive purposes	Productive purposes	Total
1	2	3	4	5	6
1.	Andhra Pradesh	--	90	10	100
2.	Assam	45	50	5	100
3.	Bihar	--	75	25	100

4.	Gujarat	--	100	--	100
5.	Haryana	--	70	30	100
6.	Himachal Pradesh	60	40	--	100
7.	Jammu & Kashmir	40	60	--	100
8.	Karnataka	--	30	70	100
9.	Kerala	25	75	--	100
10.	Madhya Pradesh	--	90	10	100
11.	Maharashtra	--	70	30	100
12.	Manipur	50	50	--	100
13.	Meghalaya	80	20	--	100
14.	Nagaland	100	--	--	100
15.	Orissa	10	90	--	100
16.	Punjab	--	--	100	100
17.	Rajasthan	5	95	--	100
18.	Sikkim	--	90	10	100
19.	Tamil Nadu	--	25	75	100
20.	Tripura	70	30	--	100
21.	Uttar Pradesh	--	70	30	100
22.	West Bengal	5	60	35	100

26. We have taken, for the analysis above, the Central loans to the States for the last 12 years i. e. from the year following the re-organisation of the erstwhile State of Punjab. The period is long enough to provide sufficiently reliable results for our exercise. There is no reason to assume that an analysis for a longer period would give substantially different results. We find that in the period we have taken, Central loans to States net of repayment by the States were two-thirds of the total outstandings at the end of 1978-79.

#### **Measures to deal with the States' non-Plan capital gap during 1979-84**

27. As aforesaid, our terms of reference require us to suggest appropriate measures to deal with the assessed non-Plan capital gap of the States for the five years ending with 1983-84. Obviously no such measure can be devised which would be confined to the five years from 1979-80 and which would have no impact on the debt burdens of the States in the years after 1983-84. Also, it is not possible to devise measures in relation to borrowings by the States from lenders other than the Central Government. Whatever measures we recommend have consequently to be in relation to the outstanding Central loans.

28. In their memoranda submitted to us, some of the State Governments have urged that we should recommend scaling down or writing off a part of the outstanding Central loans, more particularly those whose utilisation is for non-productive purposes. We agree with the approach of the Sixth Finance Commission that write-off of the States' debt burden to the Centre, as a general measure, may not be desirable. Writing off loans, except on a carefully selective basis, could well discourage conscious efforts on the part of the State Governments for mobilising tax and other resources sufficient to meet their requirements. Instead, measures aimed at linking the repayment period suitably with the purposes for which Central loans have been used by the State Governments, are likely to command greater acceptability in all quarters and would not also be questioned as arbitrary.

29. The total amount of Central loans likely to be outstanding against the States at the end of 1978-79 has been estimated at Rs. 13,463 crores, including Rs. 82 crores against Orissa on account of the Hirakud Project, Stage I, the repayment of which commences in 1988-89. Of this estimated amount of loans likely to be outstanding at the end of 1978-79, Rs. 2,133 crores have been estimated as relating to loans advanced to States as their shares of the net collections of small savings. Some of the State Governments have suggested that these loans should be converted into 'loans in perpetuity'. The reason adduced is mainly that what the Central Government lends to a State in a year is two-thirds of the 'net' collections in that State in that year. In other words, the Centre's repayment liability on account of small savings is, in each year, fully met from the fresh collections in that year and it is only from the balance that a share is paid to the States by way of loans. The suggestion for converting these into irredeemable loans had been made by many State Governments to the Sixth Finance Commission as well. The Government of India in a communication to that Commission, had agreed with the view that the small savings loans stand on a different footing from other Central loans to the States and might

be considered on merits irrespective of the non-Plan capital gap of the States. It cannot be ignored that in mobilising small savings collections, the State Governments play a vital role, barring the portion attributable to deposits of provident funds, e.g. under the Employees' Provident Fund Act. On a full consideration, we see considerable force in the plea that small savings loans, being a part of 'net' collections, should be converted into 'loans in perpetuity'. Accordingly, we recommend that in the case of each State the small savings loans outstanding against the State at the end of 1978-79 may be consolidated into one loan as on 1st April, 1979, and such consolidated loans may be then converted into 'loans in perpetuity', in respect of which the States need not make any repayment of principal with effect from 1979-80. They should however continue to pay annual interest at the existing rate. Shri H. N. Ray has reservations on this recommendation, and thinks that "loans in perpetuity" is a novel concept. Also, he has emphasised that while the Centre's liability to repay the individual depositors remains unchanged, the cover in the form of repayments of the principal on account of small savings loans advanced to the States is now withdrawn by virtue of this recommendation.

30. It appears logical that the Central loans applied to unproductive purposes, as we have derived in the manner explained above, should not be expected to be repaid, for the State Government cannot get any return which would enable them to meet their interest liabilities, let alone repayment of the capital. It is not as if the States had the choice to use the Central loans only for purposes other than unproductive ones. This is clear from the analysis which we have done. The amount involved, out of the total outstanding of Rs. 13462.84 crores against all the States at the end of 1978-79 is Rs. 942.82 crores as presently estimated by us without taking into account the rehabilitation loans referred to in paragraph 31. We recommend that this component should be written off.

31. We have referred earlier to the outstandings of Rs. 82.42 crores against Orissa at the end of 1978-79 on account of Central loans advanced to that State for the Hirakud Project, Stage I. Since the repayment of this loan is due from 1988-89, and therefore does not affect the non-Plan capital gap of the State in the period covered by our Report, we do not recommend any modification of the terms of this loan. We have noticed that there are small outstandings against States on account of Central loans advanced upto 31st March 1974 for rehabilitation of displaced persons and repatriates, etc. in respect of which the position is that States are now required to pay only half of such recoveries as they are able to effect. We feel that this position need not be disturbed. In respect of loans advanced to the States by the Central Government from 1st April 1974 for the same purposes, we understand that the terms allow States to repay only what they are able to recover against their lendings from these advances. We do not propose to disturb this arrangement either.

32. In regard to the balance of the Central loans outstanding against the States at the end of 1978-79, we consider that the States should repay these loans over periods related to the purposes for which they have been used as estimated by us. It seems reasonable that the outstanding loans attributed to semi-productive purposes should be repayable in 30 years from 1979-80, and the balance of outstanding loans attributed to productive uses over a period of 15 years from 1979-80.

33. We recommend accordingly that –

- (a) the balance of the Central loans, other than small savings loans, the loans referred to in paragraph 31 and short-term loans, outstanding at the end of 1978-79 may be consolidated into one loan, as on 1.4.1979, outstanding against each of the States;
- (b) out of the consolidated loans, amounts equivalent to the percentages shown against the respective State in column 4 of the Table in paragraph 25 should be recovered in 30 equal annual instalments, commencing from 1979-80: and
- (c) the balance of the outstanding Central loans against the States, as consolidated on 1.4.1979, amounting to the percentages shown against the respective State in column 5 of the Table in paragraph 25, should be recovered in 15 equal annual instalments, commencing from 1979-80.

34. As estimated by now, the amounts to be consolidated in these two categories will be Rs.7613.64 crores and Rs.2690.79 crores respectively for all the States taken together, not taking into account the rehabilitation loans mentioned in paragraph 31, for which the estimates of outstandings at the end of 1978-79 are not available. When these are also allowed for our estimates of the amounts to be consolidated are likely to be marginally smaller.

35. We have considered what the rates of interest should be on these two categories of consolidated loans, in the light of the preferential rates of interest normally prescribed by the Central Government for the loans to the States. We have also kept in mind the fact that these outstandings relate to loans advanced by the Centre over a very long period. It appears to us that the rates of interest at 4.75% and 5% respectively would be just and appropriate for the consolidated loans relating to semi-productive

purposes and for productive purposes. We recommend that the rates of interest should be refixed accordingly.

36. As mentioned earlier, the Central loans likely to be outstanding against the States at the end of 1978-79, as estimated by us, do not include any outstandings on account of the short-term advances, such as these for agricultural inputs, for tiding over temporary ways and means difficulties, etc. Should there be any such short-term advances remaining outstanding against any State at the end of 1978-79, the repayments thereof should be effected in accordance with the existing terms applicable to such advances.

37. These recommendations will reduce the estimated total debt burden of all the States to the Centre as at the end of 1978-79, by an estimated amount of Rs. 3075.99 crores. This is the result of conversion of small savings loans into 'loans in perpetuity' (Rs.2133.17 crores), and the write-off recommended (Rs.942.82 crores) in respect of 11 States. Further, for the 5 years ending with 1983-84, the repayment liability of the State Governments to the Centre will get reduced by Rs. 2155.80 crores, as estimated by us, comprising Rs. 388.14 crores on account of small savings loans, and Rs. 1767.66 crores due to write-off as well as conversions into 30-year loans and 15-year loans. The estimated relief, during the 5 years 1979-84, accruing to each State as a result of these recommendations, is as follows: -

(In crores of rupees)

S.No.	State	Estimated relief in repayment of loans to Central Government during 1979-84 on the basis of our recommendations.
1	2	3
1.	Andhra Pradesh	135.63
2.	Assam	112.20
3.	Bihar	182.65
4.	Gujarat	108.02
5.	Haryana	38.29
6.	Himachal Pradesh	30.37
7.	Jammu and Kashmir	133.79
8.	Karnataka	39.53
9.	Kerala	115.09
10.	Madhya Pradesh	147.34
11.	Maharashtra	160.78
12.	Manipur	11.85
13.	Meghalaya	5.94
14.	Nagaland	18.59
15.	Orissa	96.48
16.	Punjab	60.57
17.	Rajasthan	137.98
18.	Sikkim	0.66
19.	Tamil Nadu	49.93
20.	Tripura	10.55
21.	Uttar Pradesh	367.63
22.	West Bengal	191.93
	Total:-	2155.80

These estimates, as mentioned earlier, do not allow for the treatment we have proposed for rehabilitation loans in paragraph 31.

38. The estimated relief of Rs. 2155.80 crores in the States' loan repayment liability to the Centre during the five years 1979-84, in accordance with the above recommendations, will convert the non-Plan capital gaps of Nagaland and Tripura assessed by us for that period into surpluses amounting to Rs. 4.96 crores taking both the States together. The other 20 States will have their non-Plan capital gap for the five years 1979-84, as assessed by us, reduced to a total of Rs. 1361.34 crores, which is about 39.03 per cent of the assessed gap in relation to those States.

39. This position cannot be compared to the relief given by the Sixth Commission in regard to the non-Plan capital gaps of the States for the quinquennium 1974-79. As mentioned earlier, unlike that Commission, in our computation of the non-Plan capital gap, we have left out net accretions to provident funds and civil deposits, and have also provided for repayments of loans fully, including repayments of small savings loans to the Centre. Since we have recommended conversion of small

savings loans into loans in perpetuity, the States' efforts at small savings collections should receive a great fillip and augment their capital receipts.

40. Our recommendations in relation to loan repayments to the Centre as well as the rates of interest to be charged on the 30-year and 15-year loans into which the loans outstanding at the end of 1978-79 would be converted, would also increase the interest liability in the case of 10 States by an amount of Rs. 158.52 crores in all, but will reduce the liability of the remaining 12 States, by a total of Rs. 172.19 crores during the five years 1979-84. These modifications in the States' liability towards payment of interest to the Centre, during the five years 1979-84, have been taken into account in our assessment of their surplus or gap on non-Plan revenue account. We have ignored, in these calculations, the changes in the amounts to be consolidated into 30-year and 15-year loans consequent on the treatment we have proposed for the rehabilitation loans.

41. Finally we would urge, as the Sixth Finance Commission did, that our recommendations for debt relief should be viewed in their totality and accepted as a 'package' both by the Government of India and the State Governments. Simultaneously we strongly recommend that while making financial assistance available to the States from 1979-80, whether for Plan or for non-Plan purposes, the Government of India and the Planning Commission should determine the loan and grant components thereof with due regard to the end-use to which the assistance is likely to be put by each state, and that, having so determined the loans component, the terms of repayment thereof should be prescribed consistently with the terms that we have recommended in relation to the loans that would be outstanding against the States at the end of 1978-79.

## CHAPTER 12

### GENERAL OBSERVATIONS

1. During our discussions with the State Governments, other non-official bodies and academics interested in the work of the Finance Commission, a view was expressed in emphatic terms that the Finance Commission, to fulfil its role effectively as contemplated by the Constitution, should be a permanent body instead of one constituted once in five years. This view was sought to be fortified by more than one consideration. Some thought that a permanent Finance Commission would reduce the scope for the Central Government to make discretionary transfers in an ad hoc manner to the States. It was pointed out that with the diversities which have emerged in the political complexion of the Governments at the Centre and in the States, it would be in consonance with sound and smooth Centre-State fiscal relations if there was a permanent Finance Commission to advise continuously on fiscal transfers, taking note of developments in the finances of the States from time to time. It was urged that this was not possible if the Finance Commissions were appointed once in about five years. In consequence of the Finance Commission coming into existence at intervals of five years the scope for making discretionary grants by the Centre automatically grew. It was suggested that if the Central Government had a large scope for discretionary fiscal transfers there was scope for some States being favoured unduly, and their improvidence or lack of effort in the matter of good fiscal management condoned or even rewarded. Those who held such a view believed that the Finance Commission, being an impartial body, would be able to ensure that Central transfers were not made to particular States on considerations which may not be fair or acceptable to the rest of the States.

2. Another consideration put forward was that when a Finance Commission is appointed, it has to start on a clean slate, collect the material required for its work from the State Governments and the Central Government, and then initiate such studies and analyses as it requires. The feeling is that within the time available to a Commission it is often handicapped in its work. It has been urged that if the Finance Commission were permanent, like the Australian Grants Commission, its task would be easier, since it would be able to keep under continuous review various aspects of the finances of the Central and State Governments, special features of particular States, and the factors which affect their finances. An alternative suggestion in this context has also been made that there should be a permanent agency with functions similar to those of the Commission's Secretariat, which would act as the Secretariat for a new Commission as and when that is constituted. Similar suggestions have also been made by the Commissions in the past.

3. One of the most important advantages of the present system, under which the entire Finance Commission is constituted afresh, is that all the Members can be expected to function impartially. One might doubt whether it would be possible to preserve this cardinal feature if the Commission were a permanent body. If it were, there might well be a tendency for Members to be regarded as full-time employees of the Central Government, and this would be unhealthy from the point of view of the Commission's functions vis-a-vis the State Governments. Besides, we see advantage also in the present system which allows for the induction of persons with a fresh approach and unbiased minds as Members. We would not, therefore, favour the idea that the Finance Commission needs to be permanent. In regard to the discretionary transfers of fiscal resources by the Central Government to the States, we cannot conceive of a system which can altogether eliminate such transfers in the widely varying conditions and circumstances in which the State Governments may find themselves from time to time. The scope for discretionary transfers, however, could be minimised if the States, particularly those who are financially weaker, are left by the Commissions in a position where they do not have to look to the Centre for help even in trifling matters.

4. The position which prevails now is that once a Commission completes its work, a small and ineffective cell comes into being in the Union Ministry of Finance, and this cell is merged in the Secretariat of the next Commission. This arrangement, in our view, is inadequate. We do, however, feel that it will be extremely useful to future Finance Commissions and gently facilitate their work, if an expert non-political agency were to be established by the Central Government and were to perform such functions as the Secretariat of the Commission is expected to perform. In addition, it would be expected to play a watching and advisory role with regard to Centre-State financial relations generally. As and when a full-fledged Finance Commission is appointed, this agency could get merged into the Commission and its Secretariat. It should have the authority to call for whatever information may be required from the Central and State Governments and their institutions and should analyse and prepare the data based upon which a Finance Commission when appointed can act without further loss of time.

It should carefully oversee the implementation of the recommendations of a Finance Commission as accepted by the Central Government and its advice should be sought by the various Ministries of the Central Government on matters which may require follow-up action. Thus, in our report, there are some items where an element of discretion is involved in the release of further funds e.g. additional grants to certain State Governments on account of interest liabilities on fresh loans which will be taken during the period covered by our report, monitoring of expenditure incurred for upgradation of the administrative services and releases of additional funds, grants for compensating the loss of excise revenue with the progressive introduction of prohibition. In our report, we have assumed certain returns from Electricity Boards and public sector undertakings etc. both under the Central Government and the State Governments. Similarly, we have drawn attention to the losses being incurred in irrigation projects, whether major, medium or small and have suggested not only a reduction in the loss but also a nominal return on the invested capital. It may be useful to see how far these expectations are being achieved and where we have suggested a progressive improvement over the years, this agency could draw attention to any deviations that are occurring and, perhaps, may suggest remedial measures. It is not unlikely that future Commissions, too, would be leaving similar matters in a somewhat inchoate stage, which would, therefore, call for further follow-up action preferably by an agency which inspires confidence on the part of all concerned. This agency could thus be an expert body which would be concerned with Centre-State financial relations generally and the proper implementation of the accepted recommendations of the Finance Commission. Whether it should be located in the Finance Ministry or in the Planning Commission, or preferably perhaps as an independent unit, is a matter of detail which can be considered later, taking into account the necessity of making it active and effective.

5. It has been brought to our notice that there has not been much of competent research work in the field of public finance for quite some years now. In our view, it would be very fruitful if academic and professional interest in this area is stimulated. We understand that one of the reasons for the present situation is that it is very difficult for interested persons to get access to the necessary material, concerning not only the Central Government but all the States. Senior officials of many State Governments have also indicated that it would be worthwhile if some at least of the papers of the Finance Commission are published. We have no doubt that a beginning can be made in this area. We would therefore suggest that the Central Government should publish, as early as possible with the consent of the State Governments concerned, the memoranda furnished to us by the State Governments containing their views on matters covered by our terms of reference. The Central Government should also publish after consulting the State Governments information furnished to us by them on:

- (i) taxation rates and tariffs,
- (ii) additional resource mobilisation,
- (iii) revenue and expenditure of local bodies,
- (iv) economy measures and administrative reorganisation,
- (v) standards of administration,
- (vi) agrarian reforms,
- (vii) working of State Electricity Boards, State Road Transport Undertakings and other commercial and industrial undertakings, and
- (viii) emoluments of employees of State Governments.

Similarly the Central Government should publish the analysis done for us by the National Institute of Public Finance and Policy, New Delhi.

6. The Central Government should also consider allowing access to the records of the Finance Commissions, other than those which are classified as confidential or secret, to bona fide research workers.

## CHAPTER 13

### SUMMARY OF RECOMMENDATIONS

Our recommendations to the President in regard to the devolution of taxes and grants-in-aid of the revenues of the States are set out below:

#### I. Estate Duty

- (1) The net proceeds of Estate Duty in respect of property other than agricultural land attributable to Union territories in each of the years 1979-80 to 1983-84 should be determined in the same manner and on the same principles as for the determination of the shares of each State, taking the Union territories as one unit for the purpose.
- (2) The balance of the net proceeds of Estate duty in each year should be distributed among the States in proportion to the gross value of the immovable property and property other than immovable property taken together located in each State and brought into assessment. For this purpose property located abroad should be deemed to be located in the State where it is brought to assessment.
- (3) Sikkim will also be entitled to a share in the net proceeds of this duty, calculated in the same manner as for the other States, as from the date the duty may become leviable in that State in the period covered by our Report.

#### II. Additional Duties of Excise in lieu of sales tax

- (1) There is no need to set apart any guaranteed amounts to the States out of the net proceeds of additional duties of excise as in our view there is no risk of the share of any States falling short of the revenue realised in the financial year 1956-57 in a State from the levy of the sales tax on the commodities subject to additional duties of excise in lieu of sales tax.
- (2) Sikkim should have a share in the net proceeds of these duties except the duties on textiles on which the State levies sales tax.
- (3) A sum equal to **3.271 per cent** of the net proceeds of the additional duties of excise on sugar in each of the years from 1979-80 to 1983-84 should be retained by the Central Government as attributable to Union territories and the

balance of 96.729 per cent of the net proceeds should be distributed among the States in the percentages shown below:

States	Percentage
1.Andhra Pradesh	5.245
2.Assam	2.408
3.Bihar	5.933
4.Gujarat	8.742
5.Haryana	2.656
6.Himachal Pradesh	0.860
7.Jammu & Kashmir	0.831
8.Karnataka	4.901
9.Kerala	3.783
10.Madhya Pradesh	6.019
11.Maharashtra	17.082
12.Manipur	0.143
13.Meghalaya	0.029
14.Nagaland	0.115
15.Orissa	2.178
16.Punjab	6.220
17.Rajasthan	4.729
18.Sikkim	0.057
19.Tamil Nadu	6.449
20.Tripura	0.172
21.Uttar Pradesh	13.184
22.West Bengal	8.254

- (4) A sum equal to 2.192 per cent of the net proceeds of additional duties of excise on textiles and on tobacco in each of the years from 1979-80 to 1983-84 should be retained by the Central Government as attributable to the Union territories.

- (5) The balance of 97.808 per cent of such net proceeds of the additional duties of excise on textiles and tobacco be distributed among the States in the percentages shown below:

States	Textiles	Tobacco
Andhra Pradesh	8.020	8.018
Assam	2.298	2.297
Bihar	7.221	7.219
Gujarat	6.015	6.013
Haryana	2.790	2.789
Himachal Pradesh	0.734	0.734
Jammu & Kashmir	0.744	0.744
Karnataka	6.083	6.081
Kerala	4.020	4.019
Madhya Pradesh	6.422	6.419
Maharashtra	13.510	13.506
Manipur	0.185	0.185

Meghalaya	0.171	0.171
Nagaland	0.084	0.084
Orissa	3.457	3.456
Punjab	4.270	4.268
Rajasthan	4.366	4.365
Sikkim	0.034	0.034
Tamil Nadu	7.710	7.707
Tripura	0.257	0.256
Uttar Pradesh	12.549	12.544
West Bengal	9.091	9.091

(6) In any year in which the State Government of Sikkim gives up its sales tax on textiles, it would be entitled to a share, as from the date such sales tax is given up, in the net proceeds of the additional duties of excise thereon. The State-wise percentage shares would then be as shown below:

No.	States	Percentage
1.	Andhra Pradesh	8.018
2.	Assam	2.297
3.	Bihar	7.219
4.	Gujarat	6.013
5.	Haryana	2.789
6.	Himachal Pradesh	0.734
7.	Jammu & Kashmir	0.744
8.	Karnataka	6.081
9.	Kerala	4.019
10.	Madhya Pradesh	6.419
11.	Maharashtra	13.506
12.	Manipur	0.185
13.	Meghalaya	0.171
14.	Nagaland	0.084
15.	Orissa	3.456
16.	Punjab	4.268
17.	Rajasthan	4.365
18.	Sikkim	0.034
19.	Tamil Nadu	7.707
20.	Tripura	0.256
21.	Uttar Pradesh	12.544
22.	West Bengal	9.091

### III. Grant in lieu of Tax on Railway Passenger Fares

The grant to be made available to the States in each of the five years commencing from 1979-80, in lieu of tax under the repealed Railway Passenger Fares Tax Act 1957 be distributed among the States as under:

No.	States	Percentage shares
1.	Andhra Pradesh	6.99
2.	Assam	2.46
3.	Bihar	9.50
4.	Gujarat	5.28
5.	Haryana	1.97
6.	Himachal Pradesh	0.13
7.	Jammu & Kashmir	0.74
8.	Karnataka	3.21

9.	Kerala	2.61
10.	Madhya Pradesh	5.84
11.	Maharashtra	15.87
12.	Manipur	-
13.	Meghalaya	-
14.	Nagaland	0.26
15.	Orissa	1.73
16.	Punjab	3.81
17.	Rajasthan	5.48
18.	Sikkim -	-
19.	Tamil Nadu	6.85
20.	Tripura	0.04
21.	Uttar Pradesh	18.58
22.	West Bengal	8.65

### IV. Grant on account of Wealth Tax on Agricultural Property

The grant to be made available to the States in each of the years 1979-80 to 1983-84 should be an amount equivalent to the net collection in that State in each year. Sikkim will become entitled to a grant in each year on the same basis if and when the levy of the wealth tax is extended to that State in the period covered by our Report.

### V. Income-Tax

In respect of distribution of the net proceeds of income tax in each of the financial years from 1979-80 to 1983-84;

- (1) Out of the net proceeds of taxes on income in each financial year a sum equal to 2.19 per cent thereof should be deemed to represent the proceeds attributable to Union territories;
- (2) the percentage of the net proceeds of taxes on income, except the portion representing the proceeds attributable to Union territories, to be assigned to the States, should be eighty-five; and
- (3) the distribution among the States inter-se of the share assigned to the States in respect of each financial year should be on the basis of the following percentages:

	Without Sikkim	With Sikkim (if the income-tax becomes leviable in that State)
1. Andhra Pradesh	8.023	8.021
2. Assam	2.522	2.521
3. Bihar	9.540	9.536
4. Gujarat	5.959	5.957

5. Haryana	1.819	1.819
6. Himachal Pradesh	0.595	0.595
7. Jammu & Kashmir	0.818	0.818
8. Karnataka	5.442	5.440
9. Kerala	3.950	3.948
10. Madhya Pradesh	7.356	7.354
11. Maharashtra	10.953	10.949
12. Manipur	0.188	0.188
13. Meghalaya	0.178	0.178
14. Nagaland	0.085	0.085
15. Orissa	3.739	0.738
16. Punjab	2.714	2.713
17. Rajasthan	4.364	4.362
18. Sikkim	-	0.035
19. Tamil Nadu	8.050	8.048
20. Tripura	0.258	0.258
21. Uttar Pradesh	15.529	15.422
22. West Bengal	8.018	8.015

#### VI. Union Excise Duties.

- (1) During each of the years 1979-80 to 1983-84 the entire net proceeds of the Union Excise duty on generation of electricity should be paid out of the Consolidated Fund of India to each State in an amount equal to the collection in or attributed to that State; and
- (2) forty per cent of the balance of the net proceeds of the Union duties of excise on all other articles levied and collected during each of the years 1979-80 to 1983-84, excluding cesses levied under Special Acts and earmarked for special purposes, should

#### VII. Grants-in-aid

The following States be paid the sums specified against each of them as grants-in-aid of their revenues in the respective years indicated in the Table below under the substantive part of Clause 1 of Article 275 of the Constitution:

*Grants-in-aid to States over 1979-84*

*(In Rs. crores)*

	States	1979-80	1980-81	1981-82	1982-83	1983-84	Total amount to be paid in five years
1.	Himachal Pradesh	37.60	40.54	41.63	43.00	44.30	207.07
2.	Jammu & Kashmir	41.06	40.82	39.20	39.40	39.08	199.56
3.	Manipur	26.19	28.00	29.27	30.76	32.10	146.32
4.	Meghalaya	16.97	17.67	18.44	19.48	20.05	92.61
5.	Nagaland	38.29	41.34	43.65	46.48	48.59	218.35
6.	Orissa	41.55	37.74	29.03	19.16	9.44	136.92
7.	Sikkim	6.32	6.70	7.11	7.54	8.05	35.72
8.	Tripura	24.36	25.75	27.29	28.85	30.32	136.57
	<b>TOTAL</b>	<b>232.34</b>	<b>238.56</b>	<b>235.62</b>	<b>234.67</b>	<b>231.93</b>	<b>1173.12</b>

be paid out of the Consolidated Fund of India to the States and distributed among them on the basis of the following percentages:

Percentages			
	States	Excluding Sikkim	Including Sikkim (if and when Union excise duties become leviable in that (State))
1.	Andhra Pradesh	7.698	7.691
2.	Assam	2.793	2.793
3.	Bihar	13.025	13.021
4.	Gujarat	4.103	4.101
5.	Haryana	1.177	1.177
6.	Himachal Pradesh	0.521	0.521
7.	Jammu & Kashmir	0.839	0.839
8.	Karnataka	4.877	4.876
9.	Kerala	4.036	4.035
10.	Madhya Pradesh	8.727	8.725
11.	Maharashtra	6.633	6.632
12.	Manipur	0.218	0.218
13.	Meghalaya	0.200	0.200
14.	Nagaland	0.097	0.097
15.	Orissa	4.682	4.682
16.	Punjab	1.226	1.226
17.	Rajasthan	4.813	4.813
18.	Sikkim	-	0.028
19.	Tamil Nadu	7.641	7.637
20.	Tripura	0.373	0.373
21.	Uttar Pradesh	18.293	18.290
22.	West Bengal	8.028	8.025

## OUR RECOMMENDATIONS ON OTHER TERMS OF REFERENCE

### I. Financing of Relief Expenditure

In the light of review of the existing policy and arrangements in regard to the financing of relief expenditure and after considering the expenditure incurred by the State Governments in providing gratuitous relief and on repair and restoration works of public properties after natural disasters. We recommend the following annual provisions (margins) under the head of account 289—Relief on account of natural calamities for different States:

(Rs. lakhs)

1.	Andhra Pradesh	858
2.	Assam	346
3.	Bihar	1308
4.	Gujarat	956
5.	Haryana	147
6.	Himachal Pradesh	51
7.	Jammu & Kashmir	130
8.	Karnataka	200
9.	Kerala	159
10.	Madhya Pradesh	183
11.	Maharashtra	457
12.	Manipur	8
13.	Meghalaya	7
14.	Nagaland	14
15.	Orissa	871
16.	Punjab	268
17.	Rajasthan	774
18.	Sikkim	1
19.	Tamil Nadu	859
20.	Tripura	18
21.	Uttar Pradesh	1080
22.	West Bengal	1360
	TOTAL	10055

In our view the present policy and arrangements of Central assistance to States for relief expenditure should be modified. For drought relief expenditure in excess of the margin we have provided, the State Government should make a contribution from its Plan for providing relief employment. The extent to which the State Government should contribute from its Plan in this manner should be assessed by a Central Team after consultation with the State Government and approved by the Central Government. This contribution should not exceed about 5 per cent of the Annual Plan outlay. This Plan contribution of the State Government should be treated as an addition to the Plan outlay in that year and covered by advance Plan assistance as in the present scheme. The adjustment of the advance Plan assistance against a ceiling of the Central assistance for the Plan of the State should be effected within five years following the end of the drought. If the expenditure requirement, as assessed by the Central Teams and the High Level Committee cannot be adequately met in a particular case after the State Plan contribution is taken into account, the extra expenditure should be taken as an indication of the special severity of the calamity which would justify the Central Government assisting the State to the full extent of the extra expenditure, half as grant and half as loan. In regard to the expenditure on relief and repairs and restoration of public works following floods, cyclones and other calamities of this nature, Central assistance should be made available as non-Plan grant, not adjustable against the Plan of the State or against Central assistance for the State Plan, to the extent of 75 per cent of the total expenditure in excess of the margins. Where a calamity is of rare severity, it may be necessary for the Central Government to extent assistance to the States concerned even beyond the scheme/s we have suggested.

### II. Non-Plan capital gap of the States

We have made an assessment of the non-Plan capital gap of the States on a uniform and comparable basis for the five years ending with 1983-84. The methodology adopted by us and the State-wise non-Plan capital gaps so assessed by us are indicated in Chapter 11 and Appendix VI.2.

In the light of the non-Plan capital gaps of the States as assessed by us, we have reviewed the State's debt position with particular reference to the Central loans advanced to them and likely to be outstanding as at the end of 1978-79. Having regard *inter alia* to the overall non-Plan gap of the States,

their relative position and the purposes for which the loans have been utilised and the requirements of the Centre, we have recommended the following measures for dealing with the non-Plan capital gap of the States:—

- (i) The existing terms of repayment of Central loans advanced to Orissa for Hirakud Project Stage I and to all States for rehabilitation of displaced persons, repatriates, etc., and outstanding at the end of 1978-79, may remain undisturbed;
- (ii) Short-term loans, if any, by the Central Government to the States that may remain outstanding at the end of 1978-79 may be recovered according to the existing terms applicable to such loans;
- (iii) Central loans advanced to State Governments by way of share out of net collections of small savings, and outstanding at the end of 1978-79, may be converted into loans in perpetuity, in respect of which the States need make no repayment of principal from 1979-80 but should continue to pay interest at the existing rate;
- (iv) The balance of the Central loans outstanding against the State Governments at the end of 1978-79 may be consolidated, in respect of each State, into one loan as on 1st April, 1979;
- (v) A portion of the Central loans so consolidated equivalent to the percentage shown against the respective State in column 3 of the table in paragraph 25 of Chapter 11 may be written off;
- (vi) A further portion of the loans so consolidated equivalent to the percentage shown against the respective State in column 4 of the table in paragraph 25 of Chapter 11, may be converted into 30-year loan, recoverable in equal annual instalments commencing from 1979-80, together with interest at the rate of 4.75 per cent per annum;
- (vii) The balance of the Central loans so consolidated equivalent to the percentage shown against the respective State in column 5 of the table in paragraph 25 of Chapter 11, may be converted into 15-year loan recoverable in equal annual instalments commencing from 1979-80 together with interest at 5 per cent per annum; and
- (viii) While making financial assistance available to the States from 1979-80, whether for Plan or for non-Plan purposes, the Government of India and the Planning Commission should determine the loan and the grant components with due regard to the end-use of the assistance and, having so determined the loan component, prescribe the terms of repayment thereof consistently with the terms that we have recommended in relation to the loans that may be outstanding against the States at the end of 1978-79.

J. M. SHELAT  
 RAJ KRISHNA  
 C. H. HANUMANTHA RAO  
 H. N. RAY  
 V. B. ESWARAN

NEW DELHI,  
 October 28, 1978

We the four of us wish to place on record our indebtedness and gratitude to our very industrious Member-Secretary, Shri V. B. Eswaran, whose vast knowledge and experience of this field was reflected in the range and quality of the material collected and analysed for the use of the Commission, and for the advice which he rendered to us on various intricate matters. He was also an able leader and coordinator of his team which made it possible to process the voluminous materials.

J. M. SHELAT  
 RAJ KRISHNA  
 C. H. HANUMANTHA RAO  
 H. N. RAY

**NOTE BY SHRI H. N. RAY, OUTLINING HIS VIEWS ON THE RETURNS FROM STATE ELECTRICITY BOARDS ETC. TO BE TAKEN INTO ACCOUNT FOR THE PURPOSES OF THE FORECASTS OF THE STATE GOVERNMENTS, AND THE TARGETS OF ADDITIONAL RESOURCE MOBILISATION**

1. I have not been able to agree with the decision of the majority of the Commission that in projecting the returns from State Electricity Boards, a rate of 6 per cent per annum of the total investment should be stipulated, *including* the revenue obtained from the electricity duty levied by the State Government and the Central excise duty levied by the Central Government on the generation of the State undertaking. It has been further decided by the majority of the Commission that the return should be calculated on the total investment of the State Government till the end of 1978-79, and ignoring any fresh investments during the period of our Report.

2. Annex (1) to this note prepared by the Secretariat of the Commission [except the percentage calculations in Columns 4(b) and 5(b)] shows separately the electricity duty and the Central Excise duty for 1978-79 collected from “own generation” as a percentage of the total Government investment in the undertaking for each State.

3. I find it difficult to accept the proposition that the amounts collected by the Central Government as excise duty should be set off against the stipulated return of 6 per cent. In law, the Central excise duty accrues to the Central Government. When imposing the duty, the Finance Minister in his Budget Speech of February 1978 stated as follows: —

“I feel that with our enormous investment in power, there is ample justification for claiming a contribution from those who benefit from these investments. I am, therefore, proposing to levy a duty of 2p. per kilowatt hour on electricity generated”.

The intention, presumably, was to levy the duty so as to increase the return from the investments in electricity undertakings and to realise a higher amount from the consumers, so that the overall resources of the Central and State Governments would increase, and would be available for developmental and other essential purposes. Our information is that most of the States have taken steps to pass on the Central excise duty burden to the consumer. Whatever justification there might or might not be for setting off the electricity duty (which accrues to the State Government), there appears to be no justification for setting off the Central excise duty accruing by law to the *Central Government* from the returns which the State Government is assumed to derive during the forecast period from its investments in electricity undertakings. In fact, setting off the amounts collected as Central excise duty from the stipulated return, as decided by the majority of the Commission, would frustrate the purpose for which the duty was imposed in the first instance. That the Central Government has recently decided to make over the non-sharable portion of the duty from 1979-80 onwards to the various State Governments and that we are recommending the transfer of the entire Central Excise duty levied on electricity generated to the concerned States does not, in my view, vitiate the legal point. This money is now undoubtedly available to the State Government for various purposes—but this factor by itself should not absolve the State Electricity Board from earning a reasonable cash return on the State Government’s investment through efficient operation of the system.

4. The combined effect of setting off both the electricity duty and the Central excise duty is somewhat anomalous in respect of the following States as the aggregate set off is in excess of 6 per cent:—

<b>Percentage of total investment</b>			
<b>States</b>	<b>Electricity duty</b>	<b>Central excise duty</b>	<b>Total percentage</b>
Gujarat	4.922	2.512	7.4314
Kerala	3.444	4.297	7.741
Orissa	3.325	3.011	6.336

This would mean that according to the Commission’s decision, no further return as such need be expected from the State Electricity Boards of these States as the stipulated return and more is already being earned by way of electricity duty and Central excise duty. On the contrary, the excess amounts over 6 per cent have been set off against the other receipts of these 3 States, so as not to “penalise” them for their better management compared to the other States. For some other States, the set off of these duties against the stipulated return of 6 per cent would be quite significant as shown below: -

State	Percentage of total investment		Total percentage
	Electricity duty	Central Excise duty	
Haryana	3.59	1.92	5.51
Karnataka	1.88	2.25	4.13
Madhya Pradesh	2.35	1.65	4.00
Maharashtra	0.93	2.51	3.44
Punjab	1.84	1.01	2.85

5. My distinguished colleagues have argued that the Central Excise duty on electricity generation, has inhibited tariff revisions, and additional resource mobilisation in this sector. Central excise duties are levied on a vast number of commodities, and it could be similarly argued that these duties have inhibited State Governments from levying Sales tax etc. at higher rates, and generally hindered their additional resource mobilisation efforts. For all other commodities also, the Central excise duty is being shared with the States. Nevertheless, it is not the practice, whether in a public sector enterprise or in the private sector, to set off the Central Excise duty paid to the Central Government, when computing the return on the investment in a commercial organisation (which the State Electricity Board is meant to be). What is really sought is a genuine cash return from the investments made. The principle implicit in the majority recommendation of the Commission, if conceded, could lead to unsound practices in various undertakings both in the Central and the State spheres for determining returns on the investments made. The principle adopted may thus blur the line of demarcation between what is a cost of production, and what is a return on the investment made. Taking the case of the State Electricity Boards a step further, there is no logical reason why the arrangement should cover only the Central Excise duty on electrical energy, and not the excise duty on coal (levied in the same budget) or the duty on furnace oil, which also raised the cost of generation to a corresponding extent. It is significant that inclusion of the Central excise duty in the stipulated return would have widely disparate results so far as different States are concerned. Even if we were to omit the atypical States, the incidence of the Central excise duty is only 0.84 per cent in Assam and 1.03 per cent in Uttar Pradesh, but is as high as 4.30 per cent in Kerala. Thus, in making the projections, although the stipulated rate of return taken as a whole is 6 per cent, Kerala would have a substantial advantage as compared with Assam or Uttar Pradesh. Such discrimination to my mind appears to be unjustified. Again, it is open to the Government of India to withdraw or modify the rates of the Central Excise duty on electricity. There is no assurance that this will not be done in the next 5 years. Any such decision would thus cause deviations from the State forecasts, beyond the control of the State Government. This consideration would suggest that the recommended linkage is wrong in principle and should be avoided.

6. A return of 6 per cent without adjustment of duty, to be achieved in gradual stages by 1983-84 does not appear to be too onerous a task. In Cols. 1 and 2 of the table below are given some figures<sup>1</sup> showing the net surplus for certain State Electricity Boards as a percentage of the cumulative block capital in completed works at the middle of the year for 1977-78 and 1978-79. The net surplus has been arrived at from the gross operating surplus by deducting subsidy from the Government, interest to institutional creditors, and transfers to Depreciation Reserve Fund and General Reserve Fund. For the same Boards/ Mysore Power Corporation, the return on Government's investment for 1978-79 have been tabulated in Col. 4.

**TABLE**

State	Percentages		Return on Govt. investment in 1978-79
	1977-78	1978-79	
1	2	3	4
Andhra Pradesh	2.90	2.93	4.7
Gujarat	2.02	0.81	1.3
Karnataka	2.75	15.19	4.2
Maharashtra	5.09	4.44	5.0

Our Report shows that the World Bank has obtained undertakings that the electricity Board concerned should achieve a return of 9 ½ per cent on what was termed as the average capital base. While this

<sup>1</sup> SOURCE: Secretariat Compilations.

concept, of course, took note of the net value of assets in use, it also added 1/6th of the operation and maintenance expenditure (excluding depreciation). This return, exclusive of electricity duty, was more than achieved in several States during 1976-77 e.g. Assam, Gujarat, Karnataka, Madhya Pradesh, and Maharashtra, as detailed in the body of our report. The Venkataraman Committee laid down a norm of 6 per cent interest, 3 per cent profit and 1/2 percent appropriation to reserve *exclusive* of a notional 1 ½ per cent on account of electricity duty.

7. For road transport undertakings, we are stipulating a return of 6.5 per cent on the capital as a general rule, though lower rates have been adopted for the weaker units. The point worth emphasising is that for these undertakings we have NOT taken note of either the motor vehicles tax or the tax on passengers and goods, which also accrue to the State Government. By the same token, we should treat electricity undertakings similarly. Again, we are stipulating that over and above the interest on the loan component, other State Government enterprises should earn by 1983-84 a return of 5 per cent on the equity capital as it stood at the end of 1978-79. This return has been adopted despite the fact that in 1976-77 the return on share capital was only 1.15 per cent averaged out for the enterprises of all States. The return for all State Electricity Boards was higher at 1.5 per cent. Further, out of 434 State Government enterprises, as many as 121 were promotional enterprises and therefore could not be reasonably expected to yield high profits. All State Electricity Boards by statute are meant to be commercially viable. It may be recalled that we are stipulating a return of 7.5 per cent on equity investments by the Central Government in its undertakings, besides interests on loans, again to be achieved during the last year of our forecast period.

8. Having regard to the returns already achieved by the better-run State Electricity Boards as indicated above, the recommendations of the Venkataraman Committee, the undertaking to earn a return of 9 ½ per cent given to the World Bank, and its over-fulfilment in some cases, and the returns we ourselves are stipulating for Central and State enterprises, I am of the view that an unadjusted 6 per cent rate of return on the massive capital sunk in electricity undertakings is not an unfair proposition. I would also suggest that for the relatively weak units, the stipulated return need be achieved in gradual stages only during the final year, 1983-84. The financial effects of doing so are indicated in Annex 2 prepared by the Secretariat of the Commission at my instance. If a 6 per cent rate of return on Government investments is stipulated for each year, the credit to be given to the State Government budgets in the aggregate would be Rs. 2211 crores over the forecast period (col. 2 of Annex 1 x 5). If, however, State Electricity Boards are gradually expected to achieve a return of 6 per cent in the final year with progressive improvement in their working, then the contribution in aggregate terms during the forecast period would be Rs. 1449 crores (Annex 2). According to the majority recommendations of the Commission, however, after setting off the electricity duty and the Central excise duty, the total contribution to the State budgets by these undertakings would be Rs. 1101 crores (Col. 7 of Annex I). This would suggest that the return proposed by me is feasible, calling for only a moderate improvement over what the majority has assumed but with the advantage that unsound practices for computing returns need not be introduced. It will be recalled that these investments do not include fresh investments during the forecast period, and also have a fair proportion of investments made when prices of plant and equipment were such lower.

9. My impression is that there is enormous scope for improving the efficiency of most State Electricity Boards and certain reports on the functioning of particular bodies are highly disconcerting. There is also scope for fixing tariffs in a more business-like manner, specially in the agricultural sector where heavy losses are being incurred. The increases in procurement prices of first wheat and now paddy and coarse grains should enable revisions to be undertaken without causing hardship. The nation is entitled to a proper return from the massive investments made in the power sector, which will continue to grow rapidly, specially when such a return is achievable with more efficient management and economic tariffs. The assumption made by a body such as the Finance Commission, and its general attitude in financial matters, has effects spreading well beyond the transfer of funds from the Centre to the States. Having regard to the overall national interest, this Finance Commission should not, in my view, adopt too relaxed an approach to the question of the rate of return expected from investments in State Electricity Boards.

10. In making these comments, I would like to clarify that the intention is not to modify in any way the existing terms and conditions as between the State Government and the State Electricity Board. The purpose of laying down a particular rate of return is merely to arrive at a notional figure of the likely returns during the forecast period and thereafter to assess the financial position of the State Governments on a uniform basis and in a normative manner.

11. Our terms of reference require us to have regard amongst other considerations to the revenue resources of the States for the five years ending with 1983-84 on the basis of the levels of taxation likely to be reached at the end of 1978-79 and the targets set for additional resource mobilisation for the Plan. In arriving at these targets, it has been decided by the majority of the Commission that the revenue from the Central excise duty on electricity generated by the State Electricity Boards and by the departmental undertakings of the State Government should be *excluded* also from this target. This has resulted in a reduction of the target for all the States combined from Rs. 452.17 crores to Rs. 326.84 crores after adjusting the Central excise duty on electricity amounting to Rs. 125.33 crores per annum. In my view, the preceding arguments for not adjusting the Central excise duty against the stipulated return, have equal validity for not making a corresponding adjustment in the target of additional resource mobilisation adopted by the State Government. This tax having been imposed by the Centre should not count as a resource mobilisation effort by the State Government, when the target was initially fixed in consultation with the State Government concerned, and accepted by it. Even if it is contended that the levy of the Central Excise duty on electricity generation has inhibited State Governments from raising additional resources, this consideration would apply only with respect to a very limited field, namely, the electricity tariff, and not over the entire field of State taxation. Further, as pointed out in paragraph 5 above, the Government of India can withdraw or modify the Central Excise Duty on electricity at any time. This would effect the State budget, but not the target of additional resource mobilisation adjusted for the present rates of duty. Thus, an element of uncertainty is injected by the linkage into the State forecasts, over which the State Government has no control. Finally, I would add that the decision of the majority to set off the Central Excise duty on electricity generation once against the stipulated return of 6 per cent on the capital invested by the State Government in its State Electricity Board, and again by lowering the target of additional resource mobilisation by an amount equivalent to the duty, confers a double benefit on the State. This arrangement appears to me to be unduly liberal, especially when the Government of India and the Finance Commission are transferring the entire proceeds of the Central Excise duty on electricity back to the States, as against the general ratio of about 40 per cent for the devolution of Central Excise duties.

**H. N. RAY**  
**25-10-1978**

## ANNEXURE 1

Statement showing net returns from State Electricity Boards and departmental undertakings during 1979-84 on the basis of Commission's decision

(Rs. lakhs)

STATES	Government investments as on 31-3-79	6% of Col. 2	Excise duty on own generation @ 1.8 paise per unit		Electricity Duty from own generation		Net return after deducting Excise Duty and Electricity Duty to be adopted for reassessment for each year 1979-80 to 1983-84 (Col. 3-(4a+5a))	Net return in (col 6/5) during 5 years 1979-84	Interest receipts from SEBs as given in the State forecasts for 1979-84	(K)	
				% to Col. 2		% to Col. 2					
1	2	3	4(a)	4(b)	5(a)	5(b)	6	7	8		
1. Andhra Pradesh											
State Electricity Board	41458	2487	830	2.002	..	..	1657	8285	11057	(K) In this col, the figures represent interest receipts assumed for 1979-84 in the State forecast. In the case of departmental undertakings, figures represent surpluses after meeting working expenses.	
Departmental	19850	1191	96	0.484	..	..	1095	5475	792		
2. Assam											
State Electricity Board	13858	831	117	0.844	43	0.31	671	3355	Nil		
3. Bihar											
State Electricity Board	30913	1855	400	1.293	275	0.889	1180	5900	Nil		
4. Gujarat											
State Electricity Board	35835	2150	900	2.512	1764	4.922	(-)514	(-) 2570	934		
5. Haryana											
State Electricity Board	25726	1544	494	1.92	925	3.595	125	625	8125		
6. Himachal Pradesh											
State Electricity Board	7128	428	85	1.192	10	0.14	333	1665	Nil		
7. Jammu & Kashmir £											
State Electricity Board	19043	1143	94	0.494	54	0.283	995	4975	Nil		
8. Karnataka											
State Electricity Board	38535	2312	866	2.247	725	1.881	721	3605	3547 + 7102 MPC		
9. Kerala											
State Electricity Board	18873	1133	611	4.297	650	3.444	(-) 328	(-) 1640	2644		
10. Madhya Pradesh											
State Electricity Board	52299	3138	865	1.654	1228	2.348	1045	5225	88		
11. Maharashtra											
State Electricity Board	79214	4753	1668	2.506	924	0.928	2556	12780	11084		
Departmental	20385	1223	828						9612 (LM)		
12. Manipur £											
State Electricity Board	1446	87	4	0.276	..	..	83	415	Nil		
13. Meghalaya											
State Electricity Board	3241	194	43	1.326	15	..	136	680	Nil		
14. Nagaland £											
State Electricity Board	1460	88	1	0.068	..	..	87	435	Nil		
15. Orissa											
State Electricity Board	18525	1111	529	3.011	584	..	(-) 10	..	605		
Departmental	571	34	46		51	3.325	(-) 65	(-) 315	..		
16. Punjab											
State Electricity Board	64849	3891	656	1.011	1195	1.842	2040	10200	9366		
17. Rajasthan											
State Electricity Board	28396	4704	594	1.775	263	..	937	4685	3789		
18. Sikkim £											
State Electricity Board	366	22	1	0.273	..	..	21	105	Nil		
19. Tamil Nadu											
State Electricity Board	33062	1984	660	1.996	196	..	1128	5640	Nil		
20. Tripura £											
State Electricity Board	2746	165	4	0.145	..	..	161	805	Nil		
21. Uttar Pradesh											
State Electricity Board	155025	9302	1590	1.026	584	..	7128	35640	3425		
22. West Bengal											
State Electricity Board	24181	1451	441	1.824	175	..	835	4175	Nil		

If there are no surpluses, nil has been shown. In the State forecasts, if no interest receipts are assumed from the SEB's "Nil" has been shown.

ALL STATES	736987	44221	12533		9465		22934*	114670*		71470
							(-)907	(-) 4535		

£ Departmental schemes.

- Excludes surplus returns in excess of prescribed returns for 3 States : Gujarat, Kerala and Orissa.

## ANNEXURE 2

**Progressive returns to State Governments during 1979-84 on loans advanced to Electricity Boards and outstanding on 31-3-1979 (Adopting returns in 1978-79 as base and reaching the level of 6% in 1983-84)**

(Rs. lakhs)

	STATES	Investment as on 31-3-1979*	Net returns	% Col. 3 to Col. 2	1979-80	1980-81	1981-82	1982-83	1983-84	Total 1979-84
1.	Andhra Pradesh	41458	1929	4.7	2041	2152	2264	2375	2487	11319
2.	Assam	13858	-131	-1.0	61	254	446	639	831	2231
3.	Bihar	30913	-988	-3.2	-419	149	718	1286	1855	3589
4.	Gujarat	35835	474	1.3	809	1144	1479	1815	2150	7397
5.	Haryana	25726	888	3.5	1019	1150	1281	1412	1544	6406
6.	Himachal Pradesh	7128	..	..	86	171	257	342	428	1284
7.	Jammu & Kashmir	19043	-22	-0.1	211	444	677	910	1143	3385
8.	Karnataka (EB + MPC)	38535	1639	4.2	1774	1908	2043	2177	2312	10214
9.	Kerala	18875	520	2.8	642	764	887	1010	1133	4436
10.	Madhya Pradesh	52299	502	1.0	1029	1556	2083	2610	3138	10416
11.	Maharashtra	79214	3979	5.0	4133	4288	4443	4598	4753	22215
12.	Meghalaya	93241	-50	-1.5	-2	47	96	145	194	480
13.	Orissa	18525	-73	-0.4	164	401	638	875	1112	3190
14.	Punjab	64849	1590	2.5	2050	2510	2970	3430	3891	14851
15.	Rajasthan	28396	-130	-0.5	236	603	970	1337	1704	4850
16.	Tamil Nadu	33062	-15	-0.05	384	784	1184	1584	1984	5920
17.	Uttar Pradesh	155025	1185	0.8	2808	4432	6055	7679	9302	30276
18.	West Bengal	24181	-937	-3.9	-459	18	496	973	1451	2479
	<b>ALL BOARDS</b>	690163	10360	1.5	16567	22775	28987	35197	41412	144938

SOURCE: Net returns for 1978-79 are from Secretariat's compilations.

NOTE: Excludes all departmental schemes.

\*Loans advanced and outstanding on 31-3-1979 with State Electricity Boards and MPC.

**OBSERVATIONS ON THE NOTE OF SHRI H. N. RAY**

1. We have adopted a normative return of six per cent every year on the investments of State Governments in electricity boards and departmental electricity undertakings, effective from 1979-80 onwards. We consider this realistic, since we have kept in mind the actual achievements in 1976-77 and the estimates thereafter in States which have shown good results as well as the States at the other end of the scale. We also feel that as Commission it would be incorrect for us to stipulate lower normative returns than the last Commission did. Any States which achieve better returns than the norms would thereby augment their resources for their plans. Having decided upon a norm we feel it would be fair, and a recognition of good performance, if we ignore additional returns earned by any State over the norm for the purpose of estimations of the receipts of the State Government. This is what we have done.

2. Shri Ray has observed that the inclusion of the Central excise duty in the normative return leads to disparate results in the different States, in that the Central excise duty element in the return is different in different States. This will be so, for reasons like the different load patterns and varying transmission and distribution losses in the States. Even more important, since our calculation is on the investment of the State Government, and not the total investment, the results are bound to be different. The proportion of State Government investment in the total investment in electricity boards varies widely between the States.

3. Apart from the above, our view basically is that the levy of the Central excise duty definitely is a factor which inhibits the freedom of the States to adjust electricity tariffs, in the same manner as electricity duty levied by the State Government does. We have to recognise that there are limits at any point of time to the levels of tariffs for the consumers, irrespective of whether additional earnings from them are retained by the electricity boards or given to the State Government or to the Central Government. This position stands irrespective of the merits of the much wider question raised by Shri Ray in para 5 of his note. We also note that the Central Government has decided in effect that the revenue from its Central excise duty on electricity should go back to the States.

4. Shri Ray feels that it is not correct to set off the Central excise levy on electricity both against the additional resource mobilisation targets of the States for 1978-79 and against the return on investments in electricity. This, we are afraid, misses a crucial point, namely, that when the targets were fixed there was no knowledge that there would be a Central levy on electricity of the order of 1/3rd of the total resource mobilisation targets of the States. It is well known that electricity tariffs and duty are an important areas for States to raise resources for their plans. We, therefore, consider it would be impractical to maintain for our purposes the original resource mobilisation targets for this year. We note that the Central Government's decision to re-transfer the Central excise should ease to some extent the States' mobilisation effort.

**J. M. SHELAT  
RAJ KRISHNA  
C. H. HANUMANTHA RAO  
V. B. ESWARAN**

**NEW DELHI,  
October, 28, 1978.**

**JOINT NOTE BY PROF. RAJ KRISHNA AND SHRI H. N. RAY ON COMPENSATION  
TO STATES FOR THE LOSS OF REVENUE CONSEQUENT ON THE PROGRESSIVE  
INTRODUCTION OF PROHIBITION**

1. The Finance Commission has projected the revenues from State excise duties under the head '039' at a static level from 1979-80 onwards during the forecast period on the basis of such decisions for the progressive introduction of prohibition as they have actually implemented during 1978-79 and about which the Commission has information. However, we have not been able to agree with the recommendations of our other distinguished colleagues for meeting the loss of excise revenue consequent on the progressive introduction of prohibition during the forecast period. Our understanding is that besides the compensation already agreed to by the Government of India, and computed on the basis of 50 per cent of the established loss of excise revenue each year, treating the actual excise revenue of 1977-78 as the base, our colleagues have recommended in the majority report that the Government of India should also make good to each State Government annually the balance of the loss of excise revenue consequent on the progressive introduction of prohibition. The following paragraphs explain our point of view and give the reasons for our not being able to go along with the majority of the Commission.

2. Though the Finance Commission was in session, the Government of India have communicated their decisions regarding compensation to the States for loss of excise revenue pursuant to the implementation of the prohibition policy [vide their letter No. 11012/18/78-PR(Vol. III) dated the 3rd August, 1978]. In this communication, they have made it clear that the compensation will be limited to 50 per cent of the established loss of revenue each year and have also indicated with some degree of precision how the established loss is to be computed. The States have been expressly informed that they would be expected to devise ways and means of meeting the balance loss. It is our view that the present Finance Commission is not called upon by its terms of reference, to suggest any modification of the decision of the Government of India with regard to these compensatory payments. This view is reinforced by the wording of paragraph 4 of the communication of the 3rd of August, 1978 where the Government of India presumes that the States would have projected their revenues to the Finance Commission on the basis of the national policy which envisages complete prohibition within a period of four years. The communication thereafter adds that it would be for the Commission to take a view on the question of devolution of funds with reference to the resources position disclosed in the forecasts and other relevant factors. It seems clear, therefore, that the Finance Commission was not expected to make good loss of excise revenue fully in all cases and it was left to it to take a view having regard to the overall financial position of each State and of the Government of India and all other relevant factors. The same position has been re-affirmed in letter No. P. 11012/18/78-PR dated 4th of August from the Department of Social Welfare addressed to the Member-Secretary of the Seventh Finance Commission. It has been reiterated in letter No. PF/R-9(50)/74/Vol. V dated 16th of September, 1978 from the Finance Secretary, Government of India to the Member Secretary, Finance Commission that the State Governments were expected to devise ways and means to recoup the likely loss of the balance of excise revenue by other measures. This communication clarifies that the Government of India have been guided by the consideration that it should be possible for the States to make up the balance (after 50 per cent has been compensated by the Government of India) through higher realisation of revenue from some of the existing taxes like sales tax and entertainment tax. The introduction of prohibition was expected to divert some purchasing power from expenditure on liquor to expenditure on other goods and on entertainment, some of which are subject to State taxation.

3. The prohibition policy is implemented in pursuance of the Directive Principles of State Policy incorporated in Article 47 of the Constitution. The duty is cast upon "the State" to bring about prohibition of the consumption of intoxicating drinks, and is thus an obligation not only of the Government of India but also of the Government of each State and of all local and other authorities in India (vide Articles 36 and 12 of the Constitution defining "the State"). Duties of excise on alcoholic liquors etc. for human consumption figure in Entry 51 of List II to the Seventh Schedule and this excise is solely a State subject. All decisions regarding prohibition have to be implemented by the State Governments themselves within their respective territories. The costs involved and the benefits accruing from the implementation of prohibition, which is an accepted national policy should, therefore, be shared jointly by both the Central Government and by all the State Governments concerned.

4. Though the Finance Commission have projected receipts from State excise duties at a static level from 1979-80 onwards for all the States, the actual receipts under this head will depend largely upon the decisions taken by the concerned State Governments for implementing the prohibition

policy and upon the phasing of the programme adopted. The Government of India is committed to compensate the States only to the extent of 50 per cent of the established loss and it is expected that the State Governments would be able to mop up through other tax and non-tax sources a part of the income that would otherwise have been spent on the purchase of liquor. The balance left after taking credit for the Government of India's compensation of 50 per cent may or may not be made good by these measures and by partial diversion of alcohol (which would otherwise have been consumed as liquor) to industrial and transportation uses. Some States may experience financial difficulty with the progressive introduction of prohibition, since we have projected excise revenues from potable liquor under head 039 at a static level from 1979-80 onwards. This is likely because the loss occasioned by prohibition would only be partially compensated by the Government of India and the balance of the loss remaining uncovered may result in strain for the weaker States. It may be in conformity with the provisions of Article 275 to make additional grants to this category of States. For this purpose, the Government of India may keep the position under review, and make suitable additional grants, depending upon the pace at which prohibition is introduced and the actual loss of revenue sustained below the static level projected by us for a particular State.

5. But this consideration may not apply to States which are left by the recommended scheme of devolution of taxes etc. with a sizeable surplus even after meeting their non-Plan revenue needs. The surpluses left under this scheme are indeed substantial in the cases of Maharashtra (Rs. 3005 crores), Punjab (Rs. 817 crores), and Haryana (Rs. 678 crores), having regard to their size.<sup>2</sup> To us, it appears adequate that the Centre should have agreed to compensate those States which are thus favourably circumstanced to the extent of only 50 per cent of the established loss incurred for implementing an accepted national prohibition policy for which they share joint responsibility with the Centre. We see no valid reason why additional Central funds should be expended for the purpose of maintaining their surpluses inviolate, and insulating them from the effects of implementing a prohibition policy which ex-hypothesi will benefit their citizens. It is recognised that in such a situation, implementation of the prohibition policy may result in a smaller balance from current revenues becoming available for financing the State Plan, but this factor should not, in our view, justify the payment of additional compensation by the Government of India over and above 50 per cent of the established loss already promised. They could take various measures to offset this loss even if the additional purchasing power released by prohibition does not bring substitute revenue e.g. mobilise additional resources, or curtail non-priority expenditure.

6. According to the scheme of devolution and grants-in-aid adopted in the majority report of the Commission, while all States will be left with a surplus, in some cases, these surpluses will be marginal whereas in other cases they will be substantial. In order to make the figures comparable, we have computed the per capita surpluses taking into account transfers under the heads (i) income tax, (ii) basic excise other than electricity duty, (iii) Central excise on electricity generation, (iv) additional excise in lieu of sales tax, (v) grants in lieu of railway fares, and (vi) grants under Article 275 including provisions for upgradation of administration. The per capita surpluses range from Rs. 14.73 in the case of Orissa to Rs. 678 in the case of Haryana. We have considered the level of the per capita surplus at which a State may be deemed to be in a relatively strong financial position. We are of the view that this cut-off point may be a per capita surplus of Rs. 300/- after taking the above mentioned transfer into account. On this basis, the following States would be entitled to compensation over and above the already

promised level of 50 per cent for loss of excise revenue occasioned by progressive introduction of prohibition in order to allow them some flexibility for financing their plans:—

1. Andhra Pradesh
2. Assam
3. Bihar
4. Himachal Pradesh
5. Jammu & Kashmir
6. Kerala
7. Madhya Pradesh
8. Manipur
9. Meghalaya
10. Nagaland

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<sup>2</sup> These are also large but different under the scheme of Prof. Raj Krishna.

11. Orissa
12. Rajasthan
13. Sikkim
14. Tripura
15. Uttar Pradesh
16. West Bengal

On the other hand, the following States would be compensated only to the extent of 50 per cent of the established loss of excise revenue occasioned by the introduction of prohibition, as the Government of India have already agreed to:—

1. Haryana
2. Karnataka
3. Maharashtra
4. Punjab

The two remaining States of Gujarat and Tamil Nadu introduced prohibition long ago and are not covered by the scheme. The arrangement we have proposed is not very different in outcome from what the Commission has unanimously adopted to determine the eligibility of States for upgradation grants.

7. The Centre's resources together with those of the States constitute a common pool for financing not only non-Plan expenditure but also the Central and State Plans. Implementation of the prohibition policy necessarily means forgoing revenue in the short run and has been deliberately adopted for the overall good of the people. In all fairness, therefore, the entire financial burden for the implementation of the policy should not be borne by the Centre alone as would be the result in practice of accepting the majority recommendation of the Finance Commission. This burden is by no means negligible as the present State excise revenues are of the order of Rs. 505 crores per annum (figure for 1976-77) and at a static level would amount to about Rs. 2,500 crores over a 5-year period. It is our view that those States which are favourably circumstanced and are in a position to bear a part of the loss resulting from the implementation of the prohibition policy should do so. Casting almost entire financial burden of implementing the prohibition policy upon the Government of India, as envisaged in the recommendations of the majority of the Commission, may result in inadequate transfer of funds to those States which necessarily rely upon Central assistance for their efficient functioning and development. It was perhaps because of these considerations that the Government of India agreed to bear only 50 per cent of the established loss. It is our view that the present Commission need not in equity recommend that the existing commitment of 50 per cent of the established loss be raised to 100 per cent in respect of all States whether resourceful or not.

8. It is worth referring to a side issue in this connection. The Government of India have informed the Commission that neither the Government of Gujarat nor the Government of Tamil Nadu which have implemented the policy of prohibition long ago would receive any grant-in-aid on this account (Letter No. P. 110012/18/78-PR dated 4th August, 1978). Both these Governments in their Memoranda to the Finance Commission have strongly urged that they should be compensated for their loss of excise revenue. These demands we have not accepted. These Governments were pioneers in the field of prohibition and implemented the Directive Principle with little, if any, assistance from the Centre. Their sense of grievance will not be assuaged if those States which now implement the prohibition policy long after Tamil Nadu and Gujarat have done so, are compensated to the extent of 100 per cent of their loss, while the latter States get nothing on this account.

9. It has been argued that if full provision for loss of revenue occasioned by prohibition is not made, the Finance Commission will lay itself open to the charge of coming in the way of prohibition. But in our view, this argument is untenable because the Central Government itself has stipulated that it would compensate the States only to the extent of 50 per cent of the established loss. The Finance Commission is in no way expected to provide more Central assistance than this stipulation except to otherwise weak States. It has also been argued that it will be difficult to justify any decision which draws a distinction between strong and weak States in the matter of prohibition assistance. But inter-State disparities are a reality and condition to some extent all devolution decisions by all Commissions. We see no reason, therefore, why States with large surpluses should not bear a part of the loss of excise revenue entailed by the prohibition policy.

**RAJ KRISHNA**  
**25-10-1978**  
**H. N. RAY**  
**25-10-1978**

**OBSERVATIONS ON THE JOINT NOTE OF PROF. RAJ KRISHNA AND SHRI H. N. RAY**

The basic question is whether any distinction should be made between States which are left with a revenue surplus as a result of our scheme of transfer of resources from the Centre, and those which are not. The majority of us believe that all the States need to be treated equally in respect of entitlement to Central assistance to cover loss of excise revenue from potable liquor resulting from steps taken by the States to enforce complete prohibition in accordance with the national policy. The surpluses we have left should be wholly available as Plan resources. These surpluses are the result of a scheme of devolution of taxes on principles applied uniformly to all the States. In our view, to make distinctions, as envisaged by Prof. Raj Krishna and Shri H. N. Ray, will be to detract from this uniform and impartial treatment of all States. We should also note that in our recommendation in regard to Central assistance to cover losses of excise revenue we have left out of account losses of revenue which would occur under the heads Sales tax and other taxes. These losses would have to be borne by the States concerned. We would also point out that the introduction of prohibition would mean loss of resources for the Plan of a larger order than would appear from the projections of excise revenue which we have adopted, i.e. at a static level.

It seems to us that the cut off point of per capita surplus of Rs. 300, adopted by Prof. Raj Krishna and Shri H. N. Ray in paragraph 6 of their note is arbitrary. Incidentally, since the surpluses referred to are for the period 1979-80 to 1983-84, one should take the projected population of those years for calculating the per capita surplus. If one takes the projected population for 1981, the per capita surplus of Karnataka would be Rs. 283, and not more than Rs. 300 as taken by Prof. Raj Krishna and Shri H. N. Ray.

**J. M. SHELAT  
C. H. HANUMANTHA RAO  
V. B. ESWARAN**

**NEW DELHI,  
October 28, 1978**

**NOTE OF DISSENT BY PROF. RAJKRISHNA ENTITLED "A MORE EQUITABLE DISTRIBUTION OF RESOURCES"**

**I. Introduction and summary**

The Seventh Finance Commission has unanimously made major progressive innovations in many aspects of the traditional scheme of resource transfer to the States. It has recommended a record amount of overall devolution from the Centre to the States. It has doubled the proportion of shareable excise revenue given to the States. Thus the total devolution is more than twice the devolution by the Sixth Commission. It has for the first time left significant surpluses with all States. And it has liberalised and rationalised general expenditure forecasts and earmarked provisions on account of relief expenditure, debt relief, increases in the emoluments of State Government employees and upgradation of the standards of public services.

2. But with regard to the distribution of the total transfer among different States, I have felt constrained, with utmost respect, to differ from my most distinguished colleagues. In my view the distribution should be more progressive so that larger resources are transferred to the most poverty-stricken States, hill States and specially handicapped States.

3. Therefore I have devised a formula, different from that of my colleagues, which does allocate more resources for these more deprived States.

4. The overall transfer in my scheme (Rs. 21862 crores) is larger only by about 5 per cent than the transfer under the majority scheme (Rs. 20843 crores)<sup>3</sup>. (See Table 1). The difference is mainly due to the fact that my projection of Central excise revenue in the next five years is higher by Rs. 1400 crores. (Table A.3.) (The basis for this higher projection of Central excise revenue is explained in the Annex.) I also provide extra grants totalling Rs. 366 crores to eight hill States and two handicapped States. (Table A.1).

5. Except the devolution of excise revenues and extra grants all components of the total transfer are exactly the same in the majority scheme and mine. The real difference between the two schemes lies in the amounts and shares allocated for different States.

6. Under my scheme, eight States with a large share of India's poverty population (West Bengal, Bihar and Orissa in Eastern India, Kerala and Tamil Nadu in Southern India, Uttar Pradesh and Madhya Pradesh in Central India and Rajasthan in Western India) get an extra total allocation of Rs. 2013 crores than under the majority scheme. (See Table 1.).

7. Eight hill States viz. Assam, Himachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Nagaland, Sikkim and Tripura<sup>4</sup> also get an extra transfer, amounting to Rs. 113 crores under my scheme. (See Table 1.).

8. The remaining 6 States (Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra and Punjab) get a somewhat smaller transfer under my scheme. Although the poverty percentage<sup>5</sup> exceeds 5 per cent in Andhra Pradesh, Karnataka and Maharashtra (Table A.2) their entitlement is marginally reduced in my recommendations because their per capita income and revenues are relatively larger than those of other poverty-stricken States.

9. It has been shown by many researchers that Finance Commission transfers during the whole period 1956-77 have not been very progressive. I. S. Gulati and K. K. George (1978) have demonstrated that during the whole period upto the Fifth Plan the per capita statutory transfer to 4 States with the lowest per capita income was less than to 5 States with the highest per capita income. The six middle-income States also received less than the 5 States with the highest per capita income. A. Bagchi (1977) has shown that under the Sixth Finance Commission award 3 States with the lowest per capita income received smaller amounts per capita than the 5 States with the highest per capita income. In a recent study the National Institute of Public Finance and Policy (NIPFP) has also shown that

"some of the poorer States like Bihar, Madhya Pradesh and Uttar Pradesh have got substantially lower per capita transfers than the all-States' average both during the Annual Plan and the Fourth Plan periods." (NIPFP 1978).

<sup>3</sup> In rounded figures. These figures exclude the provisions for natural calamity relief and for prohibition loss compensation. They also exclude the sum of Rs. 64 crores (the estate duty share) for its inter-State allocation is not available at present.

<sup>4</sup> Tripura is only partly a hill State but because of its special feature it is conveniently placed in the hill group.

I am grateful to Shri K. B. L. Mathur for extremely competent research and statistical assistance in the preparation of this Note.

<sup>5</sup> The Share of a State in the total poverty population of all States.

10. This regressivity of past transfers has been one of the important causes of the persistent regional imbalances in resources availability and service levels. If the inherited disparities are to be reduced, the most important objective of the new devolution must be to introduce in inter-State allocation a high degree of progressivity. It is this over-riding need that has led me to recommend a more steeply graduated inter-State allocation than the majority allocation.

11. There are many ways in which the progressivity of different allocations may be compared. In the past the main method of evaluating progressivity has been to compare the per capita income and the per capita transfer of different States. Adopting this method, I have classified the States into 6 groups according to the level of their per capita income, with Group A having the highest and Group E the lowest income. The eight hill States form Group F. It can be observed in Table 2 that the average per capita allocation of the higher-income Group A and B is less under my scheme than under the majority scheme by about Rs. 103 and Rs. 31 respectively. But the average per capita allocation of the lower income Group C, D and E is higher in my scheme by Rs. 16, 39 and 88 respectively. And the extra allocation increases progressively for the poorer States. West Bengal gets more under my scheme although it belongs to Group B because it alone has about one-tenth of India's poverty population. The hill States too, of course, get Rs. 51 more per capita on the average in my scheme.

12. The poverty ratio<sup>6</sup> is clearly a much more sensitive indicator of the deprivation of a State than per capita income because it reflects the distribution of income as well as its level. Therefore we should also compare the poverty ratio and the per capita transfers of different States. I divide the 15 non-hill States simply into two Groups—the Poor Group with more than 50 per cent poverty and the less Poor Group with less than 50 per cent poverty (See Table 3). It can be seen that my plan gives on the average Rs. 61 more per capita to the Poor Group than the majority plan. But the Less Poor Group get Rs. 50 per capita less in my plan than in the majority plan. The hill States get Rs. 51 more per capita in my plan.

13. Still another way of comparing allocations is to examine the per capita surpluses left with different States. The per capita surplus of a State is a very revealing indicator of the overall effect of the Finance Commission transfers on its finances. For the surplus reflects how much will be left with a State in excess of its projected revenue deficits/surpluses as a result of the transfer. Per capita (own) revenue, per capita expenditure and per capita transfer are only partial indicators of the financial position of a State<sup>7</sup>. But the per capita surplus equals own revenue *plus* transfer *minus* expenditure per capita; therefore, it reflects the net result of all the partial elements. If we compare the per capita surpluses left with States under the majority scheme and my scheme we find, again, that under my scheme the per capita surpluses of the higher income Groups A and B are smaller and those of Groups C, D, E and F larger than under the majority scheme. (See Table 2). If States are classified by poverty ratios, the Poor Group and the hill States get more surpluses per capita with my formula than under the majority formula (Table 3).

14. Moreover, whereas in the majority scheme the largest per capita surplus left (Rs. 676 for Haryana) is 45 times the smallest (Rs. 15 for Orissa), the ratio under my scheme is only 6 (Table 3). In other words, my allocation significantly reduces the disparity in the net financial position of the States resulting from the statutory transfer.

15. Examining total surpluses left (Table 4) we see that it has been possible to give significantly more surpluses to 16 poor States by reducing the surpluses of the better-off States by small amounts—Maharashtra from Rs. 3000 crores to Rs. 2600 crores, Gujarat from Rs. 1100 crores to Rs. 900 crores, Haryana from Rs. 700 crores to Rs. 600 crores and Punjab from Rs. 800 crores to Rs. 650 crores (in rounded figures).

16. Since the whole Indian nation is a Commonwealth, the better endowed States should not grudge small reductions in their large surpluses for the sake of improving substantially the financial position of their weaker neighbours.

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<sup>6</sup> The proportion of poor people in the total population of each State,

<sup>7</sup> On the revenue account with which the Finance Commission is mainly concerned.

**TABLE 1**  
**TOTAL STATE ALLOCATION—MAJORITY REPORT AND THIS NOTE**

	States	Majority Allocation (MA) (Rs. crores)	Krishna Allocation (KA) (Rs. crores)	Difference (KA-MA)
	1	2	3	4
1.	Andhra Pradesh	1522.49	1416.95	(—) 105.54
2.	Assam	518.65	556.37	(+) 37.72
3.	Bihar	2212.87	3143.54	(+) 930.67
4.	Gujarat	963.87	758.01	(—) 205.86
5.	Haryana	308.57	208.99	(—) 99.58
6.	Himachal Pradesh	325.07	351.93	(+) 26.86
7.	Jammu and Kashmir	376.89	404.78	(+) 27.89
8.	Karnataka	1005.00	904.25	(—) 100.75
9.	Kerala	770.34	843.19	(+) 72.85
10.	Madhya Pradesh	1597.46	1837.13	(+) 239.67
11.	Maharashtra	1714.06	1289.28	(—) 424.78
12.	Manipur	194.03	194.81	(+) 0.78
13.	Meghalaya	134.15	139.41	(+) 5.26
14.	Nagaland	240.59	241.42	(+) 0.83
15.	Orissa	984.45	1171.64	(+) 187.19
16.	Punjab	419.53	249.64	(—) 169.89
17.	Rajasthan	902.81	920.90	(+) 18.69
18.	Sikkim	36.85	38.30	(+) 1.45
19.	Tamil Nadu	1503.60	1613.78	(+) 110.18
20.	Tripura	199.84	211.79	(+) 11.95
21.	Uttar Pradesh	3314.74	3691.15	(+) 376.41
22.	West Bengal	1597.11	1674.56	(+) 77.45
	<b>TOTAL</b>	<b>20842.97</b>	<b>21861.82</b>	<b>(+) 1018.85</b>

**TABLE 2**  
**TRANSFERS AND SURPLUSES PER CAPITA OF GROUPS OF STATES IN MAJORITY REPORT AND THIS NOTE**

	States	Average Per Capita Income Rs.	Group Average	Per Capita Transfers (Rs.)		Difference (KA-MA)	Per Capita Surplus (Rs.)		Difference (KA-MA)
				Majority Allocation (MA)	Krishna Allocation (KA)		Majority Allocation (MA)	Krishna Allocation (KA)	
<b>Group A</b>									
1	Punjab	1586	1445	310	184	—103	597	472	—183
2	Harayana	1399		307	209		676	577	
3	Maharashtra	1349		340	256		596	512	
	<b>Average</b>			<b>319</b>	<b>216</b>		<b>623</b>	<b>520</b>	
<b>Group B</b>									
4	Gujarat	1134	1071	361	284	—31	423	345	—28
5	Karanatak	1045		343	309		343	309	
6	West Bental	1033		360	378		157	187	
	<b>Average</b>			<b>355</b>	<b>324</b>		<b>308</b>	<b>280</b>	
<b>Group C</b>									
7	Kerala	948	939	361	395	16	112	146	12
8	Tamil Nadu	942		365	392		159	186	
9	Andhra Pradesh	928		340	326		217	192	
	<b>Average</b>			<b>355</b>	<b>371</b>		<b>163</b>	<b>175</b>	
<b>Group D</b>									
10	Rajasthan	853	812	350	357		85	100	
11	Orissa	793		449	534		15	100	
12	Assam	791		355	380		74	100	

	<b>Average</b>		<b>385</b>	<b>385</b>	<b>424</b>	<b>39</b>	<b>58</b>	<b>100</b>	<b>42</b>
<b>Group E</b>									
13	Madhya Pradesh	776	712	383	441		282	341	
14	Uttar Pradesh	715		375	418		233	276	
15	Bihar	645		393	558		205	370	
	<b>Average</b>			<b>384</b>	<b>472</b>	<b>88</b>	<b>240</b>	<b>329</b>	<b>89</b>
<b>Group F</b>									
16	Himachal Pradesh	1068	867	940	1017		22	100	
17	Jammu and Kashmir	811		816	877		40	100	
18	Manipur	870		1808	1816		93	100	
19	Meghalaya	850		1326	1378		48	100	
20	Nagaland	820		4663	4679		84	100	
21	Sikkim	820		1755	1824		31	100	
22	Tripura	830		1284	1361		23	100	
	<b>Average</b>			<b>1799</b>	<b>1850</b>	<b>54</b>	<b>49</b>	<b>100</b>	<b>51</b>

**TABLE 3**  
**TRANSFERS AND SURPLUSES PER CAPITA OF STATES, ORDERED BY POVERTY RATIOS, IN MAJORITY REPORT AND THIS NOTE**

States	Poverty ratio	Transfer Per Capita (Rs.)		Difference (KA-MA)	Surplus for Capita (Rs.)		Difference (KA-MA)
		Majority Allocation (MA)	Krishna Allocation (KA)		Majority Allocation	Krishna Allocation	
1	2	3	4	5	6	7	8
<b>The Poor Group</b>							
Orissa	67.50	449	534		15	100	
Bihar	64.06	393	557		205	370	
West Bengal	62.28	360	378		157	187	
Kerala	62.25	361	395		112	146	
Tamil Nadu	60.71	365	392		159	186	
Madhya Pradesh	57.50	383	441		282	341	
Uttar Pradesh	50.38	375	418		233	276	
Average		384	445	+61	166	229	+63
<b>The Less Poor Group</b>							
Karnataka	49.44	343	309		343	309	
Andhra Pradesh	47.85	340	326		217	192	
Gujarat	44.88	361	284		423	345	
Maharashtra	43.99	340	256		596	512	
Rajasthan	43.50	350	357		85	100	
Assam	32.95	355	380		74	100	
Harayana	32.24	307	209		676	577	
Punjab	21.62	310	184		597	472	
Average		338	288	-50	376	326	-50
<b>The Hill Group</b>							
Himachal Pradesh	32.95	940	1017		22	100	
Jammu & Kashmir	32.95	816	877		40	100	
Manipur	32.95	1808	1816		93	100	
Meghalaya	32.95	1326	1378		48	100	
Nagaland	32.95	1326	4679		84	100	
Sikkim	32.95	4663	1824		31	100	
Tripura	62.28	1284	1361		23	100	
Average		1799	1850	+51	49	100	+51

**TABLE 4**  
**PROJECTED NET SURPLUSES—MAJORITY AWARD AND THIS NOTE**

	States	Majority Allocation (MA) (Rs. crores)	Krishna Allocation (KA) (Rs. crores)	Difference (KA-MA) (Rs. crores)
	1	2	3	4
1.	Andhra Pradesh	942.67	837.16	— 105.51
2.	Assam	108.53	146.25	+ 37.72
3.	Bihar	1155.30	2086.01	+ 930.71
4.	Gujarat	1127.98	922.13	— 205.85
5.	Haryana	678.61	579.05	— 99.56
6.	Himachal Pradesh	7.74	34.60	+ 26.87
7.	Jammu and Kashmir	18.28	46.17	+ 27.89
8.	Karnataka	1006.14	905.40	— 100.74
9.	Kerala	239.21	312.08	+ 72.87
10.	Madhya Pradesh	1174.79	1419.20	+ 244.41
11.	Maharashtra	3004.73	2579.98	— 424.75
12.	Manipur	9.95	10.73	+ 0.78
13.	Meghalaya	4.86	10.12	+ 5.26
14.	Nagaland	4.33	5.16	+ 0.83
15.	Orissa	32.26	219.45	+ 187.19
16.	Punjab	809.50	639.61	— 169.89
17.	Rajasthan	220.27	257.66	+ 37.39
18.	Sikkim	0.65	2.10	+ 1.45
19.	Tamil Nadu	654.57	765.78	+ 111.21
20.	Tripura	3.61	15.56	+ 11.95
21.	Uttar Pradesh	2055.81	2439.59	+ 383.78
22.	West Bengal	739.77	826.41	+ 86.64
	<b>TOTAL</b>	<b>13999.56</b>	<b>15060.20</b>	<b>+1064.64</b>

## II. The Difference Between Devolution Formulae

17. In many respects there is no difference between the majority approach and my approach to devolution. The Commission has unanimously decided to transfer 85 per cent of the net income-tax revenue and 40 per cent of the shareable excise revenues to the States.

18. Three of the criteria used in the main report and in this Note are common, viz.,

- (i) Total Population,
- (ii) Poverty Ratio, and
- (iii) The Inverse of State Income per Capita (SDP)

All of us have also accepted the basic principle of “revenue equalization” in the sense that some weight should be given to “revenue distance” viz., the distance between the estimated per capita revenue of a State and the maximum per capita revenue of any State.

19. Thus the four criteria which enter the majority scheme of devolution and my scheme are the same.

20. With regard to the allocations of additional excise revenue, the excise on power, the wealth tax on farm property, railway fare compensation and estate duty too our approach is identical. The basic principle of transfers under these headings is, or has to be, the collection<sup>8</sup> principle, although the collection principle does work regressively. Collections from almost any source of revenue are invariably higher in the better-off States. However in respect of wholly assigned revenues the collection principle must prevail because for these the Centre is merely a collection agent.

<sup>8</sup> For the purpose of my argument in this Note the distinction between ‘collection’, ‘contribution’ and ‘assessment’ is immaterial. I use these words synonymously.

21. Our principles for special transfers for debt relief, relief expenditure, and upgradation have also been unanimously fashioned.

22. Thus while there is no difference between me and my distinguished colleagues about most aspects of devolution, the inter-State allocation designed by me is different. Its greater progressivity is due to the following reasons.

23. First, I attach no weight to collection in the devolution of income-tax revenue.

24. Second, the same formula of inter-State allocation is applied by me to the devolution of shareable excise as well as income-tax revenues.

25. Third, my colleagues give equal weights to four criteria in their excise allocation formula as follows:

- .25 to Population,
- .25 to Inverse of Per Capita Income,
- .25 to Revenue Distance, and
- .25 to Poverty Percentage.

This weightage introduces considerable progressivity in the allocation of shareable excise revenue. But in my general formula I use only three of the above criteria. The share of a State is made proportional to

$$(1) (\text{Population}) \times (\text{Poverty Ratio}) \times (\text{Inverse of Per Capita Income}).$$

This formula yields a more progressive allocation.

26. Fourth, I have not included revenue distance as one of the criteria for allocating income-tax and shareable excise revenue. But I have directly reduced "revenue surplus distance," the disparity in the per capita surpluses of States left after all other transfers, by adjusting grants under Article 275. This procedure has a stronger equalising effect than giving a small weight to revenue distance in the general devolution formula.

27. The rationale of these four choices embodied in my devolution scheme is explained seriatim in the following argument.

### III. The Contribution Criterion

28. All Finance Commissions have so far attached 10 or 20 per cent weight to income-tax collection/assessment in each State in determining its share of the divisible income-tax revenue. But the use of collection as a criterion for the distribution of income-tax revenue is objectionable on many grounds.

29. First, any weight given to collection is regressive because a larger collection is invariably associated with a higher level of the State Domestic Product. It can be shown that collections are mainly a function of the gross income generated (value added) in the factory sector<sup>9</sup>. Every increase of Rs. 1 lakh in net factory income across States fetches about Rs. 23000 of additional income-tax revenue. When income-tax collections in States are so systematically related to State incomes any weight given to collections is in effect an extra weight given to per capita income. The more is the factory income of a State the more is the extra weight it would get in the income-tax award. Thus the more industrialised States get more devolution via this mechanism. The progressivity of transfers due to other criteria is reduced by the regressivity of the weight attached to collections. This is the most serious objection to any weight being given to collections.

30. It has been argued that the more industrialised States should receive more revenue because the Governments of these States have to incur heavy expenditures on the infrastructure which supports the high revenue-yielding organised sector. But this argument is weak as a basis of resource transfer because if a higher concentration of high-income units requires larger public expenditure, it also generates correspondingly higher revenues from subjects of taxation in the State list, namely, sales-taxes, property taxes, entertainment taxes, fees, etc. As a result, the net effect of the existence of a large factory sector in a State on its finances is clearly positive. This is why the more industrialised States can have substantial revenue surpluses even without Central transfers. Their need for

<sup>9</sup> The following estimated equation proves the points:

$$I = -2282 + 0.23 V \quad (R^2 = .95)$$

(633.00) (0.01)

Where I is the income-tax demand and V is gross value added (in Rs. lakhs) in the factory sector in each State in 1975-76. The parentheses in the equation show standard errors.

transferred revenue should, therefore, be correspondingly less rather than more, than that of the poorer States.

31. Second, it is important to perceive that the State in which income seems to originate for the purpose of assessment is not necessarily the State where this income originates in a more fundamental economic sense. If enterprises located in Bombay or Calcutta, for example, generate high taxable incomes, the origin of their revenues does not necessarily lie in Bombay or Calcutta, but in the incomes of their customers spread throughout the country and abroad. A factory seems to generate taxable factor incomes where it is located but behind the factor incomes lies the purchasing power of consumers which is dispersed throughout the country. In fact, in a large free trade area like India, the origin of income in a purchasing power sense cannot be geographically identified.

32. Third, the argument that weightage given to collections provides an incentive to the fiscal effort of a State is untenable because it implies that income-tax collections in a State depend on State effort. It has never been proved that this is the case. On the other hand, the equation cited above establishes that income-tax collections depend mainly on factory income. During the last 27 years of planning (not to mention the British priorities for locating most modern economic activities in a few port cities) the geographical distribution of factories has been determined mainly by the geographical distribution of (a) planned investments by the Central public sector, (b) private investments licensed by the Central Government, (c) term-lending by financial institutions, and (d) the allocation of foreign exchange by the Central Government. A large proportion of these investments and allocations have gravitated to already industrialised States. The efforts of the States have almost nothing to do with these decisions, and, therefore, with the inter-State distribution of factories, factory incomes or income-tax collections. It would be pointless to give incentives for income-tax collections to an agency (the State Government) which has little control over the processes which generate these collections.

33. These strictly economic arguments show that there is really no case for weightage to collections. It has been argued, however, that Article 270 of the Constitution somehow implies that in the distribution of income-tax revenue some weight be given to contribution. But I am unable to find any basis even for this legal view. If the Constitution-makers had intended to treat income-tax as a wholly assigned tax, they would have included it in Article 269. But they did not do so. Article 270 only says that after deducting proceeds attributable to Union Territories income-tax revenue shall be "assigned" to the States within which income-tax is leviable and shall be distributed in such "manner" as may be prescribed. But the word "manner" does not limit the freedom of the Finance Commission in any way as to the choice of the criteria of inter-State distribution. Otherwise, if assignation is to be interpreted as a distribution in proportion to collection, the Commissions could not have given any weight even to population. Nor should they have varied the weights assigned to population and collection. The word "assigned" requires only that income-tax revenue must be shared by income-tax States and leaves open for the Commissions the "manner" of its inter-State allocation.

34. On these grounds, I hold that any interpretation of the word "manner" or the word "assigned" in Article 270 to require weightage to collection is purely arbitrary and dispensable.

#### **IV. The Identity of Criteria for the Allocation of Income-tax and Excise Revenues**

35. I am also convinced that there is no legal or economic basis for allocating shareable income-tax revenue and excise revenue according to different criteria.

36. From the economic point of view the States are interested in more "vertical justice" in the form of greater devolution from the Centre. And they should be interested in greater "horizontal justice" in the inter-State allocation of the total transfer. Whether the total transfer comes out of income-tax revenue or out of excise revenue is a matter of secondary importance. The important need is only that the total transfer out of both kinds of revenue is adequate and the inter-State distribution of the whole transfer is progressive. It cannot be argued that progressivity should be a feature of the inter-State distribution of excise revenue but not of the inter-State distribution of income-tax revenues.

37. As far the legal aspect of this issue the only relevant difference between Article 270 and Article 272 is the use of the word "manner" in the former and the use of the word "principles" in the latter. It is only legal quibbling to argue solemnly that the "manner" of distribution and the "principles" of distribution must be or were intended by the Constitution-makers to be necessarily different formulae. The two words can validly be interpreted to be synonymous particularly when every Commission has felt free to define "manner" in varying ways and "principles" too in varying ways. I, therefore, hold that it is fully within the discretion of any Finance Commission to distribute both the shareable income-tax revenue and the shareable excise according to the same equitable formula.

38. Once again, if the constitution-makers had intended to limit the freedom of the Finance Commission in the matter of the criteria of inter-State allocation, and desired income-tax and excise revenues to be distributed by any rigidly specified method, they would have either included one or both of them in Article 269 or laid down the method in some other Article of the Constitution.

39. These considerations lead me to propose an allocation of the shareable income-tax revenue as well as the shareable excise revenue among the States according to one and the same formula.

#### V. The Formulae

40. I have already noted that the equal-weight formula of my distinguished colleagues used for inter-State allocation of shareable excise revenue is progressive. And I am specially glad that they have given some weight to the poverty criterion which I proposed in the early stages of the work of the Commission. Poverty is clearly a much better indicator of overall backwardness than other partial indicators or composite indicators constructed with arbitrarily chosen variables and weights.

41. But I have designed the formula mentioned in paragraph 25 above because it has, in my view, some additional merits. (1) (Population) x (Poverty Ratio) x (inverse of per Capita Income). This formula gives the "income-adjusted" poverty population of each State. The percentage share of a State in shareable income-tax and excise revenue is simply the percentage of this adjusted poverty population in the total adjusted poverty population of all States. This share can be called the "income-adjusted poverty percentage" for brevity.

42. In the above formula, the multiplication of a State's population by its poverty ratio simply gives the number of poor people in a State. The division of this number by per capita income gives the "income-adjusted" poverty population. Thus the formula is simple. But it has two merits; (a) it minimises arbitrary weighting, and (b) it is sufficiently progressive.

43. It has been felt for a long time that the weights which the Finance Commissions have attached to various criteria in the past have been arbitrary. Therefore there is need to choose formulae in which arbitrary weighting is minimised. This is achieved to a considerable extent in the above formula because population is not multiplied by an arbitrary weight but by another objective ratio viz., the proportion of poor people in the total population of every State. Thus we get the poverty population or the number of people below the poverty-line in each State as the main basis of revenue distribution.

44. But this poverty population must be divided by per capita income for one important reason. There are some States which have a substantial poverty population but they also have a relatively high per capita income. Maharashtra and Karnataka are examples. A State in such a situation does have overall resources of its own to do more to reduce its poverty. It follows that it should get a larger transfer in proportion to its poverty population but at the same time it should get a somewhat smaller transfer in proportion to the inverse of its per capita income. If poverty population alone is chosen as the criterion the overall resources availability of a State is ignored. But if per capita income alone is used as the criterion its poverty is ignored. Therefore the use of the formula "poverty population divided by per capita income" (or income-adjusted poverty population) gives due weight both to poverty and to resources availability.

45. For States whose poverty ratio is high and at the same time per capita income is low, both the variables would tend to increase their share. But for States where poverty is high but income is also high, the poverty-based share will be moderated by the income variable.

46. It should be recognised, of course, that per capita income and poverty are not equally good indicators of the economic position of a State. Poverty is obviously better, for average (per capita) income does not reflect the distribution of income. Poverty on the other hand, reflects both the level of income and its distribution.

47. The reason why I have not considered it necessary to give a separate place in my formula to revenue distance is that revenue distance depends mainly on per capita income. Therefore per capita income itself reflects revenue distance. Revenue distance could be used instead of per capita income but then the resulting progressivity of distribution will be excessive.

48. All variables which enter any distribution formula are subject to measurement errors. Therefore, there is a case for including more than one or two variables in the formula in the hope that measurement errors in any variable will be moderated by a different pattern of errors in other variables. My colleagues have, partly for this reason, included 4 variables in their excise allocation formula. It should be noted that my formula too has three variables in it (population, poverty ratio and per capita income) derived from three different sources: the Census, the NSS and the CSO. Thus my formula as well as the majority formula meet the "multi-variable" test. But whereas in the majority formula their

4 variables enter additively with equal weights, in my formula three variables enter multiplicatively. The majority weights are arithmetic; mine are geometric.<sup>10</sup>

### VI. Per Capita Surpluses

49. When I examined the per capita surpluses of different States resulting from the allocation scheme of my distinguished colleagues, I found that the disparity in them was unacceptably high (1:45). (Table 2.) I also found that in the case of 8 States the surpluses left by the majority scheme are simply equal to upgradation grants. Excluding these grants the surpluses of these States would be zero whereas the surpluses of other States would vary from Rs. 87 crores in the case of Assam to Rs. 3005 crores in the case of Maharashtra.

50. It is for the first time that the allocations of the Finance Commission would leave surpluses with all States. This is a highly desirable new development. But when all States are given surpluses, the disparity between them should be a matter of concern to the Commission. The fact that in the past some States were left with zero surpluses and others with very large surpluses has invited valid criticism. It would therefore be indefensible to leave large surplus disparities even when all States have some positive surpluses.

51. Therefore, I have considered it necessary to fix a minimum per capita surplus level (Rs. 100 per capita) and provide extra grants under Article 275 to bring up the per capita surplus of 10 States to this minimum level. The extra requirement for this purpose turned out to be only Rs. 375 crores or 1.8 per cent of the total devolution. But the advantage is that the per capita surplus disparity is reduced from (45:1) to (6:1).

52. These 10 States include the 8 hill States (Assam, Himachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Nagaland, Sikkim and Tripura) and two other States (Orissa and Rajasthan).

53. Extra grants to these States are eminently justified for the Hill States have always been treated as special category States and if the application of any general formula to them leaves them in a very weak financial position, extra grants for them are desirable. Also, the general formula as applied to them may have underestimated their entitlements because all the data required for computing their poverty populations were not available and their poverty population estimates are based on many assumptions.

54. Finally, it is generally recognised that the unit cost of every service is higher in hilly States because of their terrain, the high cost of transport and communications, and historical neglect. General formulae do not allow for these special handicaps of the hill States. Similarly, the special handicaps of the desert State of Rajasthan and the extremely backward tribal regions of Orissa<sup>11</sup> are not taken into account in the general formulae. Therefore it is reasonable that they get extra grants through the mechanism of per capita surplus adjustments.

55. The provision of extra grants under Article 275, over and above the grants to cover estimated deficits and upgradation, requires some clarification from the legal point of view. It may be argued that Article 275 restricts grants to deficit coverage and or upgradation only. But there is nothing in the wording of Article 275 which necessitates this interpretation. According to the Article the grants are to aid the revenues of States which are held to be in "need" of assistance. But the definition of "need" is in the discretion of the Finance Commission. An insufficient relative surplus is, in my opinion, as valid a definition of "need" as a deficit or the very low standard of particular public services.

### VII. Alternative Recommendations

56. The exact percentage shares of, and/or total amounts to be transferred to the States, under various headings, in my judgement, are consolidated in Tables 5A and 5B.

57. Supporting data are given in Tables A.1 to A.3.

**NEW DELHI**

*October 27, 1976*

**RAJ KRISHNA**

<sup>10</sup> The partial elasticities of the income-adjusted poverty population in my formula are unity (+1) with respect to population and the poverty ratio and (-1) with respect to per capita income. By varying these elasticities different degrees of progressivity can be achieved.

<sup>11</sup> Rajasthan has the highest desert area ratio and Orissa the highest tribal population ratio in the country.

**TABLE 5A**  
**SUMMARY AWARD OF THE NOTE OF DISSENT\*\***

	States	Percentage share in shareable Income Tax Revenue (%)	Estimated Income Tax Amount (Rs. Crores)	Percentage Share in Basic Excise Revenues (%)	Estimated Basic Excise Amount (Rs. Crores)	Additional Excise Amounts (Rs. Crores)	Article 275 General Grants (Rs. Crores)
	1	2	3	4	5	6	7
1.	Andhra Pradesh	6.86	328.69	6.86	817.21	146.40	..
2.	Assam	1.86	89.12	1.86	221.58	45.33	162.75
3.	Bihar	17.12	820.28	17.12	2039.46	136.34	..
4.	Gujarat	3.23	154.76	3.23	384.78	127.75	..
5.	Haryana	0.71	34.02	0.71	84.58	54.08	..
6.	Himachal Pradesh	0.33	15.81	0.33	39.31	14.82	265.78
7.	Jammu & Kashmir	0.55	26.35	0.55	65.52	14.87	269.19
8.	Karnataka	4.24	203.14	4.24	505.10	114.49	..
9.	Kerala	4.29	205.55	4.29	511.05	77.70	..
10.	Madhya Pradesh	9.44	452.30	9.44	1124.56	124.01	..
11.	Maharashtra	5.03	241.06	5.03	599.21	277.42	..
12.	Manipur	0.12	5.75	0.12	14.30	3.45	160.65
13.	Meghalaya	0.12	5.75	0.12	14.30	2.81	108.90
14.	Nagaland	0.08	3.83	0.08	9.53	1.76	220.83
15.	Orissa	5.71	273.58	5.71	680.22	62.79	77.92
16.	Punjab	0.57	27.31	0.57	67.90	90.74	..
17.	Rajasthan	4.02	192.61	4.02	478.89	86.70	97.95
18.	Sikkim	..	..	..	..	0.50	37.15
19.	Tamil Nadu	8.12	389.06	8.12	967.31	145.99	..
20.	Tripura	0.39	18.68	0.39	46.46	4.70	137.74
21.	Uttar Pradesh	19.04	912.28	19.04	2268.18	247.65	..
22.	West Bengal	8.17	391.45	8.17	973.27	174.62	..
	<b>TOTAL</b>	<b>100.00</b>	<b>4791.39</b>	<b>100.00</b>	<b>11912.72</b>	<b>1954.92</b>	<b>1538.86</b>

\*Rajasthan has the highest desert area ration and orissa the highest tribal population ration in the country.

\*\*Concerning items not included in this Table viz., Excise on Power, Railway Fare Compensation, Estate Duty, Upgradation Grants, Debt relief and Natural Calamity Relief, I agree entirely with the Majority award, Regarding Prohibition, see the Note by Mr. H. N. Ray and myself.

**TABLE 5B**  
**ADJUSTMENT OF THE INCOME-TAX AND BASIC EXCISE SHARES FOR SIKKIM**

	States	With Sikkim	Without Sikkim
	(1)	(2)	(3)
	(Per Cent)		
1.	Andhra Pradesh	6.86	6.86
2.	Assam	1.86	1.86
3.	Bihar	17.11	17.12
4.	Gujarat	3.23	3.23
5.	Haryana	0.71	0.71
6.	Himachal Pradesh	0.33	0.33
7.	Jammu & Kashmir	0.55	0.55
8.	Karnataka	4.24	4.24
9.	Kerala	4.29	4.29
10.	Madhya Pradesh	9.44	9.44
11.	Maharashtra	4.03	5.03
12.	Manipur	0.12	0.12
13.	Meghalaya	0.12	0.12
14.	Nagaland	0.08	0.08

15.	Orissa	5.71	5.71
16.	Punjab	0.56	0.57
17.	Rajasthan	4.02	4.02
18.	Sikkim	0.03	..
19.	Tamil Nadu	8.12	8.12
20.	Tripura	0.38	0.39
21.	Uttar Pradesh	19.04	19.04
22.	West Bengal	8.17	8.17
		<b>100.00</b>	<b>100.00</b>

**TABLE A.1**  
**TOTAL SEVENTH FINANCE COMMISSION TRANSFER TO THE STATES FOR THE**  
**PERIOD 1979-80/1983-84**

Item	Majority Allocation (MA)	Krishna Allocation (KA)	Difference (KA-MA)
1	2	3	4
<b>(Rs. Crores)</b>			
I. Shareable Taxes			
(i) Income tax	4791.39	4791.39	NIL
(ii) Basic Union Excise Duty	11347.46	11912.72	+565.26
<b>TOTAL I</b>	<b>16138.85</b>	<b>16704.11</b>	<b>+565.26</b>
II. Specific Transfers			
(i) Additional Excise	1867.07	1954.92	+87.85
(ii) Excise on Power	1145.88	1145.88	NIL
(iii) Railway Fare Compensation	81.25	81.25	NIL
* (iv) Estate Duty	64.00	64.00	NIL
<b>TOTAL II</b>	<b>3158.20</b>	<b>3246.05</b>	<b>+87.85</b>
III. Grants (Article 275)			
(i) General	1173.12	1538.86	+365.74
(ii) Upgradation	436.80	436.80	NIL
<b>TOTAL III</b>	<b>1609.92</b>	<b>1975.66</b>	<b>+365.74</b>
<b>Total I+II+III</b>	<b>20906.97</b>	<b>21925.82</b>	<b>+1018.85</b>
IV. Relief and Contingency Provisions			
(i) Debt Relief	2155.80	2155.80	NIL
(ii) Provision for Natural Calamity Relief	ND	ND	NIL
(iii) Provision for Prohibition Compensation	ND	ND	NIL
<b>TOTAL IV</b>	<b>2155.80</b>	<b>2155.80</b>	<b>NIL</b>
<b>GRAND TOTAL I+II+III+IV</b>	<b>23062.77</b>	<b>24081.62</b>	<b>+1018.85</b>

\* The State-wise allocation of Estate Duty is not computable at this stage. Excluding this and Debt Relief the total transfer is Rs. 21861.82 crores in the KA and Rs. 20842.97 Crores in the MA. These amounts are allocated in Table 1.

ND: The amount has not been determined at this stage

**TABLE A.2**  
**POPULATION, POVERTY AND TRANSFER PERCENTAGES**

States	Population Percentage (%)	Poverty Percentage (%)	Percentage Share of Total Transfer			
			Majority Allocation (MA) (%)	Krishna Allocation (KA) (%)	Difference (KA-MA)	
1	2	3	4	5	6	
1.	Andhra Pradesh	8.03	7.39	7.31	6.48	—0.83
2.	Assam	2.70	1.71	2.49	2.54	+0.05
3.	Bihar	10.41	12.82	10.62	14.38	+3.76
4.	Gujarat	4.93	4.26	4.62	3.47	—1.15
5.	Haryana	1.85	1.15	1.48	0.96	—0.52
6.	Himachal Pradesh	0.64	0.42	1.56	1.61	+0.05
7.	Jammu & Kashmir	0.85	0.52	1.81	1.85	+0.04
8.	Karnataka	5.41	5.15	4.82	4.14	—0.68
9.	Kerala	3.94	4.72	3.70	3.86	+0.16
10.	Madhya Pradesh	7.69	8.51	7.66	8.40	+0.74
11.	Maharashtra	9.31	7.88	8.23	5.90	—2.33

12.	Manipur	0.20	1.02	0.93	0.89	—0.04
13.	Meghalaya	0.19	0.12	0.64	0.64	..
14.	Nagaland	0.10	0.07	1.16	1.10	—0.06
15.	Orissa	4.05	5.26	4.72	5.36	+0.64
16.	Punjab	2.50	1.04	2.01	1.14	—0.87
17.	Rajasthan	4.76	3.98	4.33	4.21	—0.12
18.	Sikkim	0.04	0.02	0.18	0.18	—
19.	Tamil Nadu	7.61	8.88	7.21	7.38	+0.17
20.	Tripura	0.29	0.37	0.96	0.97	+0.01
21.	Uttar Pradesh	16.32	15.81	15.90	16.88	+0.98
22.	West Bengal	8.18	9.80	7.66	7.66	..
	<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>..</b>

**TABLE A.3**  
**SHAREABLE CENTRAL REVENUES AND TRANSFERS**

Items	Majority Allocation (MA)	Krishna Allocation (KA)	Difference (KA-MA)
1	2	3	4
	(Rs. Crores)		
A. Shareable Central Revenues			
(i) Income Tax (IT)	5636.93	5636.93	NIL
(ii) Union Excise Duties (EX)	28368.65	29781.81	+1413.16
<b>TOTAL (IT + EX)</b>	<b>34005.58</b>	<b>35418.74</b>	<b>+1413.16</b>
B. Transfer			
I. Tax shares			
(i) Income Tax (IT)	4791.39	4791.39	NIL
(ii) Excise Duties Basic (EX)	11347.46	11912.72	+ 565.26
<b>TOTAL (IT + EX)</b>	<b>16138.85</b>	<b>16704.11</b>	<b>+ 565.26</b>
II. Grants			
(i) General	1173.12	1538.86	+ 365.74
(ii) Upgradation	436.80	436.80	NIL
<b>TOTAL (i) + (ii)</b>	<b>1609.92</b>	<b>1975.66</b>	<b>+ 365.74</b>
<b>TOTAL I + II</b>	<b>17748.77</b>	<b>18679.77</b>	<b>+ 931.00</b>
Transfer (B) as Percentage of Shareable Central Revenue (A)	52.19	52.74	+ 0.55

## ANNEXURE ON PROJECTION OF UNION EXCISE REVENUE

1979-80/1983-84

1. The factors taken into account in projecting tax revenues have been mentioned in the majority report. They include long-term and recent growth rates and relevant elasticities.
2. In the case of the Central excise revenue which dominates total Central tax revenue, and from which a large part of the transfer is derived, my colleagues have accepted a growth rate of 7.0 per cent per annum for the next five years. I have been unable to agree to this growth rate. In my opinion the rate should be 8.1 per cent for the following reasons.
3. The long-term rate of growth of Central excise revenue (cleaned series) for the period 1960-61/1975-76 has been 8.23 per cent. The short-term rate of growth for the period 1973-74 to 1978-79 has also been 8.9 per cent. Thus growth has exceeded 8 per cent for a long period and has accelerated recently. In view of these facts there is no case for accepting the rate proposed by the Finance Ministry (6.7 per cent) or the slightly higher rate of 7 per cent.
4. The long-period elasticity of nominal Central excise revenue with respect to nominal net manufacturing income has been estimated to be 0.744. Assuming nominal income growth in manufacturing to be 10.9 per cent for the next five years (including the real income growth in manufacturing projected in the Draft Plan 1978/83 and an allowance for price increases) the estimated elasticity implies a revenue growth rate equal to 8.1 per cent. This is still less than the recorded long-term and short-term growth rates.
5. I, therefore, accept this figure (8.1 per cent) as a reasonable growth rate of Central excise revenue.
6. The Central Government will and should never allow the growth of its most important tax revenue to decelerate.
7. My colleagues have referred to some recent structural changes in the excise system which may retard revenue growth. But at the same time many other recent changes (such as extended coverage) will also tend to step-up the growth. On balance the revenue growth cannot be expected or allowed to slow down.
8. The structures and bases of income-taxation and excise taxation are so different that there is no economic case for linking or comparing or ranking the projected growth rates of income-tax and excise revenues.

NEW DELHI

27th October, 1978

RAJ KRISHNA

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## OBSERVATIONS ON PROF. RAJ KRISHNA'S NOTE OF DISSENT

1. The point in paragraph 31 that industrialised States can have substantial revenue surpluses even without Central transfers, may not be wholly correct. West Bengal which is recognised as an industrialised State does not have a surplus but a deficit. On the other hand, both Punjab and Haryana have substantial revenue surpluses, excluding Central transfers, which on a per capita basis are higher than the industrialised States of Maharashtra or Gujarat—and yet the two former States cannot be said to be industrialised to any great extent as compared with the rest of the country.
2. Referring to paragraphs 31 and 32 of the Note, we would not like to under-estimate the role of the State Governments in attracting industries, and industrialising their areas. Experience shows that the provision of infrastructural facilities such as technical education, power, water supply and

communications, as also the maintenance of stable law and order conditions have a major role in attracting industry—and these are all the responsibility of the State Governments.

3. The question of adoption of the same formula for the distribution of Income Tax and Central Excise Duties, suggested in paragraph 39 of the Note and other matters on which the provisions in Chapter I of Part XII of the Constitution have a bearing have been discussed in our report.

4. Prof. Raj Krishna observes that in his formula, the "partial elasticity" of the income—adjusted poverty population is unity with respect to the poverty ratio. That is to say, other things remaining equal, there would be a proportionate relationship between the differences in poverty ratio among different States and the financial resources distributed among them according to this factor. The basic question then arises is whether it is reasonable to vary the distribution of resources among States in this manner.

5. It is true that poverty reflects both the level of income and its distribution. But it does not follow from this that, as a criterion for the distribution of resources among States, the poverty ratio is superior to the per capita income level, unless one assumes that the relative incidence of poverty is independent of the way the resources have been allocated by different States. It is well recognised that the incidence of poverty is very much influenced by the policies relating to land reform, distribution of institutional credit, public investment in the poverty-sensitive sectors like agriculture, health, schooling, etc. Whereas it is true that per capita income level itself depends on the pattern of allocation of resources, the latter influences poverty ratio not only through the income level but also through the distribution of income. There is evidence to show, for instance, that inter-State differences in poverty ratio are explained significantly not only by per capita income level but also by the proportion of income from agriculture to total income. That is to say, States which have given greater attention to agriculture in the past have been able to reduce the incidence of poverty. This is just an illustration to emphasise that the magnitude of poverty cannot be regarded as independent of how resources have been allocated and what policies have been followed by the State Governments.

6. By adopting income-adjusted poverty population as the criterion for the distribution of entire divisible pool of revenues between States, a strong bias is built in favour of States which have neglected the poor and against those whose policies have contributed significantly to the reduction of poverty irrespective of their per capita income level. We have explained in our report the considerations why we have adopted other criteria also in addition to the poverty percentage.

7. Prof. Raj Krishna also observes that in his formula the 'partial elasticity' of the income-adjusted poverty population is negative and unity to income. That is to say, between States, as per capita income rises, other things remaining equal, the income-adjusted poverty population declines proportionately. This accentuates the steepness in the formula by taking account of income level twice over, in effect. This is because the poverty ratio is itself inversely related to per capita income. The higher income States already have a lower poverty ratio, and varying poverty ratios again in an inverse proportion to per capita income of each State acts unduly harshly against higher income States, specially because Prof. Raj Krishna adopts his formula as the criterion for the distribution of the entire divisible pools of income tax and excise.

8. We would like to point out that the revenue equalisation criterion to which the Commission has given a weight has an in-built tendency to reduce per capita surpluses of States and this result is achieved with due regard to the own resources efforts of States. This is because under the revenue equalisation criterion for arriving at the distance of each State from the highest per capita revenue, estimated revenues (consistent with the respective per capita income levels of the States) have been used, rather than the actual revenue which is very much influenced by the States' own resource efforts. The disparity in per capita own resource between States is sharper than the corresponding disparity in per capita income. This is implied in para 47 of Prof. Raj Krishna's Note. The disparity in per capita revenues is the basic factor behind the disparity in per capita surpluses of States. Prof. Raj Krishna's method of reducing the disparities in these surpluses after devolution ignores the effort of States to raise their own resources. His method, unlike the one adopted in our report, rewards those lacking in effort and penalises those who have been able to achieve a high tax-income ratio, for comparable income levels.

9. We should add a word about the hill States. We feel that in their unique circumstances, much more than the Finance Commission, the Planning Commission and the Central Government have special roles to play for their well-being and development.

10. As an incidental matter, we would like to refer to Prof. Raj Krishna's assumption about the growth of Central excise revenues in the period of our report, in the context of our recommendation that the share of the States in excise duties should be 40%. We feel that the rates of growth we have adopted is realistic and does not carry any risk of dislocation of the finances of the States as well as the Central Government. Adoption of too high a rate of growth would involve much risks if revenues fail to materialise as anticipated, and this may well happen if the anticipation is pitched too high. We note that Prof. Raj Krishna's estimation is Rs. 1400 crores more than ours.

**J. M. SHELAT**

**C. H. HANUMANTHA RAO**

**H. N. RAY**

**V. B. ESWARAN**

**October 28, 1978**

**APPENDICES  
and  
ANNEXURES**



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**APPENDIX 1.1**  
**Long term rates of growth of yield from certain taxes and rates adopted by the Commission for the years 1979-84**

States	022-Agricultural Income tax	028-Taxes on Professions, callings	030-Stamps and registration		040-Sales Tax**		041/042-Taxes on Vehicles and on goods and passengers		045-Entertainment Tax	
			Long term growth rate 1963-64 to 1975-76	Growth rate adopted by the Commission	Long term growth rate 1963-64 to 1975-76	Growth rate adopted by the Commission	Long term growth rate 1963-64 to 1975-76***	Growth rate adopted by the Commission	Tax Long term growth rate 1963-64 to 1975-76	Growth rate adopted by the Commission
1	2	3	4	5	6	7	8	9	10	11
1. Andhra Pradesh	..	..	9.3	8.0	14.2	10.0	8.1	8.0	15.3	10.7
2. Assam	4.0	4.0	8.7	8.0	13.5	9.0	5.2	7.0	10.0	7.0
3. Bihar	3.0	..	6.3 <sup>1</sup>	4.0	10.7 <sup>1</sup>	8.0	11.5 <sup>1</sup>	7.0 7.0	13.9 <sup>1</sup>	8.0 8.0
4. Gujarat	..	5.0	9.3 <sup>1</sup>	6.0	12.5 <sup>1</sup>	9.0		9.0 10.0	24.0 <sup>2</sup>	12.0
5. Harayana	..	..	9.7 <sup>2</sup>	7.5	20.0 <sup>2</sup>	12.0	4.2 15.6 <sup>1</sup> 31.6 10.7 <sup>2</sup>	..	..	..
6. Himachal Pradesh	..	..	..	4.0	14.9 <sup>8</sup>	9.0	..	7.0	..	6.1
7. Jammu & Kashmir	..	..	10.4 <sup>1</sup>	4.5	12.1 <sup>1</sup>	7.0	5.5 <sup>1</sup>	5.0	16.2	8.0
8. Karnataka	4.5	5.0	9.6	7.0	13.8	9.5	7.4 10.4	10.0	18.7	11.0
9. Kerala	4.5	5.0	9.5 <sup>1</sup>	9.0	11.9 <sup>1</sup>	8.0	6.4	10.0	..	..
10. Madhya Pradesh	..	5.0	9.9	6.0	13.7	8.0		7.0	8.1	6.0
11. Maharashtra	3.0	5.0	6.0	5.5	13.4	9.5	7.9 10.0 9.7 3.5	9.5	1.7	10.3
12. Manipur	..	..	4.5	..	..	6.0	..	5.0	..	6.0
13. Meghalaya	..	4.0	..	4.0	..	6.0	..	5.0	..	6.0
14. Nagaland	..	4.0	..	4.0	..	6.0	..	5.0	..	6.0
15. Orissa	4.0	..	11.1	6.0	11.1	8.0	10.2	7.0	12.7	8.0
16. Punjab	..	..	13.1 <sup>1</sup>	8.0	17.4 <sup>1</sup>	11.5	10.5 14.1 <sup>1</sup>	10.0	13.6 <sup>1</sup>	10.0
17. Rajasthan	..	..	11.7 <sup>1</sup>	6.0	13.9 <sup>1</sup>	9.5	11.6 9.8 <sup>1</sup>	7.0	12.1 <sup>1</sup>	8.0
18. Sikkim	..	..	..	3.0	..	6.0	..	5.0	..	4.1
19. Tamil Nadu	3.0	..	5.6	4.0	14.3	9.0	9.5	5.0	12.2	8.0
20. Tripura	..	4.00	..	3.0	..	6.0	..	5.0	..	6.0
21. Uttar Pradesh	..	..	..	7.0	15.3	9.0	11.0 11.7	8.0	11.2	8.0
22. West Bengal	4.0	..	5.0	4.0	8.0	8.0	4.2	7.0 (5.0)@	8.7	8.0

\*\*Purchase tax on sugarcane wherever levied separately has not been included under 04

@Tax on entry of goods.

\*\*\*Growth rates under 041 and 042 are shown separately wherever these taxes are levied separately

<sup>1</sup> 1963-64—1974-75

<sup>2</sup> 1967-68—1974-7

<sup>3</sup> 1971-72—1975-76

## APPENDIX I. 2 (i)

## States' Excise revenues from Potable Liquor, in 1978-79 and in the forecast period 1979-84

(Rs. lakhs)

	States	Revenues in 1978-79	Revenues in each year of the forecast period
	1	2	3
1.	Andhra Pradesh	10013.48	10013.48
2.	Assam	405.46	405.46
3.	Bihar	1922.00	2058.00
4.	Gujarat	29.93	29.93
5.	Haryana	1976.77	2235.27
6.	Himachal Pradesh	591.00	670.00
7.	Jammu & Kashmir	887.26	887.26
8.	Karnataka	5920.50	5920.50
9.	Kerala	3639.40	3639.40
10.	Madhya Pradesh	3827.35	3827.35
11.	Maharashtra	3494.00	3494.00
12.	Manipur	30.06	30.06
13.	Meghalaya	58.03	58.03
14.	Nagaland	83.32	83.32
15.	Orissa	656.47	656.47
16.	Punjab	5690.12	5690.12
17.	Rajasthan	3075.00	3075.00
18.	Sikkim	79.92	79.92
19.	Tamil Nadu	..	..
20.	Tripura	19.55	19.55
21.	Uttar Pradesh	6028.71	6509.24
22.	West Bengal	3101.00	3101.00
	<b>TOTAL</b>	<b>51529.33</b>	<b>52483.36</b>

NOTE: In Col. 3, in the following States, 50% grants-in-aid is included on account of the difference between reassessed revenues in 1978-79 and 1977-78 (actuals)

States	Amounts included in each year of the Forecast period (Rs. lakhs)
1. Bihar	136.00
2. Haryana	258.50
3. Himachal Pradesh	79.00
4. Uttar Pradesh	480.53
<b>TOTAL</b>	<b>954.03</b>

## APPENDIX I.2 (ii)

## States' excise revenues from items other than potable liquor in the forecast period 1979-84

(Rs. Lakhs)

States	Forecast period					
	1979-80	1980-81	1981-82	1982-83	1983-84	Total 1979-84
1	2	3	4	5	6	7
1. Andhra Pradesh	667.30	700.67	735.70	772.49	811.11	3687.27
2. Assam	2.67	2.80	2.94	3.09	3.24	14.74
3. Bihar	252.00	264.60	277.83	291.72	306.31	1392.46
4. Gujarat	249.97	262.47	275.59	289.37	303.84	1381.24
5. Haryana	94.74	99.48	104.45	109.67	115.15	523.49
6. Himachal Pradesh	26.87	28.18	29.57	31.02	32.54	148.18
7. Jammu & Kashmir @	6.03	6.33	6.65	6.98	7.33	33.32
8. Karnataka	83.48	87.65	92.03	96.63	101.46	461.25
9. Kerala@	424.63	443.56	463.44	484.31	506.23	2322.17
10. Madhya Pradesh	730.28	765.59	802.67	841.60	882.48	4022.62
11. Maharashtra	2059.00	2162.00	2270.00	2384.00	2503.00	11378.00
12. Manipur	0.99	1.04	1.09	1.14	1.20	5.46
13. Meghalaya	0.14	0.14	0.15	0.16	0.17	0.76
14. Nagaland	..	..	..	..	..	..
15. Orissa	108.71	114.14	119.85	125.84	132.13	600.67
16. Punjab @*	205.37	212.58	219.84	228.16	236.55	1102.50
17. Rajasthan @	124.50	129.22	134.19	139.40	144.88	672.19
18. Sikkim	0.08	0.08	0.08	0.08	0.08	0.40
19. Tamil Nadu	404.79	416.93	429.44	442.33	455.59	2149.08
20. Tripura	..	..	..	..	..	..
21. Uttar Pradesh	292.20	306.81	322.15	338.26	355.17	1614.59
22. West Bengal	476.70	500.54	525.57	551.85	579.44	2634.10
TOTAL	6210.45	6504.81	6813.23	7138.10	7477.90	34144.49

@Including arrears also.

\*Including Rs. 120 lakhs from A.R.M. in 1978-79.

## APPENDIX I.3(i)

**Letter No. 11012/18/78-PR (Vol. III) dated the 3rd August, 1978 from Department of Social Welfare, Government of India, to Chief Secretaries of all States and copy endorsed to Ministry of Finance, Ministry of Home Affairs, Finance Commission, Planning Commission, Comptroller & Auditor General and Finance Secretaries of all States.**

**SUB.:** Compensation to the States for loss of excise revenue resulting from the implementation of prohibition policy.

1. I am directed to refer to d.o. letter No. 11012/18/78-PR, dated 28th March, 1978 from Shri Saran Singh, Secretary, Department of Social Welfare addressed to the State Governments on the question of implementation of the prohibition policy.

2. I am directed to state that the Government of India have decided to compensate the States for the established loss of excise revenue resulting from the implementation of the above policy. The compensation will be limited to 50% of their established loss of excise revenue each year, commencing from 1978-79, treating the actual excise revenue of 1977-78 as the base. The States will have to devise ways and means of meeting the balance loss. In this context the State Governments may consider mopping up, through taxation as well as through voluntary savings, of a part of the income that would otherwise have been spent on liquor. The States would not be compensated for possible increases which may have occurred in excise revenue, cost of enforcement etc. The established loss of revenue will be computed on the basis of figures of State excise revenue as certified by the State's Accountant General.

3. The above scheme of assistance to the States, which will be in the form of grant, will be in operation till the end of financial year 1983-84.

4. The States would have projected their revenues to the Finance Commission on the basis of the national policy which envisages complete prohibition within a period of four years and it will be for

the Commission to take a view on the question of devolution of funds with reference to the resources position disclosed in the forecasts and other relevant factors.

**APPENDIX I.3(ii)**

**Letter No. P. 11012/18/78-PR, dated the 4th August, 1978 from Department of Social Welfare, Govt. of India to Member Secretary, Finance Commission, New Delhi.**

**SUB.:** Compensation to the States for loss of excise revenue resulting from the implementation of prohibition policy.

1. I am directed to say that in pursuance of the Directive Principle of State Policy in the Constitution, the State Governments have been requested to implement the policy of prohibition in a phased manner over a period of four years. Guidelines on this subject have also been issued.
2. The Government of India have decided to compensate the States for the established loss of excise revenue resulting from the implementation of the above policy of prohibition. The compensation will be limited to 50% of the established loss of excise revenue each year commencing from 1978-79 treating the actual excise revenue of 1977-78 as the base.
3. The States will have to devise ways and means of meeting the balance loss. The States would not be compensated for possible increases which may have occurred in excise revenue, cost of enforcement etc.
4. The above scheme of assistance to the States, which will be in the form of grant, will be in operation till the end of the financial year 1983-84.
5. In terms of the above decision, Gujarat and Tamil Nadu States which have implemented the policy of prohibition long ago and whose excise revenue in the base year 1977-78 is accordingly negligible will not get the grant-in-aid. These States would have to project their revenues to the Finance Commission on the basis of the continuance of their present policy of prohibition and it will be for the Commission to take a view on the question of devolution of funds to these States with reference to the resources position disclosed in their forecasts and other relevant factors.
6. A copy of the letter issued to the State Government is enclosed for the information of the Finance Commission.

**APPENDIX I.3(iii)**

**D. O. No. PF/R-9(50) 74-Vol. V, dated the 16th September, 1978 from Shri G. Ramachandran, Finance Secretary, Ministry of Finance, New Delhi, to Shri V. B. Eswaran, Member Secretary, Finance Commission.**

**SUB.:** Compensation to the States for the loss of excise revenue resulting from implementation of prohibition policy.

1. Please refer to letters No. T-11012/18/78-TR, dated August 4, 1978 and No. 11012/18/78-TR(Vol. III), dated August 3, 1978, from the Department of Social Welfare, Government of India, on the above subject.
2. It may be recalled that the above subject came up for discussion with the Seventh Finance Commission on 13-9-1978 when the Commission sought certain clarifications from the representatives of the Ministry of Finance. We explained the view point of the Finance Ministry to the Commission and undertook to furnish a note on the subject.
3. The Union Government have decided to compensate the States for the established loss of "excise revenue" resulting from the implementation of the prohibition policy. The compensation has been limited to 50% of their established loss of excise revenue each year, commencing from 1978-79, treating the actual excise revenue of 1977-78 as the base. This assistance to the States which will be in the form of grant, will be in operation till the end of the financial year 1983-84. The actual receipts under the Head of Account 039 State Excise would be taken into account for purpose of determining the quantum of compensation. No compensation will be payable for increases in revenue or cost of enforcement machinery. The State Governments have been advised to devise ways and means to recoup the likely loss of excise revenue by other measures.
4. In meeting the compensation of 50% payable to States for the loss of excise revenue, Government of India have been guided by the consideration that it should be possible for the States to make up for the balance through higher realization of revenue from some of the existing taxes like sales-tax, entertainment tax, etc. The introduction of prohibition will increase the purchasing power which will be utilised for purchase of goods and on entertainment and other recreational activities which are subjected to tax. The cost of enforcement machinery can be taken care of within the annual growth rate of non-plan expenditure which will be provided by the Finance Commission.

**APPENDIX I. 4(i)**  
**Additional funds provided for medicines in hospitals**

S. No.	States	No. of beds (as on 1-4-76)	Per bed expenditure (Rs.)			Additional funds required in (Rs.Lakhs)					
			Present level	Desired level	Gap	1979-80 (2 x 5)	1980-81	1981-82	1982-83	1983-84	1979-84 Total (6 to 10)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Bihar	15893	2139	2578	439	69.77	75.35	81.38	87.89	94.92	409.31
2.	Haryana	5488	1648	2578	930	51.04	55.12	59.53	64.29	69.43	299.41
3.	Himachal Pradesh	5288	1112	2578	1466	77.52	82.17	87.10	92.33	97.87	436.99
4.	Jammu & Kashmir	5209	2534	2578	44	2.29	2.43	2.58	2.73	2.89	12.92
5.	Karnataka	24022	1897	2578	681	163.59	173.41	183.81	194.84	206.53	922.18
6.	Kerala	34393	1481	2578	1097	377.29	399.93	423.93	449.37	476.33	2126.85
7.	Meghalaya	1070	1783	2578	795	8.51	9.02	9.56	10.13	10.74	47.96
8.	Punjab	11613	2248	2578	330	38.32	40.62	43.06	45.64	48.38	216.02
9.	Rajasthan	16293	2037	2578	541	88.15	93.44	99.05	104.99	111.29	496.92
10.	Uttar Pradesh	43179	1160	2578	1418	612.28	661.26	714.16	771.29	832.99	3591.98
	TOTAL					1488.76	1592.75	1704.16	1823.50	1951.37	8560.54

NOTE: For Bihar, Haryana & U. P., projection on 1979-80 has been done at 8%, while for other States it is at 6%.

**APPENDIX I.4(ii)**  
**Additional funds provided for diet in hospitals**

S. No.	States	No. of Beds (as on 1-4-76)	Per bed expenditure (Rs.)			Additional funds required in (Rs. Lakh)					
			Present level	Desired level	Gap	1979-80 (2 x 5)	1980-81	1981-82	1982-83	1983-84	1979-84 Total (6 to 10)
	1	2	3	4	5	6	7	8	9	10	11
1	Andhra Pradesh	23451	1085	1100	15	3.52	3.73	3.96	4.19	4.44	19.84
2	Assam	6292	908	1100	192	12.08	13.04	14.09	15.22	16.43	70.86
3	Gujarat	15937	540	1100	560	89.25	94.61	100.29	106.31	112.69	503.15
4	Haryana	5488	245	1100	855	46.92	50.67	54.72	59.1	63.83	275.24
5	Himachal Pradesh	5288	169	1100	931	49.23	52.18	55.31	58.63	62.15	277.5
6	Karnataka	24022	797	1100	303	72.79	77.16	81.79	86.7	91.9	410.34
7	Kerala	34393	1081	1100	19	6.53	6.92	7.33	7.77	8.23	36.78
8	Madhya Pradesh	17108	758	1100	342	58.51	63.19	68.25	73.71	79.61	343.27
9	Maharashtra	28636	869	1100	231	66.15	70.12	74.33	78.79	83.52	372.91
10	Orissa	9302	688	1100	412	38.32	41.39	44.7	48.28	52.14	224.83
11	Punjab	11613	260	1100	840	97.55	103.4	109.6	116.18	123.15	549.88
12	Rajasthan	16293	332	1100	768	125.13	132.64	140.6	149.04	157.98	705.39
13	Tamil Nadu	29849	1025	1100	75	22.39	23.73	25.15	26.66	28.26	126.19
14	Uttar Pradesh	43179	252	1100	848	366.16	395.45	427.09	461.26	498.16	2148.12
15	West Bengal	44402	913	1100	187	83.03	88.01	93.29	98.89	104.82	468.04
16	TOTAL					1137.56	1216.24	1300.5	1390.73	1487.31	6532.34

NOTE : For Assam, Haryana, Madhya Pradesh, Orissa and Uttar Pradesh projection on 1979-80 figures has been done at 8%, while for other States it is at the rate of 6%.

**APPENDIX I.5**  
**Expenditure on old age pension under Major Head of Account 288**

(Rs. lakhs)

States		Actual exp. on old age pension in 1976-77	Exp. for old age pension 1979-84 as per norm of 0.1% Population @ Rs. 60 per month	Exp. allowed for 1979-84
	1	2	3	4
1.	Andhra Pradesh	48.54	1566.10	1566.10
2.	Assam	Nil	526.50	526.50
3.	Bihar	4.57	2028.60	2028.60
4.	Gujarat	Nil	961.20	961.20
5.	Haryana	20.97	361.35	361.35
6.	Himachal Pradesh	19.76	138.00	138.00
7.	Jammu & Kashmir	Nil	166.20	166.20
8.	Karnataka	633.47	1054.75	4615.00
9.	Kerala	332.00	768.60	2760.00
10.	Madhya Pradesh	Nil	1499.40	1499.40
11.	Maharashtra	Nil	1815.00	1815.00
12.	Manipur	Nil	38.65	38.65
13.	Meghalaya	Nil	36.40	36.40
14.	Nagaland	Nil	18.60	18.60
15.	Orissa	62.00	790.00	790.00
16.	Punjab	217.76	487.85	1440.00
17.	Rajasthan	61.96	927.55	1325.05
18.	Sikkim	Nil	7.55	7.55
19.	Tamil Nadu	145.82	1483.15	1483.15
20.	Tripura	..	56.00	56.00
21.	Uttar Pradesh	271.07	3180.30	3180.30
22.	West Bengal	22.00	1595.25	1595.25
	<b>TOTAL</b>	<b>1839.92</b>	<b>19507.00</b>	<b>26408.30</b>

**APPENDIX I.6**

**D. O. letter No. 5(10)/78-Desk, V, dated August 16, 1978 from Shri R. Tirumalai, Secretary, Ministry of Supply & Rehabilitation (Department of Rehabilitation) New Delhi addressed to Shri V. B. Eswaran, Member Secretary, Seventh Finance Commission, Vigyan Bhavan Annexe, New Delhi.**

1. As you are aware, very soon after the partition, we were confronted with the gigantic problem of relief and rehabilitation of refugees from West Pakistan. Even later, the influx of refugees crossing the borders from all points occurred in several waves. The displaced persons from former East Pakistan migrated to India till 1971 in several spells. Since 1963-64, the repatriation of Indian Nationals from Burma and Sri Lanka has been taking place. Subsequently, there has also been repatriation from certain other countries in Africa and South East Asia.

2. The rehabilitation work in respect of refugees from West Pakistan has been virtually resolved but problems in respect of other migrants/repatriates are still being handled by this Department.

3. Apart from the resettlement of refugees, migrants and repatriates on land etc., the relief and rehabilitation aspect involved, inter-alia, several welfare activities, such as housing, education, training, employment, medical facilities, establishment of Permanent Liability Homes etc. To take care of some segments of these migrants and repatriates, a number of institutions such as Boarding Schools Industrial Training Centres, P. L. Homes, etc. had to be set up. Though most of these institutions were set up through the agency of concerned State Governments, these were maintained and/or financed by the Deptt. of Rehabilitation, over the last two Plan periods. The following institutions are still continuing.

Name and location of Institution	Capacity (persons)	Approx. annual expenditure based on B.E. for 1978-79 (Rs. in lakhs)
1	2	3
1. Permanent Liability Home at Kancharapalem (Visakhapatnam—A. P)	300	1.93
2. P. L. Home at Mathur (Tamil Nadu)	300	6.00
3. P. L. Home at Rundrapur (U.P)	1101	12.80
4. P. L. Home at Amtoli (Tripura)	492	3.60
5. P. L. Home at Mana (M.P.)	5536	42.00
6. Boarding School at Bheemunipatnam	250*	1.30
7. Boarding School at Anakapalli		
8. Boarding School at Mathur (Tamil Nadu)	800*	6.20

\*approximate.

4. The Home at Mana (Madhya Pradesh) is being run directly by this Department and we have already requested the Govt. of Madhya Pradesh to take over this Home. They have been informed that we would bear expenditure on the Home till

the end of Fifth Plan Period and that in the meanwhile the State Govt. may place this issue before the Seventh Finance Commission to take this expenditure in account while fixing the quantum of 'grants-in-aid' for the State Government.

5. The rest of the institutions are being administered by the respective State Govts. and the Central Govt. has been reimbursing the entire expenditure on their running and maintenance. However, as regards institutions at Srl. Nos. 6 and 7, the Govt. of Andhra Pradesh were advised to take over their maintenance w.e.f. 1-4-77 stipulating also that assistance from this Department would be restricted only to the extent the repatriate students were eligible for stipends/book grants, under the pattern scheme. The State Govt. have approached us to allow them financial assistance for 1977-78 also and the proposal is under consideration.

6. The Department of Rehabilitation has, however, been anxious to wind up its activities in a phased manner. Running of the institutions of these types for the general public is the responsibility of the State Govts. Besides rehabilitated persons should now form part of the local population as well as of the main stream of national life. We have, therefore, been making efforts to persuade respective States to assume full responsibility for running and maintenance of these institutions. The State Govts. have, however, shown some reluctance to take these over, some of them possibly owing to their tight ways and means position. Nevertheless, the fact remains that this Department cannot undertake to bear this liability on a perpetual basis, because the responsibility for looking after persons under the category of permanent liability also devolves upon the State Govts. We, however, realise that the normal resources of the States/Welfare Institutions may not be sufficient to shoulder this additional burden. We have, therefore, suggested to the concerned State Govts. to place this aspect before the Seventh Finance Commission, so that the Commission could consider taking into account this liability as a committed expenditure, while fixing the quantum of Central Assistance as 'grants-in-aid' for the State Governments.

7. I shall be grateful if you will kindly bring this to the notice of the Commission who may like to give it their sympathetic consideration, at the time of finalising their recommendations regarding the quantum of Central assistance to the concerned State Governments. With kind regards,

#### APPENDIX I.7

#### Information furnished by Planning Commission in respect of Central sector and Centrally sponsored schemes in D. O. No. PC(P) 4/5/CSS/77-MLP, dated September 15, 1973 from Shri K. V. Sundaram, Joint Director.

Kindly refer to your D.O. letter dated 3rd August, 1978 addressed to Shri P. H. Vaishnav, Joint Secretary, Planning Commission. I understand that the information asked by you regarding current year's annual plan outlays has been sent to you by State Plan Division. I am enclosing herewith a revised statement regarding the order of committed expenditure liability in 1979-80 on account of centrally sponsored schemes which are being implemented in the current year. I am afraid, it may not be possible at this stage to give figures for statewise estimate of committed expenditure for each scheme in each of the five years from 1979-80 to 1983-84 as the entire question of central and centrally sponsored schemes is being reviewed by a Committee of the National Development Council and the Ministries handling these schemes have not been able to provide this information.

#### Estimated Committed Expenditure liabilities during 1979-80 on account of Centrally Sponsored Schemes

(Rs. lakhs)

Department/Name of the Schemes	Amount which is likely to be shown in State Budgets
1	2
<b>Agriculture &amp; Allied Sectors &amp; Cooperation</b>	10000.00
Nutrition	
Applied Nutrition Programme	17.60
<b>Family Planning</b>	
Family Planning	..
<b>Health</b>	
Malaria Eradication Programme (Urban) }	
Malaria Eradication Programme (Rural) }	1056.94
National Filariasis Control	15.00
National T. B. Control	..
National Trachoma Control & Prevention of Blindness	558.15
V.D. Control	..
Cholera Control	..
National Small Pox Eradication	682.10
Leprosy Control	628.44
Training of Physico-Therapist	..
Establishment of Psychiatric Clinics	..
Combined Food & Drug Laboratories	..
ISM—Establishment of ISM Pharmacies including herbal Farms	..
Training of Community Health Workers	..
Post-Graduate Medical Education in Indian System	..
School Health	..
Training and Employment of Multipurpose Health Workers	166.12
<b>Welfare of Backward Classes</b>	
Girls Hostels for Scheduled Castes & Scheduled Tribes	..

Post-matric scholarships and merit scholarships for SC & ST	2000-00
Pre-matric Scholarships	15-00
Research and Training	10-00
Cooperation (Special Schemes)	..
Aid to voluntary organisations	..
Coaching & Allied Schemes including Pre-examination Training	16-00
Book Banks for Scheduled Castes & Scheduled Tribes students in Medical & Engineering Colleges	..
Machinery for Enforcement of Untouchability (Offences) Act	50-00
New Schemes for Scheduled Castes	N.A.
<b>Social Welfare</b>	
Services for Children in need of care and protection	285-00
Integrated child care services	..
Welfare of destitute women & children	30-00
Integrated education for the handicapped	..
Placement of handicapped through special employment exchanges and appointment of special officers in ordinary employment exchanges	20-00
<b>Village &amp; Small Scale Industries</b>	
Rural Industrial Projects	350-00
Collection of Statistics	..
<b>Transport</b>	
Minor Ports—Development and modernisation	..
Inland Water Transport	..
Machinery and Equipment	..
Roads of Inter-State and Economic Importance	..
Special Roads/Bridges, Works of National Importance	..
<b>Power</b>	
Inter State/Regional Lines	..
<b>General Education</b>	
Book Production at University level in Hindi and regional languages	150-00
Establishment of Hindi Teachers Training Wings in existing colleges in non-Hindi speaking States	10-00
Appointment of Hindi teachers in non-Hindi speaking States	290-00
Development of Sanskrit	19-88
<b>Technical Education</b>	
Development of Post Graduate Courses and Research	82-00
Improvement of Polytechnics and Colleges	..
<b>Water Supply</b>	
Accelerated Rural Water Supply to problem villages	..

### APPENDIX 1.8

#### Note received from Reserve Bank of India in their letter of July 1978, regarding Provisions for Sinking Fund and Depreciation Fund in the Revenue Account of State Budgets.

The Seventh Finance Commission has to recommend statutory Grants-In-Aid to States to finance their revenue gaps. For this purpose, the Commission is required to calculate revenue gaps of the State Governments on the basis of a method uniformly applicable to all States. In this context, a point has been raised whether transfer to sinking funds and depreciation funds should be considered as a legitimate charge or not on revenues of States and whether they should be included in, or excluded from, the revenue expenditure for the purpose of calculating revenue gaps with a view to determining the Grants-In-Aid. The Seventh Finance Commission has pointed out that the State Governments do not adopt uniform or standardised practice in regard to provision in the revenue account for amortisation and depreciation of public debt liabilities and that the Reserve Bank's instructions in relation to Sinking Funds and Depreciation Funds are not being observed uniformly by all the States. The instructions given by the Reserve Bank regarding Depreciation Fund and Sinking Fund are summarised below.

**Depreciation Fund:** Prior to July 1971, the notifications issued by the State Governments concerning the floatations of new loans in the market contained a stipulation that the State Government 'will provide in each financial year a sum equal to 1 1/2 per cent of total nominal amount of the loan to be used for purchasing the securities of the loan for cancellation'. The object of creating the Depreciation Fund through annual provisions in the revenue account was to extend support to the market prices of State loans, as and when these tended to depreciate, through repurchase in advance of their maturity dates. As the prices of State loans were well maintained for quite a number of years, prior to 1971, the Governments were not required to utilise the Depreciation Fund for redemption of loans in advance of their maturity dates. Furthermore, given the prevailing conditions in the gilt-edged market which did not call for extension of any support to their securities by the State Governments, earmarking of resources to the Depreciation Fund would only tend to reduce the resources available to the State Governments for other purposes. Against this background, the Reserve Bank, through its letter No. C. 117-275, dated July 23, 1971, advised the State Governments that loan notifications may be amended to make such purchases of securities permissible and not obligatory in future, and that no amount need be set apart in future for repurchases of outstanding debt. The Reserve Bank also indicated that while settling the net amount to be borrowed from the market by the States, the Bank would ignore any provisions made in the budget by any State for purchasing its securities by transfer from the Consolidated

Fund to the Public Account. In pursuance of the above advice from the Bank, the loan notifications issued by the State Governments in subsequent years do not make any reference to the creation of Depreciation Fund. The divergence in practice adopted by the State Governments in this regard could thus largely be explained in terms of the withdrawal of the earlier stipulation making the setting apart of funds to the Depreciation Fund permissible and not obligatory.

**Sinking Fund :** Prior to April, 1975, the loan notification of the State Governments contained a clause that 'the Government will also make such annual contributions to a Sinking Fund to be utilised towards the amortisation of their open market loans, as they may, from time to time, decide to be necessary'. But, some of the State Governments which did not have a genuine revenue surplus (i.e. revenue surplus excluding grants from the Centre) were not making regular annual contributions to the Sinking Fund. While on the one hand such non-amortisation may be construed as a breach of contract as per borrowing from those who have subscribed to the loans, the mere transfer of annual provisions from the Revenue Account to the Public Account without the actual investment in securities, on the other hand, is superfluous. It may also be noted here that the magnitude of the market borrowing of a State each year is determined after taking into account the loans falling due for redemption in that year. In view of the foregoing, it was felt that it should not be made obligatory on the part of the State Government to contribute to the Sinking Fund. Accordingly, the Reserve Bank in terms of its letter No. C-117/4131 of April 9, 1975 advised the State Governments that it was not obligatory on their part to make any contribution to such funds and the relative paragraph in the loan notification can therefore be deleted.

It may, therefore, be observed that the provisions for Depreciation Fund and Sinking Fund are no longer obligatory and such provisions are not utilised for the purposes for which they are intended viz., (1) purchase by the State of its own securities so as to maintain their prices and (2) redeem them on maturity. Besides, the prices and yield of Government securities are dependent on conditions in the gilt-edged market which are determined in turn by the monetary and fiscal policies. Generally, maturing loans are converted into new loans and no repayment as such is made from States' own revenues. Hence, repayment of loans does not involve use of funds provided for in the revenue account.

It may further be argued that, in view of a number of State Governments having deficit on revenue accounts (excluding grants-in-aid), the transfers made to Depreciation Fund and Sinking Fund would appear to be mere book-entries rather than genuine transfer of cash balances. Moreover, all the States are not following uniform practices for making such provisions and some State Governments do not even make any provisions for these purposes. The present conditions in the gilt-edged market do not warrant any cause for concern in terms of balancing the capital loss against an increase in interest income. It needs emphasis that, according to the 'locked in' theory of investment in government securities, an investor would normally prefer to hold the security and get full amount of loan on maturity rather than sell at lower price with an attendant capital loss in the market. Beside, even if State Governments have surpluses on revenue account (without grants-in-aid), the latter can be utilised for economic services providing better social rate of return rather than locking them up in reserves. Hence, the provisions for Depreciation Fund and Sinking Fund should not be obligatory revenue charges for States and should be excluded from the expenditure side for the purpose of determining the amount of Grants-in-aid required to fill their revenue gap.

On the basis of these considerations, the view taken by the Sixth Finance Commission that provisions for depreciation and sinking funds would not be legitimate charge on the revenue accounts of the States would seem to be apposite.

## APPENDIX I.9

### C.P.W.D. Norms based on capital costs of buildings

**Para 55 of Chapter I of C.P.W.D. Manual Vol. II:** The total estimated cost of maintenance of buildings/structure during a year should be within the prescribed limits, as approved by Government from time to time, both for Annual Repairs and Special Repairs. The existing percentages, as approved for these purposes, are as below:—

	Pre 31-3-42 Structures	1-4-42 to 14-8- 47 Structures	Post 15th August, 47 to 31-3-1962	Post 1-4-1962
<b>I. CIVIL</b>				
<b>1. Annual Repairs :</b>				
(a) Non-residential buildings (Permanent)				
(i) Office buildings (e.g. Secretariat Block etc.)	1.2%		0.35%	0.30%
(ii) Other permanent buildings	4.95%	2.8%	1.10%	0.95%
(iii) Temporary buildings	5%	4.4%	3.2%	2.60%
(b) Residential Buildings				
(i) Permanent	5.4%	3.2%	2.29%	1.9%
(ii) Temporary	6%	4.8%	6.4%	5.2%
<b>2. Special Repairs :</b>				
(a) Residential				
(i) Temporary	3%	1.75%	1.60%	1.30%
(ii) Permanent	1.80%	1.20%	0.73%	0.63%
(b) Non-residential buildings				
(i) Temporary	3%	1.75%	1.60%	1.30%

(ii) Permanent	1·80%	1·20%	0·73%	0·63%
(c) Monumental	0·45%	..	0·36%	0·31%
<b>II. ELECTRICAL INSTALLATIONS</b>				
1. Annual Repairs	11%	10%	6%	5%
2. Special Repairs with fans	3·50%	3·25%	3·00%	3·00%
3. Special Repairs without fans	2·00%	1·75%	1·50%	1·50%

**APPENDIX I.10**  
**Cost of Maintenance of Buildings**

(Rs. in Lakhs)

States	1979-80		1979-84	
	Provision proposed by State Governments	Provision reassessed	Provision proposed by State Governments	Provision reassessed
(1)	(2)	(3)	(4)	(5)
1. Andhra Pradesh	392·00	318·17	217·00	1764·74
2. Assam	467·15	275·41	2581·40	1659·43
3. Bihar	2169·00	695·71	12790·00	4816·73
4. Gujarat	539·00	404·04	2950·00	2427·83
5. Haryana	357·00	207·68	2141·00	1337·20
6. Himachal Pradesh	392·70	116·57	2116·93	702·82
7. Jammu & Kashmir	346·00	245·77	2470·00	2026·77
8. Karnataka	799·00	313·19	4795·86	2036·68
9. Kerala	296·00	247·59	1657·00	1450·01
10. Madhya Pradesh	1631·16	489·38	9529·99	2989·02
11. Maharashtra	765·00	669·65	4325·00	3904·77
12. Manipur	122·71	70·02	705·66	437·55
13. Meghalaya	151·10	31·97	819·16	218·73
14. Nagaland	319·00	170·64	2027·00	1014·54
15. Orissa	1292·00	445·95	6506·00	2522·78
16. Punjab	1082·00	307·05	6343·00	2735·74
17. Rajasthan	836·12	378·18	4620·08	2088·01
18. Sikkim	25·00	20·91	145·00	147·89
19. Tamil Nadu	645·76	358·45	3539·40	2215·42
20. Tripura	96·29	68·68	587·78	426·37
21. Uttar Pradesh	1977·56	450·45	11650·18	3846·91
22. West Bengal	1402·83	509·33	7980·73	3285·91
TOTAL	16104·38	6794·79	92451·17	44055·85

**APPENDIX I.11**  
**Provision for Maintenance of State and Local Bodies Roads**

(Rs. in Lakhs)

States	State Govt. 1979-80	Local Bodies 1979-80	Total	State Govt. 1979-84	Local bodies 1979-84	Total
1	2	3	4	5	6	7
1. Andhra Pradesh	2682	614	3296	14820	3393	18213
2. Assam	676	..	676	3736	..	3736
3. Bihar	1320	389	1709	7293	2149	9442
4. Gujarat	676	780	1456	3736	4310	8046
5. Haryana	909	12	921	5022	67	5089
6. Himachal Pradesh	459	5	464	3076	28	3104
7. Jammu & Kashmir	409	9	418	2259	49	2308
8. Karnataka	2025	176	2201	12654	973	13627
9. Kerala	1074	743	1817	5934	4105	10039
10. Madhya Pradesh	2587	92	2679	16121	510	16631
11. Maharashtra	2010	1564	3574	11107	8643	19750
12. Manipur	140	54	194	1023	300	1323
13. Meghalaya	206	1	207	1137	5	1142
14. Nagaland	249	..	249	1684	..	1684
15. Orissa	249	507	1338	5663	2804	8467
16. Punjab	831	..	249	1684	5	1142

17. Rajasthan	936	..	1338	5663	..	1684
18. Sikkim	1922	94	2016	10617	520	11137
19. Tamil Nadu	127	1	128	701	5	706
20. Tripura	1714	1176	2890	12058	6498	18556
21. Uttar Pradesh	206	2	208	1137	10	1147
22. West Bengal	2285	998	3283	14952	5514	20466
	950	570	1520	5250	3150	8400

#### APPENDIX I.12

#### Correspondence with Planning Commission regarding maintenance of capital assets completed under the plans during 1979-84.

##### 1. D.O. letter No. 7FC-1(14)Res/77, dated August 19/21, 1978 from Member Secretary to Dr. Ajit Mozoomdar, Secretary, Planning Commission.

1. In the course of examination of the requirements for maintenance of capital assets like roads, buildings and irrigation systems, we find that generally States provided for such maintenance in the non-Plan budget for works completed during a Plan period, even before the end of the Five-year plan. In accordance with this practice, some States have proposed non-Plan provisions for maintenance of works expected to be completed in each year of the 5-year period 1979-84 which includes 4 years of the new five-year plan. There appears to be a conflict between this position, and what we understand is the principle supposed to be adopted for planning, i.e., that till the end of a Plan period maintenance requirements of works completed in the years of the Plan should be provided for as part of the plan outlays. The question is whether in the years 1979-80 to 1983-84 the Finance Commission should consider providing for maintenance of roads, buildings and irrigation systems which may be completed in those years, or whether the Planning Commission would take care of the maintenance requirements in the Plan outlays. We would appreciate the advice of the Planning Commission on this matter urgently.

2. In the Central Government, maintenance of plan roads and plan buildings is booked to the non-plan budget of the Ministries concerned as soon as a work is completed, without waiting for the end of the five-year plan, as I am informed by FA, Shipping & Transport; and FA, Works & Housing. You are, no doubt, aware of this position, which seems to be relevant to the problem mentioned above in regard to the States, from the point of view of uniformity of treatment.

##### 2. D.O. letter No. 60(34)/78-Eco., dated September 6, 1978 from Dr. Ajit Mozoomdar to Member Secretary.

1. Kindly refer to your letter No. 7-FC-1(14)-Res/77, dated 21-8-1978 about whether for the years 1979-80 to 1983-84, the Finance Commission should consider providing for maintenance of roads, buildings and irrigation systems which may be completed in those years, or whether the Planning Commission would take care of the maintenance requirements in the Plan outlays.

2. We are of the view that maintenance of irrigation systems should not be treated at par with the maintenance of roads and buildings. In the former case, with the completion of canal works, water is released to the farmers and consequently irrigation charges, which accrue from the beneficiaries, are credited to the States' normal revenues. Simultaneously, the State Governments provide the working expenses relating to the maintenance of the newly opened canal works on the non-Plan side irrespective of the fact whether the Plan period is completed or not. Under the circumstances, the Finance Commission should consider providing for the maintenance of irrigation systems which may be completed during the plan period. On the other hand, roads and buildings do not yield additional revenue to States as irrigation does. The maintenance expenditure in respect of these in the initial years is relatively small. Therefore, maintenance charges in respect of roads and buildings could be treated as Plan outlay till the completion of the Plan period.

#### APPENDIX I.13

#### Note dated 2-11-1977 received from Department of Irrigation on the need for adequate funds for operation and maintenance of irrigation projects.

##### (1) Reference by the Commission

Please furnish your views on the norms and levels of expenditure required in the States, for adequate maintenance and upkeep of capital assets and of Central and State Plan schemes likely to be completed by the end of 1978-79 in sector of development concerning your Ministry. Please indicate the details of how such norms and/or levels of maintenance expenditure have been worked out.

##### (2) Note received in reply from Department of Irrigation

Since the start of planned development in 1951, many major and medium irrigation projects have been taken up for construction in the country and irrigation facilities have been extended over very large areas. By the end of 1975-76 the irrigation potential created by these projects has been of the order of 47.7 million ha. out of which utilisation has been about 45.4 million ha. The construction of irrigation projects is necessary for extending the

irrigation facilities to as large areas as possible in the country. Equally important is the task of operation and maintenance of these systems for realisation of full benefits envisaged at the time of their construction. Completion of irrigation projects is not an end itself. They have to be properly operated and maintained continuously if they have to yield anticipated benefits. Many of the earlier projects completed prior to independence and those which have been completed in the earlier plans, have not been generally maintained to the sufficient degree of efficiency, not due to technical know-how or the will to do this work properly being not there, but due to paucity of funds. The field of operation and maintenance of irrigation and drainage systems has been found to be quite often neglected, the main reason being shortage of finances. It needs no emphasis that proper operation and maintenance of the systems on a continuous basis is necessary, if they have to yield without interruption the full benefits. It has been noticed that in many of the older systems due to continuous financial stringency in the operation and maintenance of the systems, deteriorations have set in and some of the systems are in a very bad state, needing extensive special repairs, remodelling and modernisation. The enthusiasm that is being displayed by the various State Governments in increasing the irrigation facilities by taking up more and more projects in their territories, needs to be equally shown in proper operation and maintenance of the completed systems, so that they do not fall into a State of neglect and thus not yield the full benefits. The subject of providing adequate funds for proper operation and maintenance of irrigation systems is thus a very important one and needs to be reviewed periodically to cater for the escalation in the costs of labour, materials and equipment. Importance of this subject has somehow been lost sight of in the past. Many of the older irrigation systems are still getting the same grants for operation and maintenance which they were getting several decades before and thus their efficiencies are getting continuously reduced.

There are various practices which are being followed by the different State Governments in allocating funds for operation and maintenance of irrigation systems. The practices vary from State to State and in some cases even from project to project in a State. In general, there are four following methods by which the operation and maintenance charges are fixed. They are: —

- (a) On the basis of gross annual irrigated area, a rate per ha. is fixed (this is being followed by a large number of States).
- (b) On the basis of culturable command area of the projects, a rate per ha. is fixed (as in the case of Bihar).
- (c) On the basis of length of the canals in distribution system a rate per Km. is fixed (as in the case of U.P.).
- (d) On the basis of potential created (as in the case of Maharashtra).

In the early stages of development of irrigation in a new system, the development may not be uniform throughout the command and the whole canal system may have to run to feed the different isolated developed patches of the command area. Under such conditions, of the above four methods, it is desirable that the provision for operation and maintenance charges may be related to the potential created rather than to the actual area irrigated by the system. Once the anticipated potential is achieved under a system and is equal to the annual irrigated area, the provision for operation and maintenance charges may be made on the basis of gross annual irrigated area. Provision on the basis of gross annual irrigated area is preferable as it will take into consideration the length of time of the running of the canals in the various seasons.

3. The Committee of Ministers on "Under-utilisation of created irrigation potential" which was set up by the erstwhile Ministry of Irrigation and Power in their report dated June, 1973 observed that operation and maintenance of irrigation and drainage systems is often a neglected field and is one of the main reasons accounting for under-utilisation of created irrigation potential. The Committee has also mentioned that in most of the cases adequate funds are not made available from the maintenance grants to carry out repair jobs particularly soon after the first operation of the canal system, when a substantial works like strengthening and raising of the earth banks and repairs after the first running of the canals are necessary.

Grants given for operation and maintenance of irrigation projects being too inadequate, the above committee felt that the systems cannot be operated with reasonable efficiency and the irrigation programme suffers. The Committee recommended that: —

- i. All the work-charged staff which requires to be continued for a long time must be appointed on regular establishment and financed from the normal establishment budget of the State for irrigation. (ii) To meet the rising costs of labour and materials and maintain the channels to a satisfactory standard, at least Rs. 30 per ha. should be allotted for operation and maintenance of irrigation systems.

4. It is also observed that channels running in Kharif need clearance more than once to carry full discharge. In addition, due to increases in water for high-yielding crops the existing availability of water on many irrigation systems does not meet the requirements of the cultivators with the result that cultivators resort to cut and breaches of most of the channels during the period of keen demands. Due to paucity of funds and staff the damaged portion of the channels are not repaired promptly and properly. A study of allocation of funds for normal maintenance of channels during the last few years shows that availability per ha. has been reducing gradually, if the rise in cost of material and labour index is accounted for. Therefore, there is need for providing enhanced provision to achieve satisfactory level of maintenance.

5. As per the recommendations of the “First Conference of the State Ministers of Irrigation” held in July, 1975, the Central Water Utilisation Team was set up for studying the irrigation systems and suggesting measures for optimising their operational efficiency. The Team during its visit to the various irrigation projects in the country during the period 1975-77, found that the operation and maintenance budget was grossly inadequate in many cases and the systems were gradually deteriorating. The details in respect of some of the projects, as observed by the Team, are given in the following paras:—

- (i) **Son System (Bihar):** The annual operation and maintenance expenses per ha. of the irrigated area in the command in the last few years has been of the order of Rs. 8.75 per ha. annually. The project authorities had approached the State Governments for increasing the rate to Rs. 18.25 per ha. The Team considered that even the increased rate of Rs. 18.25 per ha. was inadequate and needed to be increased further.
- (ii) **Lower Ganga Canal System (U.P.):** The operation and maintenance budget for this project was reported to be Rs. 44 lakhs per annum which corresponds to Rs. 5 per ha. of irrigated area. This rate is very low and insufficient. The system is in a bad shape due to neglect of proper maintenance.
- (iii) **Peechi Project (Kerala):** Funds made available for maintenance without gardens at the dam are stated to be Rs. 18.25 per ha. of gross irrigated area. The project authorities had indicated that this amount was inadequate to maintain the system properly.
- (iv) **Purna Project (Maharashtra):** Funds are allocated for operation and maintenance at the rate of Rs. 17.5 per ha. This has been found to be inadequate for proper operation and maintenance.
- (v) **Upper Ganga Canal Project (U.P.):** The operation and maintenance expenses in the case of Upper Ganga Canal System in U.P. in the year 1975-76 worked out to Rs. 7.93 ha. of irrigated area. This is quite insufficient for proper maintenance and operation of the system and the “Central Team for indepth study of the operation of UGC System” in their report of May, 1977 have recommended that this should be suitably increased.

6. Many irrigation projects have been posed for World Bank Assistance during the recent years. The World Bank authorities have prepared appraisal reports in respect of many of these projects wherein they have considered the aspect of proper operation and maintenance of the systems. In respect of some of the projects which have been appraised by the World Bank, the recommendations made in regard to the operation and maintenance expenses are detailed below:—

Project	Year of Appraisal	Recommended rate per ha.
1. Kadana (Gujarat)	June, 1970	Rs. 20/-
2. Chambal (Rajasthan)	May, 1974	Rs. 32/-
3. Chambal (Madhya Pradesh)	June, 1975	Rs. 48/-
4. Andhra Pradesh Irrigation & CAD Component Project (Nagarjunasagar).	April, 1976	Rs. 45/-
5. Periyar Vaigai Irrigation Project	May, 1977	Rs. 50/-
6. Maharashtra Irrigation Project (Jayakwadi Purna)	June, 1977	Rs. 75/-
7. Orissa Irrigation Project (Medium Projects)	July, 1977	Rs. 50/-

7. The World Bank authorities in all their appraisal reports have emphasised that operation and maintenance project works should be strictly in accordance with the sound engineering principles and necessary budget provisions must be made for the same. They have insisted on categorical assurance from the Government of India, and the respective State Governments, in respect of proper operation and maintenance of the systems before signing the agreements for financial assistance.

8. The Sixth Finance Commission, 1973 had felt that a rate of Rs. 25/- per ha. of irrigated area for maintenance of irrigation systems would be adequate. There has been a continuous escalation in the cost of labour, materials, and equipment, since then, resulting in increase in the operation and maintenance costs. So, the rate of Rs. 25/- per ha. which had been recommended by the last Finance Commission would be inadequate under the present-day circumstances.

9. In order to have the detailed information on operation and maintenance charges of some of the selected irrigation projects in the country, Central Water Commission requested the project authorities to furnish the following information in respect of each system:—

- (i) C.C.A. (ii) Area irrigated annually (iii) operation and maintenance charges for head-works and canals (iv) difficulties if any in proper operation and maintenance with the present grants and amount considered necessary by them for proper operation and maintenance.

They were also requested to furnish the norms being adopted by them for allocating funds for operation and maintenance of their irrigation systems, expenditure being incurred on regular establishment, special repairs needed or carried out along with their norms. They were further requested to intimate their actual expenses on operation and maintenance on their lift irrigation schemes (Pumped canals) and irrigation through tube wells.

10. Out of the 16 States addressed, only a few have supplied the part information which is given in Annexure I. A study of the Annexure reveals that the average annual operation and maintenance charges (including expenditure on regular establishment also) being incurred in the period 1971 to 1976 vary from Rs. 16.90 to Rs. 27.10 per ha, in the case of Bhakra Canal System (Haryana) (excluding expenditure on head-works) to Rs. 52.53 per ha. to Rs. 71.18 per ha. in the case of Peechi Project, Kerala. In the case of Malampuzha project, Kerala, the

operation and Maintenance charges have gradually increased from Rs. 64.50 per ha. in 1970-71 to Rs. 105.52 per ha. in the year 1975-76. Similarly in the case of Neyyar Project, Kerala, the operation and maintenance charges have gradually increased from Rs 103.06 per ha. in 1970-71 to Rs. 127.11 per ha. in the year 1973-74. However in the case of all the three projects of Kerala, the charges are said to include maintenance of gardens located near the dams and share debits towards establishment and T & P by Accountant General, Kerala.

11. The information furnished by the States has further been categorised taking into consideration the States where regular establishment charges are included and the States where regular establishment charges are not included in 'Overall operation and maintenance charges of the irrigation systems. The details are shown in the following table I.

TABLE I

Name of the State/Project	O & M charges including regular establishment charges	O & M charges excluding regular establishment.	Remarks
1	2	3	4
<b>1. Andhra Pradesh</b>			
(a) Nizam Sagar	..	Rs. 11.46 per ha. to Rs. 23.80 per ha.	Period 1970-71 to 1975-76
(b) Godavari Delta	..	Rs. 10.15 per ha. to Rs. 17.50 per ha.	-do-
(c) K. C. Canal	..	Rs. 10.10 per ha. to Rs. 18.84 per ha.	-do-
(d) T. B. P., LLC	..	Rs. 23.76 per ha. to Rs. 36.27 per ha.	-do-
<b>2. Haryana</b>			
(a) Bhakra System	Rs. 16.90 per ha. to Rs. 27.10 per ha.	Rs. 6.30 per ha. to Rs. 8.90 per ha.	-do- (excludes maintenance/ establishment charged towards works).
(b) W. J. C.	Rs. 39.60 per ha. to Rs. 70 per ha.	Rs. 18.00 per ha. to Rs. 32.40 per ha.	Period 1970-71 to 1975-76
<b>3. Karnataka</b>			
(a) T.B.P., L.B.C. 0 to 141 miles	..	Rs. 14.06 per ha. to Rs. 19.90 per ha.	Period 1973 to 1976
(b) T.B.P., H.L.C. & L.L.C.	..	Rs. 25.00 per ha. to Rs. 72.00 per ha.	-do-
(c) Ghataprabha Stage I & II	..	Rs. 11.70 per ha. to Rs. 15.90 per ha.	-do-
<b>4. Jammu &amp; Kashmir</b>			
(a) Kathua	..	Rs. 7.00 per ha. to Rs. 29.00 per ha.	Period 1970-71 to 1975-76
(b) Avantipura	..	Rs. 22.50 per ha. to Rs. 60.00 per ha.	-do-
<b>5. Kerala</b>			
(a) Malampuzha	Rs. 64.53 per ha. to Rs. 105.52 per ha.	..	Period 1970-71 to 1975-76. It includes expenditures of maintenance of gardens & debit expenditure of establishment & T & P.
(b) Noyyar	Rs. 91.82 per ha. to Rs. 127.11 per ha.	..	
(c) Peechi Project	Rs. 52.53 per ha. to Rs. 71.18 per ha.	..	
(d) Challakudy	Rs. 15.10 per ha. to Rs. 96.42 per ha.	..	
<b>6. Madhya Pradesh</b>			
(a) Chambal Project (Sherpur District)	Rs. 19.85 per ha. to Rs. 40.86 per ha.	Rs. 17.60 per ha. to Rs. 32.76 per ha.	Period 1970-71 to 1975-76
<b>7. Maharashtra</b>			
(a) Girna	Rs. 69.88 per ha. to Rs. 170.54 per ha.	Rs. 35.43 per ha. to Rs. 66.62 per ha.	-do-
(b) Gangapur	..	Rs. 22.00 per ha. to Rs. 44.00 per ha.	-do-
<b>8. Punjab</b>			
(a) U.B.D.C.	Rs. 14.94 per ha. to Rs. 22.61 per ha.	Rs. 5.17 per ha. to Rs. 7.00 per ha.	-do-
(b) Sirhind Canal	Rs. 8.20 per ha. to Rs. 12.80 per ha.	Rs. 3.20 per ha. to Rs. 4.51 per ha.	-do-
(c) Bhakra System	Rs. 45.89 per ha. to Rs. 67.83 per ha.	Rs. 12.90 per ha. to Rs. 27.07 per ha.	-do-
The amounts recoverable from the States of Haryana and Rajasthan of Command works of Bhakra Canal are also included in the expenditure.			
<b>9. Rajasthan</b>			
(a) Gang Canal	..	Rs. 14.60 per ha. to Rs. 18.00 per ha.	-do- (excluding headworks).
(b) Bhakra System	..	Rs. 10.55 per ha. to 15.00 per ha.	-do-
(c) Rajasthan Canal Project	Rs. 27.83 per ha. to Rs. 31.00 per ha.	Rs. 21.51 per ha. to Rs. 23.98 per ha.	Period 1974-75 to 1975-76 (excluding headworks).
<b>10. Uttar Pradesh</b>			
(a) Upper Ganga Canal	..	Rs. 10.04 per ha. to Rs. 16.99 per ha.	Period 1970-71 to 1973-74
(b) Lower Ganga Canal	..	Rs. 9.12 per ha. to Rs. 13.97 per ha.	-do-
(c) Betwa	..	Rs. 9.92 per ha. to Rs. 19.27 per ha.	-do-
(d) Sarda System	..	Rs. 10.97 per ha. to Rs. 19.69 per ha.	Period 1970-71 to 1975-76
(e) Kon.	..	Rs. 6.41 per ha. to Rs. 10.45 per ha.	-do-
(f) Agra Canal	..	Rs. 14.62 per ha. to Rs. 19.38 per ha.	-do-
(g) Eastern Yamuna Canal	..	Rs. 6.46 per ha. to Rs. 10.74 per ha.	-do-

## 12. Works Expenditure

The data on works expenditure in the various projects (excluding work charge establishment expenses) has been tabulated in table II. It will be seen that this expenditure varies from 40% to 70% of the overall O & M expenses (excluding regular establishment expenses): —

TABLE II  
Period: 1970-71 to 1975-76

(Rs. in lakhs)

Name of State/ Project	Total O & M charges including work charge staff	Works expenditure	Percentage of works expenditure of the total O & M charges
1	2	3	4
<b>I. Andhra Pradesh</b>			
(a) Nizamsagar	12.64 to 23.88	4.42 to 10.87	35% to 46%
(b) Godavari Delta	46.80 to 69.83	35.89 to 50.00	77% to 72%
(c) K. C. System	12.174 to 24.333	5.78 to 13.05	47% to 62%
(d) T. B. P., LLC	9.71 to 15.63	6.19 to 9.78	64% to 62%

<b>2. J. &amp; K</b>			
(a) Avantipura Canal	0.49 to 1.20	0.32 to 0.70	65% to 58%
(b) Kathua Canal	1.38 to 3.81	0.78 to 2.98	56% to 77%
<b>3. Haryana</b>			
(a) Bhakra System (excluding H/W)	52.23 to 82.59	35.69 to 59.45	68% to 72%
<b>4. Kerala</b>			
(a) Malampuzha	13.42 to 20.84	10.49 to 14.60	78% to 70%
(b) Neyyar	5.71 to 5.79	3.03 to 4.45	54% to 58%
<b>5. Punjab</b>			
(a) U. B. D. C.	26.05 to 33.84	14.96 to 18.24	57.43% to 53.90%
(b) Sirhind Canal	32.20 to 41.49	18.58 to 27.02	57.7% to 65.12%
(c) Bhakra System (excluding H/W)	29.55 to 65.51	21.75 to 52.49	73.60% to 80.13%

It is observed that in many projects, the inspection roads constructed on the canal banks are also used by the public. Normally canal roads should not be used for purposes other than inspection. If due to reasons beyond control, those roads are to be used for other purposes, they should be suitably reconditioned, metalled, widened and surfaced as per norms laid down for State Roads. The grant for maintenance of such roads should be borne by the PWD (Roads Department) of the respective States and should not be charged to the operation and maintenance charges of the irrigation system.

### 13. Work Charge Establishment Expenditure

The expenditure on work charge estt. in the various projects has also been tabulated and shown in Table III. This indicates that these expenses vary from 30% to 60% of the overall O&M expenses (excluding regular estt. expenses): —

**TABLE III**  
Period: 1970-71 to 1975-76

(Rs. in lakhs)

Sl. No./ Name of the State/Project	Total O & M Expenditure (including work charge staff)	Expenditure on work charge staff	Percentage of work-charge staff expenditure to overall O & M charges
1/2	3	4	5
<b>1. Andhra Pradesh</b>			
(a) Nizam Sagar	12.64 to 23.88	8.22 to 12.81	65% to 54%
(b) Godavari Delta	46.88 to 69.83	10.99 to 19.85	23% to 28%
(c) K. C. Canal	12.174 to 24.333	6.391 to 9.278	53% to 38%
(d) TBP, LLC	9.71 to 15.63	3.52 to 5.85	36% to 38%
<b>2. J. &amp; K.</b>			
(a) Avantipura Canal	0.49 to 1.20	0.17 to 0.50	35% to 42%
(b) Kathua Canal	1.38 to 3.81	0.60 to 0.83	44% to 23%
<b>3. Haryana</b>			
(a) Bhakra System (excluding H/W)	52.23 to 82.5	16.54 to 23.14	32% to 28%
<b>4. Kerala</b>			
(a) Malampuzha	13.42 to 20.84	2.93 to 6.25	22% to 30%
(b) Neyyar	5.71 to 7.59	2.68 to 3.14	46% to 42%
<b>5. Punjab</b>			
(a) U.B.D.C.	26.05 to 33.84	9.09 to 13.86	35% to 41%
(b) Sirhind Canal	32.20 to 41.49	14.29 to 17.50	44% to 42%
(c) Bhakra system (excluding H/W)	29.55 to 65.51	7.80 to 13.02	26% to 20%

### 14. Regular Establishment expenditure

**HARYANA:** In the case of W.J.C. irrigation system the regular establishment charges varies from Rs. 15.00 per ha. of irrigated area to Rs. 26 per ha. during the period 1970-71 to 1975-76. In the Bhakra Canal System it varies from Rs. 6.30 per ha. to Rs. 10.05 per ha. of irrigated area during the period 1970-71 to 1975-76. It does not include the expenditure on the regular establishment for operation and maintenance of headworks.

**MADHYA PRADESH:** In the case of Chambal Project (Sheopur Distt.) the regular establishment charges varies from Rs. 2.25 per ha. to Rs. 8.10 per ha. of irrigated area for the period 1970-71 to 1975-76.

**RAJASTHAN:** In the case of Rajasthan Canal Project, the regular establishment charges vary from Rs. 6 to Rs. 7 per ha. of irrigated area for the period from 1974-75 to 1975-76 excluding expenditure on regular establishment for headworks.

**PUNJAB:** The expenditure on regular establishment in the case of Bhakra Canal System (excluding Head Works) varies from Rs. 33.00 to Rs. 42.74 per hectare of irrigated area during the period 1970-71 to 1975-76. This includes proportionate recoveries from the States of Haryana and Rajasthan on common works of Bhakra system towards the regular establishment charges.

**UTTAR PRADESH:** Provision for establishment charges was about Rs. 17.2 per ha. of irrigated area for the year 1976-77. It has been suggested for making the provision of Rs. 25.00 per ha. to meet the regular establishment charges.

### 15. Norms for fixing O & M Charges

As regards norms being adopted by the State Govts. for fixing operation and maintenance charges of their canal systems the information received is as under: —

HARYANA: No norms have been fixed in the State. However, the amount sanctioned for operation and maintenance of irrigation system for the earlier years is increased suitably to get the funds for the following year.

JAMMU & KASHMIR: No norms have been fixed for operation and maintenance charges of irrigation projects in the State.

MADHYA PRADESH: In the case of Chambal Project, it has been stated that Rs. 10 per acre (Rs. 25 per ha.) for utilised potential and Rs. 5 per acre (Rs. 12.50 per ha.) for unutilised potential are provided.

MAHARASHTRA: The norms have been under revision regularly in the last few years. The latest norms revised in 1974 were (i) Rs. 8/- per acre (Rs. 20/- per ha.) of irrigated potential on old and new projects in the State with gated spillway (ii) Rs. 7/- per acre (Rs. 17.50 per ha.) of irrigated potential on all old and new projects with ungated spillway. All the above norms are exclusively for normal maintenance and repairs of the irrigation system and do not include expenditure on staff employed on maintenance works.

The Central Team appointed by the Govt. of India to study the operational programme on the irrigation works and to suggest measures for improving the efficiency have recommended that norms prescribed in 1974 need further revision upward. The suggestion of the Central Team is under examination by the State Govt.

RAJASTHAN: No norms have as yet been fixed by the State Government.

GUJARAT: Operation and maintenance expenses on irrigation canals are under revision with the State Govt. The proposed revised rates are as under: —

Rs. 10 per acre (Rs. 25 per ha.) for first 5 years.

Rs. 8.35 per acre (21.00 per ha.) for 6-10 years.

Rs. 4.65 per acre (Rs. 11.60 per ha.) for period beyond 10 years.

#### **16. Special Repairs**

Most of the States have not furnished the information regarding allocation of funds and the basis thereof for providing funds for carrying out special repairs. However, Haryana State authorities have intimated that funds for special repairs are also taken from the operation and maintenance allocation.

Maharashtra State have intimated that when a special repair is needed on a particular project, plans and estimates for such repairs are framed and sent to State Govt. for giving required funds in addition to the normal operation and maintenance grants. The special repair work is to be carried out in a phased manner, amount required during the particular year is demanded by the Field Officers. Such requests are examined at Government level and the required funds inclusive of normal maintenance and repairs and special repairs grants are made available.

The very name of 'Special repairs' denotes that it is not a regular feature and will be taken up only casually as and when the system warrants the same. The expenditure on special repairs should not be charged to the normal provision of the 'operation and maintenance charges' of the irrigation system. As and when the need arises for carrying out special repairs to a particular irrigation system, a separate estimate for this purpose should be drawn up, sanctioned and funds allocated.

#### **17. Irrigation through Lift Canals (Pumped Canals)**

The operation and maintenance charges in the case of lift channels varies with the lift involved. It would not be possible to prescribe standard rates for operation and maintenance of lift schemes in general. The operation and maintenance charges will have to be determined on the basis of lift involved in the case of each individual scheme.

PUNJAB: There are two small lift irrigation schemes viz., Sukhi Nallah and Shahpur Kandi lift scheme each having irrigated area of 500 and 400 hectares respectively. The maintenance charges in the case of Sukhi Nallah scheme varied from Rs. 179.22 to Rs. 1,133.28 per hectare of irrigated area during the period 1970-71 to 1975-76. In the case of Shahpur Kandi lift scheme the operation and maintenance charges varied from Rs. 451.46 to Rs. 996.55 per hectare of irrigated area during the same period.

HARYANA: There are only four medium lift irrigation schemes in operation in Haryana. The lifts involved vary from 18 m. to 66 m. The maintenance charges of those four medium schemes vary from Rs. 172.00 per ha. to Rs. 380.00 per ha. of irrigated area during the period 1972-73 to 75-76. It includes electricity charges, repairs, work-charge establishment and depreciation on pumps.

RAJASTHAN: There are about 49 minor lift irrigation schemes under the irrigation department. The details of lifts involved have not been furnished by the State Government. The operation and maintenance charges, if the irrigation potential is fully utilised would be of the order of Rs. 9.55 lakhs which works out to Rs. 282 per ha. of the irrigated area according to the State Government.

#### **18. River Lift Schemes**

In some lift schemes where the water is pumped directly from the river, permanent pump houses are generally constructed near the river banks to draw water to feed the irrigation system. During the lean seasons of the year, many a time the river recedes from the bank and a supply channel has to be dredged in the river bed to bring the water to the pump houses. In such cases the expenditure on dredging of the channel in the river bed and its maintenance should not be charged to the normal 'operation & maintenance charges' of the lift irrigation system. Such work will have to be undertaken as a special work under a separate estimate. Operation and maintenance grants for lift Schemes should not cover the depreciation charges.

19. It will be seen from the above that most of the State authorities are not maintaining separate accounts exclusively for expenditure on operation and maintenance of canal systems. However, it is seen that there is a

vast variation in the rates for operation and maintenance per ha. of irrigated area in case of flow canals and lift schemes.

Thus, there is need for recommending separate rates per ha. of irrigated area for operation and maintenance of gravity canals systems, lift irrigation schemes and irrigation through tubewells.

20. The Union Ministry of Transport (Roads Wing) have drawn up norms for maintenance of National Highways. Funds are separately provided for carrying out normal annual maintenance (which includes ordinary repairs and periodical renewals) and special repairs. The ordinary repairs include repairs to inspection bungalows and taking care of avenue trees. Additional provision for flood damages and special repairs is made on a lumpsum basis at 20% of the total cost of normal annual maintenance. However, examination and sanction of estimate by competent authority for carrying out special repairs is a prerequisite before any allotment from the special repair's quota of the maintenance grant, is made.

21. In the case of irrigation projects, no norms for providing funds to carry out special repairs to the system have been fixed, but such repairs are carried out depending upon the exigencies of work and availability of funds. Normally, a separate estimate for carrying out special repairs is prepared, got sanctioned and works carried out. It has generally been experienced that there is considerable delay in the sanction of such estimates which hampers the execution of special repairs like closing of sudden breaches, cuts etc., expeditiously. It is, therefore, desirable that separate funds are earmarked for special repairs of irrigation projects on the pattern adopted for roads as detailed in the earlier para, to meet the expenditure for carrying out expeditiously, the special repairs to the system as and when need arises. It is suggested that separate provision for special repairs at the rate of 20% of the total annual grant for normal operation and maintenance may be made. The Chief Engineers and Superintending Engineers in charge of the systems should be delegated powers to operate such provisions at their discretion to carry out such repairs. However, examination and sanction of individual estimates by the competent authorities must precede before any allotment from such grants is made.

22. At present, in all the States the expenditure of operation and maintenance are not being booked separately, but under one head of account. Under these circumstances, it is very difficult to determine the expenses being incurred on operation and maintenance, separately. It is seen that major portion of funds (O&M charges) are consumed on work-charged establishment. Expenditure on maintenance of plantation and gardens developed at the irrigation project sites etc., should be separately provided for and not under the normal maintenance of irrigation systems.

23. In view of above and after considering recommendations made by the various authorities and also keeping in view the present rate of cost of labour, materials and equipment, it is proposed that the following annual rates (including work charged and regular establishment) per hectare of irrigated area may be recommended by the Seventh Finance Commission in respect of Operation & Maintenance charges to irrigation Projects:—

1. Gravity Canal System: Rs. 50 per ha.
  - a) In case of new Projects: Rs. 50 per ha. of potential created and subsequently Rs. 50 per ha. of the irrigated area when the annual gross irrigated area equals to potential created.
  - b) The grants for maintenance of Canal inspection road used for public purposes should be borne by the PW Departments of the States.
  - c) Maintenance of Plantations & Gardens should be separately provided for.
2. Lift Schemes (Pumped Canals): rates may vary according to the lift involved. No blanket rate can be prescribed. The grant should not include depreciation charges. The expenditure on dredging of supply channels in the river bed when the river recedes away from the bank should be taken as a special work under a separate estimate.
3. Irrigation from tube-wells: Rs. 50 per ha. plus the cost of energy consumed by the system.
4. Special Repairs: A provision may be made at the rate of 20 per cent of two total annual grants for normal operation and maintenance.

**(3) Supplementary Note sent by the Department of Irrigation on 1-9-1978 regarding Operation & Maintenance charges for headworks of Irrigation and Multipurpose Projects**

The main structure feeding the canal system are generally storage works with or without pick-up weir and diversion works. The operation and maintenance cost of these works will vary from structure to structure depending on the type of construction, masonry/concrete, earth/rockfill or composite; length and height; spillway arrangements; controls for flood surplusing—gated or ungated, type of gates, etc. It will not, therefore, be possible to fix a rate for the operation and maintenance of head works to cover the different categories of structures. The storage works may, in some cases, form a part of a multipurpose project in which case, the capital cost of the storage works would be shared amongst flood control, irrigation power etc., as the case may be. Because of these reasons no provision for the purpose was included in the amount recommended in our earlier note for maintenance charges for major and medium irrigation works which are to cover only the cost of maintenance of the canal system and its head regulator(s) and allied works like silt excluders, etc. Each project has to be considered individually for making suitable provision for operation and maintenance of the headworks taking all relevant factors into consideration. The O & M charges can be related to the capital cost of the headworks but no uniform rate can be suggested for the purpose.

## Statement showing the Operation and Maintenance charges per ha. Of Irrigated area in respect of various Projects for the Years 1970-71 to 1975-76 ((Rate in Rs. per ha.)

Sl. No./ Name of State Project		1970-71					1971-72					1972-73				
		Operation & Maintenance Charges					Operation & Maintenance Charges					Operation & Maintenance Charges				
		I	II	III	IV	V	I	II	III	IV	V	I	II	III	IV	V
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
<b>1. Andhra Pradesh</b>																
Nizamsagar	12.45	0.19	NA	NA	12.64	15.15	0.33	NA	NA	15.48	11.37	0.09	NA	NA	11.46	
Godavari Delta	10.67	1.06	NA	NA	11.75	11.05	1.65	NA	NA	12.7	12.21	1.61	NA	NA	13.82	
K.C. Canal	11.4	0.36	NA	NA	11.76	9.8	0.33	NA	NA	10.13	11.02	0.49	NA	NA	11.5	
T.B. ILC	24.42	Nil	NA	NA	24.42	25.52	Nil	NA	NA	25.52	23.76	Nil	NA	NA	23.76	
<b>2. Haryana</b>																
Bhakra System	6.3	NA	10.6	NA	16.9	7	NA	9.8	NA	17.8	6.7	NA	10.7	NA	17.4	
W. J. C.	14.8	0.64/	19	..	34.54	14.8	1.46/	19.2	..	35.26	16	2.77/	23.5	..	42.27	
<b>3. Jammu &amp; Kashmir</b>																
Kathua	11	Nil	NA	NA	11	14	Nil	NA	NA	14	29	Nil	NA	NA	29	
Awantipura	22.28	2.53	NA	NA	24.81	18.5	4	NA	NA	22.5	20.83	5.8	NA	NA	26.63	
<b>4. Karnataka</b>																
T.B.P. LBC 0 to 141 miles	.....Information not given.....															
T.B.P. RB HLC T.B.P. RB LLC	.....Information not given.....															
Ghataprabha I & II	.....Information not given.....															
<b>5. Kerala</b>																
Malampuzha	30.67	37.03	..	..	67.7	29.82	34.71	..	..	64.53	34.9	45.59	..	..	80.49	
Neyyar	63.71	39.35	..	..	103.06	66.78	42.55	..	..	109.33	62.67	41.25	..	..	103.89	
Chalakudy	NA	NA	NA	NA	51.1	NA	NA	NA	NA	61.4	NA	NA	NA	NA	67.13	
Peechi	41	11.53	..	..	52.53	60	11.18	..	..	71.18	56.5	11.87	..	..	63.37	
<b>6. Madhya Pradesh</b>																
Chambal Project	Not available															
Bhind Canal	Not available															
Sheopur Canal	26.71	NA	NA	NA	26.71	19.66	NA	NA	NA	19.66	17.78	NA	NA	NA	17.78	
<b>7. Maharashtra</b>																
Gangapur Canal	22.9	21.1	NA	NA	44	11.9	11.1	NA	NA	23	19.4	16.6	NA	NA	36	
Girna	0.6	5.30/	..	4.93/	41.83	28.63	6.80/	6.47	..	41.9	36.04	5.70/	9.61	..	51.35/	
<b>8. Punjab</b>																
U.B.D.C.	4.37	0.95/	9.62	..	14.94	4.55	1.13/	9.88	..	15.56	4.35	0.82/	10.86	..	16.03	
Bhakra	13.2	NA/	33.2	..	46.4	12.9	NA	32.99	NA	45.89	14	NA	37.36	NA	51.36	
Sirhind Canal	4.43	0.08/	4.42	..	8.93	3.84	0.16/	4.36	..	8.36	3.21	0.26/	4.73	..	8.2	
<b>9. Rajasthan</b>																
Bhakra System	15	NA	NA	NA	15	11.4	NA	NA	NA	11.4	11.25	NA	NA	NA	11.25	
Gang Canal	13	5	NA	NA	18	8.7	3.3	NA	NA	12	7.66	2.34	NA	NA	10	
R.C.P.	.....Information not given.....															
<b>10. Uttar Pradesh</b>																
U.G.C.	16.99	../	NA	NA	16.99	10.04	../	NA	NA	10.04	10.1	/	NA	NA	10.1	
L. G. C.	9.56	..	NA	NA	9.56	9.12	..	NA	NA	9.12	13.97	..	NA	NA	13.97	
Betwa	9.92	..	NA	NA	9.92	11.54	..	NA	NA	11.54	19.27	..	NA	NA	19.27	
Sarda	10.97	..	NA	NA	10.97	12.07	..	NA	NA	12.07	19.63	..	NA	NA	19.63	
Ken	6.41	..	NA	NA	6.41	7.26	..	NA	NA	7.26	10.45	..	NA	NA	10.45	
Agra Canal	15.38	..	NA	NA	15.38	14.62	..	NA	NA	14.62	19.78	..	NA	NA	19.78	
Eastern Yamuna Canal	6.42	..	NA	NA	6.42	7.3	..	NA	NA	7.3	10.74	..	NA	NA	10.74	

Sl. No./		1973-74					1974-75					1975-76					Remarks
Name of State Project		Operation & Maintenance Charges					Operation & Maintenance Charges					Operation & Maintenance Charges					
I	2	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	
<b>1. Andhra Pradesh</b>																	
		11.71	0.06	NA	NA	11.77	19.17	4.63	NA	NA	23.8	19.3	4.38	NA	NA	23.68	
		8.77	1.38	NA	NA	10.15	13	2.25	NA	NA	16.7	14.94	2.56	NA	NA	17.5	
		9.15	0.95	NA	NA	10.1	15.73	2.25	NA	NA	17.98	16.98	1.86	NA	NA	18.84	
		30.61	Nil	NA	NA	30.61	32.55	Nil	NA	NA	32.55	36.27	Nil	NA	NA	36.27	
<b>2. Haryana</b>																	
		8.9	NA	10.75	NA	19.65	10.5	NA	16.6	NA	27.1	7.1	NA	17.3	NA	24.4	
		16.4	1.00 /	21.6	/	39	18.5	/1.65	26.5	..	46.65	21	1.62	26.6	..	49.22	
<b>3. Jammu &amp; Kashmir</b>																	
		7	Nil	NA	NA	7	22	Nil	NA	NA	22	26	Nil	NA	NA	26	
		31.25	3.34	NA	NA	34.59	28.39	13.2	NA	NA	41.59	48.5	11.5	NA	NA	60	
<b>4. Karnataka</b>																	
		..	..	..	..	14.06	..	..	..	..	15.9	..	..	..	..	19.9	
		..	..	..	..	25	..	..	..	..	46	..	..	..	..	72	
		..	..	..	..	11.7	..	..	..	..	15.9	..	..	..	..	15.2	
<b>5. Kerala</b>																	
		33.95	47.16	..	..	81.11	34.73	62.07	..	..	96.8	33.01	72.61	..	..	105.52	
		74.56	52.55	..	..	127.11	60.89	43.51	..	..	104.4	53.35	38.47	..	..	91.82	
		NA	NA	NA	NA	78	NA	NA	NA	NA	80.65	NA	NA	NA	NA	96.42	
		55.46	11.82	..	..	67.27	44	16.05	..	..	60.05	50.9	17.5	..	..	68.4	
<b>6. Madhya Pradesh</b>																	
		Not available															
		17.6	NA	NA	NA	17.6	22.7	2.6	NA	NA	25.3	19.6	0.3	NA	NA	19.9	
		18.1	16.9	NA	NA	35	32.76	NA	NA	NA	32.76	28.22	NA	NA	NA	28.22	
<b>7. Maharashtra</b>																	
		51.21	4.2	14.25	..	69.66	9.8	12.2	NA	NA	22	20.6	18.4	NA	NA	39	
		4.54	0.76	12.02	..	17.32	59.7	6.5	13.62	..	79.82	43.5	7.2	13.94	..	64.64	
<b>8. Punjab</b>																	
		19.98	NA	38.17	NA	58.15	4.79	0.98	19.15	..	24.92	6.33	0.66	22.81	..	29.8	
		2.02	0.38	5.8	..	8.2	20.9	NA	33.66	NA	54.56	27.07	NA	40.76	NA	67.83	
		..	..	..	..	..	3.44	0.24	5.85	..	9.53	3.43	0.1	9.27	..	12.8	
<b>9. Rajasthan</b>																	
		11.8	NA	NA	NA	11.8	10.55	NA	NA	NA	10.55	11.8	NA	NA	NA	11.8	
		8.7	2.3	NA	NA	11	0.2	2	NA	NA	12	11.17	3.43	NA	NA	14.6	
		.....Not available.....					23.98	NA	7.03	NA	31.01	21.51	NA	6.32	NA	27.83	
<b>10. Uttar Pradesh</b>																	
			11.26	.. /	NA	NA	11.26	NOT SUPPLIED.									
			13.1	..	NA	NA	13.1										
			21.95	..	NA	NA	21.95										
			16.42	..	NA	NA	16.42										
			11.79	..	NA	NA	11.79										
			14.32	..	NA	NA	14.32										
			9.9	..	NA	NA	9.9										

NOTE: — I. Canal system including work-charged establishment.

II. Head Works including work-charged establishment.

III. Regular establishment on Canal.

IV. Regular establishment on head works.

V. Total of I, II, III & IV

## APPENDIX 1.14(i)

**Financial returns from multi-purpose, major and medium irrigation schemes (including flood control schemes and excluding power portion) during the five-year period, 1979-80 to 1983-84**

- A. As assessed by the Commission.  
 B. As given by the States in the forecasts.  
 C. As indicated by the States in the forms in reply to Finance Commission Secretariat's letter of 7th October, 1977.

(Rs. lakhs)

States	Working expenses			Net receipts after irrigation and flood control portion (2-5)	Net receipts from irrigation (2-3)	Interest on Capital	
	Gross receipts	Irrigation portion	Flood Control				Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>1. Andhra Pradesh</b>							
A.	9312	6950	1027	7977	+1335	2362	2362
B.	613	8991	..	8991	-8378	-8378	27195
C.	10019 <sup>1</sup>	6052	..	6052	+3967	3967	24907
<b>2. Assam</b>							
A.	260	146	1946	2092	-1832	114	114
B.	79	4294	£	4294	-4215	NA	..
C.	41	417	3850	4267	-4226	-376	500
<b>3. Bihar</b>							
A.	8188	6056	2102	8158	+30	2132	2132
B.	5528	23735	£	23735	-18207	NA	..
C.	5528	12268	11467	23735	-18207	-6740	39156
<b>4. Gujarat</b>							
A.	3459	1770	129	1899	+1560	1689	1689
B.	3866	6254	..	6254	-2388	-2388	18250
C.	3866	6254	..	6254	-2388	-2388	18250
<b>5. Haryana</b>							
A.	6732	5903	547	6450	+282	829	829
B.	6375	9931	£	9931	-3556	N.A.	5280
C.	6375	9575	900	10475	-4100	-3200	12690
<b>6. Himachal Pradesh</b>							
A.	5	5	1	6	-1	--	..
B.	Neg.	7	..	7	-7	-7	..
C.	..	..	..	..	..	..	..
<b>7. Jammu &amp; Kashmir</b>							
A.	494	361	531	892	-398	133	133
B.	122	3422	£	3422	-3300	N.A.	1200
C.	122	1754	1909	3663	-3541	-1632	986
<b>8. Karnataka</b>							
B.	4942	3284	17	3301	+1641	1658	1658
C.	5775 <sup>2</sup>	4253	..	4253	+1522	1522	26914
	5775	5090	..	5090	+685	+685	26914
<b>9. Kerala</b>							
B.	1589	1058	689 <sup>3</sup>	1747	-158	531	531
C.	610	3553	£	3553	-2943	N.A.	980
	740	974	1581	2555	-1815	-234	1330
<b>10. Madhya Pradesh</b>							
A.	5699	4586	11	4597	+1102	1113	1113
C.	4177	3614	..	3614	+563	563	..
	4178	3614	..	3614	+564	+564	14483
<b>11. Maharashtra</b>							
A.	5675	3231	11	3424	+2433	2444	2444
B.	6299	5818	..	5818	+481	481	30510
C.	6299	4707	..	4707	+1592	+1592	37369
<b>12. Manipur</b>							
A.	63	63	41	104	-41	..	..
B.	97	349	£	349	-252	N.A.	..
C.	97	224	124	348	-251	-127	..
<b>13. Meghalaya</b>							

A.	4	4	29	33	—29	..	..
B.	..	64	£	64	—64	..	46
C.	..	9	65	74	—74	—9	..
<b>14. Nagaland</b>							
A.	..	..	..	..	..	..	..
B.	..	..	..	..	..	..	..
C.	..	..	..	..	..	..	..
<b>15. Orissa</b>							
A.	2760	2161	1415 <sup>3</sup>	3576	—816	599	599
B.	1757	4806	£	4806	—3049	N.A.	11225
C.	1246	2015	2447	4462	—3216	—769	9205
<b>16. Punjab</b>							
A.	8047	7730	1381	9111	—1064	317	317
B.	4925	8796	£	8796	—3871	N.A.	3505
C.	4925	11884	2037	13921	—8996	—6959	5672
<b>17. Rajasthan</b>							
A.	5816	4719	56	4775	+1041	1097	1097
B.	4645	11032	£	11032	—6387	N.A.	14480
C.	7035	9582	..	9582	—2547	—2547	17947
<b>18. Sikkim</b>							
A.	4	4	..	4	..	..	..
B.	..	26	..	26	—26	—26	..
C.	..	16	..	16	—16	—16	54
<b>19. Tamil Nadu</b>							
A.	4265	3663	13	3676	+589	602	602
B.	4195	7522	£	7522	—3327	N.A.	7120
C.	4155	7730	16	7746	—3591	3575	6875
<b>20. Tripura</b>							
A.	7	7	171	178	—171	..	..
B.	..	180	£	180	—180	N.A.	..
C.	..	..	..	..	..	..	..
<b>21. Uttar Pradesh</b>							
A.	18180	15415	884	16299	+1881	2765	2765
B.	17017	25109	£	25109	—8092	N.A.	35621
C.	17017	19220	5889	25109	—8092	—2203	35621
<b>22. West Bengal</b>							
A.	3937	3348	2881 <sup>3</sup>	6229	—2292	589	589
B.	2041	15798 <sup>4</sup>	£	15798	—13757	N.A.	6195
C.	2021	8229 <sup>4</sup>	4716	12945	—10924	—6208	3921
<b>TOTAL ALL STATES</b>							
A.	89438	70464	13882	84346	+5092	18974	18974
B.	68121	147554	£	147554	—79433	N.A.	188465
C.	79439	109614	35001	144615	—65176	—30175	255926

NOTE: Column 8 in respect of C includes interest of Rs. 61 crores on Capital investments in flood control schemes in the case of Bihar, Harayana, Meghalaya and Orissa.

<sup>1</sup> Includes receipts from land revenue attributable to irrigation schemes.

<sup>2</sup> Excludes Rs. 12.5 crores for 1979-84 relating to '106' minor irrigation. State Government has booked the receipts under 133.

<sup>3</sup> Net of receipts (Rs. 10 lakhs for Kerala and Orissa and Rs. 20 lakhs for West Bengal as indicated by the State Governments).

<sup>4</sup> Includes Rs. 31 crores for payment to DVC to cover deficits. £ Provision for flood control are included under the Major Heads 332 and 333 in the State Forecasts and are not shown separately in the States' forecast.

### Investments in irrigation schemes (excluding flood control and power portion) at the end of 1978-79 on which interest in column 8 has been calculated

(Rs. lakhs)

Sl. No.	States	Cumulative investment at the end of 1978-79
1	Andhra Pradesh	78752
2	Assam	3800
3	Bihar	71082

4	Gujarat	56280
5	Haryana	27624
6	Himachal Pradesh	330
7	Jammu & Kashmir	4426
8	Karnataka	55262
9	Kerala	17689
10	Madhya Pradesh	37097
11	Maharashtra	81496
12	Manipur	1836
13	Meghalaya	13
14	Nagaland	..
15	Orissa	19979
16	Punjab	10571
17	Rajasthan	36580
18	Sikkim	39
19	Tamil Nadu	20059
20	Tripura	..
21	Uttar Pradesh	92179
22	West Bengal	19627
	TOTAL	634721

SOURCE: Replies from the State Governments to Commission's letter No. 7 FC. 1(8)-Res/77 dated 7th October, 1977, except for Andhra Pradesh and West Bengal for which data are based on Finance Accounts and State Budgets.

**APPENDIX 1.14(ii)**  
**Position of revenue arrears in respect of multipurpose, major and medium irrigation schemes, in 1976-77, 1978-79 and 1983-84**

State	Arrears of water rate demand & betterment levy (Rs. Lakhs)			Water rate demand & betterment levy (Rs. Lakhs)			Percentage of arrears to demand			Arrear per hectare (Rs.)		
	1976-77	1978-79	1983-84	1976-77	1978-79	1983-84	1976-77	1978-79	1983-84	1976-77	1978-79	1983-84
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Andhra Pradesh	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2. Assam	0.08	0.50	..	13	15	17	neg.	3	..	neg.	2	NA
3. Bihar	1280	1428	626	639	752	1971	200	190	58	88	87	26
4. Gujarat	NA	NA	NA	355	534	948	NA	NA	NA	NA	NA	NA
5. Haryana	71	46	24	928	994	1370	8	5	2	5	3	1
6. Himachal Pradesh	..	..	..	..	..	..	..	..	..	..	..	..
7. Jammu & Kashmir	20	20	14	12	14	27	167	143	52	25	..	10
8. Karnataka	1421	1891	3076	1005	1110	1635	141	170	188	214	233	257
9. Kerala	60	64	70	83	104	70	72	62	100	22	18	11
10. Madhya Pradesh <sup>1</sup>	1500	1609	1563	319	619	845	470	260	185	186	135	96
11. Maharashtra	NA	NA	NA	1065	1238	1656	NA	NA	NA	NA	NA	NA
12. Manipur	..	..	..	5	12	24	..	..	..	..	..	..
13. Meghalaya	..	..	..	..	..	..	..	..	..	..	..	..
14. Nagaland	..	..	..	..	..	..	..	..	..	..	..	..
15. Orissa	108	19	24	189	215	297	57	9	8	12	2	2
16. Punjab	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
17. Rajasthan	300	215	153	744	738	841	40	29	18	NA	NA	NA
18. Sikkim	..	..	..	..	..	..	..	..	..	..	..	..
19. Tamil Nadu	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
20. Tripura	..	..	..	..	..	..	..	..	..	..	..	..
21. Uttar Pradesh	927	326	353	3047	3589	3882	30	9	9	46	58	90
22. West Bengal	605	255	415	183	359	423	331	71	98	72	26	34
TOTAL:	6292	5874	6310	8587	10293	13106						

Source: Information received from State Govts. <sup>1</sup> Arrears include those relating to minor irrigation schemes.

\* Percentage of arrears to Demand and Arrears per hectare have been worked out in respect of States for which data about demand and arrears are available.

N. B. Arrears in respect of minor irrigation scheme have not been included in the above table. These are given below, for some states :

(Rs. lakh)

States	As at the end of		
	1976-77	1978-79	1983-84
Assam	0.5	..	..
Bihar	140.0	144.0	164
	(77-78)		
Himachal Pradesh	0.5	1.1	2.9
Orissa	14.3	2.5	2.3
Uttar Pradesh	582.0	881.0	1919.0
West Bengal	5.0	N.A.	N.A.

**APPENDIX 1.14(iii)**  
**Water rates in the States as furnished by the State Governments under Subsidiary Point No. 13**

*(Rates are in rupees per Acre)*

	Lift irrigation/Tube wells			Flow irrigation			
	Rabi	Kharif	Others (Hot season)	Rabi	Kharif	Others (Hot season)	
	(1)	(2)	(3)	(4)	(5)	(6)	
<b>1. ANDHRA PRADESH</b>							
<b>Fixed Water rate system Standard Scale of Water cess</b>							
(i) Wet Crop	For first class irrigation source, the Rates per acre are Rs. 8 and for 2nd Class Irrigation, the rates per acre are Rs. 6.						
(ii) Dry Crop systematically Irrigated	For first class irrigation source, the Rates per acre are Rs. 6 and for 2nd Class Irrigation, the rates per acre are Rs. 4.50.						
(iii) Dry Crop Occasionally irrigated	For first class irrigation source, the Rates per acre are Rs. 4 and for 2nd Class Irrigation, the rates per acre are Rs. 3.00						
(iv) Duffasal Crop	For first class irrigation source, the Rates per acre are Rs. 12 and for 2nd Class Irrigation, the rates per acre are Rs. 9.00.						
<b>Old Projects</b>	<b>Rate Per acre</b>						
<b>Special Project Water rates Krishna Godawari Delta system</b>	First class Irrigation Source	2nd class Irrigation Source					
(i) Wet Crops	25.00	20.00					
(ii) Dry Crops	12.50	10.00					
<b>Recent Projects **</b>							
(i) For irrigated Wet crop on dry land	30	<b>**These rates are uniform for all New Irrigation Projects, if the source is Government. If the source is non-Government these rates will be half i.e. Rs. 15, Rs. 10 and Rs. 30 respectively.</b>					
(ii) For irrigated dry Crops on dry land	20						
(iii) For duffasal Crops	60						
<b>2. ASSAM</b>							
(a) Irrigation charges							
(i) Rice		22.76		91.05	22.76		
(ii) Wheat				45.53	..		
(b) The daily hire charges with operator but without POL (minimum days of hire—7) are Rs. 14,16,18,22 and 27 for the Pump capacity 5, 9-10, 13-16, 20 & 4 H. P. respectively.							
<b>3. BIHAR</b>							
<b>I. Non-Perennial Canal</b>							
(a) Long lease	..	..	..	..	13.50	..	
(b) Season lease	..	..	..	13.50	16.50	36.00*	
(c) Single Watering	..	..	..	10.50	10.50	12.00*	
<b>II. Perennial Canal</b>							
(a) Long lease	..	42.00	32.00	..	30.00	..	<b>'For Gujarat the monthly water rates for "Over-lap" sugarcane are as under:—</b> Monthly rate Season Rs. per acre
(b) Season lease	32.00	..	32.00	18.00	31.50	55.50	
(c) Single Watering	18.00	16.00	32.00	16.50	18.50	19.50	
<b>4. GUJARAT Crops</b>							
1. Paddy (Short-term)	..	30.00	..	..	30.00	..	Kharif 15.00
2. Paddy (Long term)	..	42.00	..	..	42.00	..	Rabi 22.00
3. Bajri	..	11.00	30.00	30.00	11.00	30.00	Hot Weather 28.00
4. Wheat (Short term)	30.00	..	..	30.00	..	..	Besides, the rates for two seasonal, 16 months and 15 months sugarcane rates are Rs. 474, Rs. 319 and Rs. 344 per acre.
5. Wheat (Long term)	42.00	..	..	42.00	..	..	
6. Cotton	32.00	18.00	..	32.00	18.00	..	
7. Sugarcane <sup>1</sup>	81.00	50.00	106.00	81.00	50.00	106.00	

## APPENDIX I.14(iii)—Contd.

(Rates are in rupees per Acre)

	Lift irrigation/Tube wells			Flow irrigation			
	Rabi	Kharif	Others (Hot season)	Rabi	Kharif	Others (Hot season)	
	(1)	(2)	(3)	(4)	(5)	(6)	
<b>5. HARYANA</b>							
<b>I. Bhakra Canal including Ghaggar and Saraswati Canals</b>							
1. Wheat	12	6	..	25	..	..	
2. Paddy (Rice)	15	..	..	30	..	..	
3. Maize	10	..	..	20	..	..	
4. Bajra	10	..	..	20	..	..	
5. Sugarcane	..	33	..	40	..	..	
6. Cotton	12.50	..	..	25	..	..	
<b>II. Western Jumna Canal, Gurgaon Canal, Rewari, Jui, Lohru, Sewani and Jhajjar Lift Irrigation schemes</b>							
1. Wheat	9	4	..	18	8	..	
2. Paddy (Rice)	15	..	..	30	..	..	
3. Maize	10	..	..	20	..	..	
4. Bajra	10	..	..	20	..	..	
5. Sugarcane	17	16.50	..	34	33	..	
6. Cotton	12.50	..	..	25	..	..	
<b>Lower Chautang Nalla Canal</b>							
1. Wheat	3	5	..	5	8	..	
2. Maize	8	..	..	12	..	..	
3. Cotton	8	..	..	12	..	..	
4. Rice	13	..	..	20	..	..	
5. Sugarcane	13	..	..	20	..	..	
<b>6. HIMACHAL PRADESH</b>							
(1) Wheat	11.60	5.56	..	5.80	2.78	..	These rates do not cover the operating cost, depreciation and interest on Capital. If these items are also covered, at least the rates would be three times more.
(2) Rice	19.64	..	..	9.82	..	..	
(3) Maize	11.30	..	..	5.65	..	..	
(4) Sugarcane	33.26	27.60	..	16.63	13.60	..	
(5) Cotton	13.60	..	..	6.80	..	..	
<b>7. JAMMU &amp; KASHMIR</b>							
Kashmir Division Gravity Schemes							
(i) Wheat	20.80*	..	..	..	..	..	*These are the Abiana rates for tube wells and Tawi-Lift Irrigation. The rates for all Kharif & Rabi Crops from Lift Canals other than Tawi Canal are Rs. 20.80.
(ii) Paddy (Rice)	..	41.60*	..	6.60	..	..	
(iii) Maize	..	10.40*	..	3.30	..	..	
(iv) Bajra	..	10.40*	..	..	..	..	
(v) Sugarcane	..	..	..	117.00	..	..	
(vi) Cotton	..	..	..	..	..	..	
Abiana rates in respect of gravity Canal							
(i) Wheat	..	..	..	4.38	..	..	
(ii) Paddy (Rice)	..	..	..	8.13	..	..	
(iii) Maize	..	..	..	4.33	..	..	
(iv) Cotton	..	..	..	4.38	..	..	
(v) Sugarcane	..	..	..	8.13	..	..	

## APPENDIX I.14(iii)—Contd.

(Rates are in rupees per Acre)

	Lift irrigation/ Tube wells			Flow irrigation			
	Rabi	Kharif	Others (Hot season)	Rabi	Kharif	Others (Hot season)	
	(1)	(2)	(3)	(4)	(5)	(6)	
<b>Naubad Jammu (Gravity Canal)</b>							
(i) Wheat (Jammu Tehsil)	..	..	..	3.75	..	..	
(ii) Sugar	..	..	..	13.75	..	..	
<b>8. KARNATAKA</b>							
1. Wheat	36	..	..	18	..	..	*These rates are prevailing in areas with annual rainfall of 1250 mm. In other areas the rates are Rs. 90 and Rs. 30 per acre for Lift and Flow irrigation.
2. Paddy (Rice)*	60	..	..	20	..	..	
3. Maize	36	..	..	18	..	..	
4. Cotton	36	..	..	18	..	..	
5. Sugarcane (12 months)	240	..	..	80	..	..	
6. Sugarcane (12 to 18 months)	360	..	..	120	..	..	
<b>9. KERALA</b>							
1. Land already registered as single crop wet lands and on which two paddy crops could be raised.	25.09	..	..	25.09	..	..	Notes: (Karnataka):— (1) For fresh Irrigation the rates are, concessional. (2) Water rate for temporary supply of water to land outside the notified area is twice the normal rates. (3) Penal water rate for unauthorised use of water from an irrigation work is 10 to 30 times the normal rate and for growing unauthorised crops is 5 to 10 times the normal rate. (4) The water rate for permitted use of water for irrigation from natural waterways, rivers and streams is Rs. 4 per acre per revenue year. Kerala : Prior to 1-7-1974, the Water rates in the State were not uniform.
2. Lands already registered as single crop wet land and on which more than two paddy crops could be raised.	40.06	..	..	40.06	..	..	
3. Other lands already registered as wet lands and on which two paddy crops could be raised.	25.09	..	..	25.09	..	..	
4. Other lands already registered as wet lands and on which more than two paddy crops to be raised.	40.06	..	..	40.06	..	..	
5. Lands made fit for cultivation and on which only one paddy crop could be raised	14.97	..	..	14.97	..	..	
6. Land made fit for cultivation and on which two paddy crops could be raised	25.09	..	..	25.09	..	..	
7. Lands made fit for cultivation and on which more than two paddy crops could be raised.	40.06	..	..	40.06	..	..	
8. Other lands already benefited	25.09	..	..	25.09	..	..	
<b>10. MADHYA PRADESH</b>							
1. Wheat *	..	..	..	15	..	..	Madhya Pradesh : *The demand rate is Rs. 8 per acre
2. Rice @	..	..	..	20	..	..	

## APPENDIX I.14(iii)—Contd.

*Rates are in rupees per Acre)*

State / Crop	Lift irrigation/ Tube wells			Flow irrigation			
	Rabi	Kharif	Others (Hot season)	Rabi	Kharif	Others (Hot season)	
3. Sugarcane %	..	..	..	60	..	..	@ The demand rate is Rs. 24 per acre and the rates for a long term of five years are Rs. 16.00 per acre. % The rate of Rs. 60 is with Sullage Water and for complete irrigation of crop is Rs. 40 per acre.
4. Cotton	..	..	..	..	16	..	
<b>11. MAHARASHTRA</b>							
1. Kharif Seasonal Crops	1	60	..	..	20	60	Maharashtra: The rates are different if water is taken by private lyowned lift scheme from notified nallas, rivers, etc. ** The rates are per year
2. Rabi seasonal Crops	80	..	..	30	..	60	
3. Sugarcane	160	80	240	300**	..	100	
4. Cotton							
<b>12. MANIPUR</b>	No water rate is levied in the State						
<b>13. MEGHALAYA</b>	There is no major irrigation project in the State. There is only one Medium Irrigation Project in Garo Hills which is still under investigation stage. There are some minor irrigation schemes implemented by Agriculture Department but water rate is levied for their use. Details not given.						
<b>14. NAGALAND</b>	No water rate is levied in the State.						
<b>15. ORISSA</b>							
1. Wheat	36	..	..	9	..	..	*This rate is for 2nd class Irrigation Works The rates for 1st class, 3rd class and 4th class irrigation works are Rs. 8, 4, 2 per acre per annum respectively.
2. Rice	28.80	..	..	6*	..	..	
3. Maize	57.60	..	..	7.50	..	..	
4. Cotton	48.00	..	..	15.00	..	..	
5. Sugarcane	108.00	..	..	27.00	..	..	
<b>16. PUNJAB</b>							
<b>(a) Eastern Canal</b>							
1. Wheat	2.75	..	..	5.50	..	..	Punjab: —Note (1) An additional charge are levied, if any, any extra watering is allowed after 31st October.
2. Rice	9.75	..	..	19.50	..	..	
3. Maize	6.37	..	..	12.75	..	..	
4. Bajra	3.75	..	..	7.50	..	..	
5. Cotton	7.87	..	..	16.75	..	..	
6. Sugarcane	13.50	..	..	27.00	..	..	
<b>(b) Bhakra, Bist Doab and other canals</b>							
1. Wheat	5.84	2.75	..	11.69	5.50	..	(2) For irrigation through tubewells owned by the Punjab State Tube-Well Corporation a rate of 52 paise per Unit of electricity consumed is charged.
2. Rice	9.75	..	..	19.50	..	..	
3. Maize	6.37	..	..	12.75	..	..	
4. Bajra	4.87	..	..	9.75	..	..	
5. Cotton	6.75	..	..	13.50	..	..	
6. Sugarcane	16.50	13.50	..	33.00	27.00	..	
<b>(c) Sirhind Canal</b>							
1. Wheat	5.84	2.75	..	11.69	5.50	..	
2. Rice	9.75	..	..	19.50	..	..	

## APPENDIX I.14(iii)—Contd.

(Rates are in rupees per Acre)

State / Canal / Crop	Lift irrigation / Tubewells			Flow irrigation			
	Rabi	Kharif	Others (hot season)	Rabi	Kharif	Others (hot season)	
	1	2	3	4	5	6	
<b>(c) Sirhind Canal (Contd.)</b>							
3. Maize	6.37	..	..	12.75	..	..	
4. Bajra	4.87	..	..	9.75	..	..	
5. Cotton	6.75	..	..	13.50	..	..	
6. Sugarcane	16.50	13.50	..	33.50	27.00	..	
<b>(d) Upper Bari Doab Canal</b>							
1. Wheat	5.89	2.78	..	11.79	5.56	..	
2. Rice	9.83	..	..	19.65	..	..	
3. Maize	5.67	..	..	11.34	..	..	
4. Bajra	4.91	..	..	9.83	..	..	
5. Cotton	6.80	..	..	13.61	..	..	
6. Sugarcane	16.64	13.61	..	33.28	27.22	..	
<b>(e) Shah Nahar Canal</b>							
1. Wheat	..	3.02	..	..	6.04	..	
2. Rice	9.88	..	..	19.76	..	..	
3. Maize	5.49	..	..	10.98	..	..	
4. Bajra	4.94	..	..	9.87	..	..	
5. Cotton	6.59	..	..	13.17	..	..	
6. Sugarcane	13.73	..	..	27.45	..	..	
<b>17. RAJASTHAN</b>							
(a) Gang Canal Bhakra-Ghagar and Rajasthan Canal...							*These rates are applicable for Pre-1952 Irrigation Works except inundation Irrigation. The rates for Pre-1952 Irrigation works inundation Irrigation are as under:-
							Crops Rs. Per acer
1. Wheat	15*	15*	..	21	21	..	1. Wheat 9
2. Paddy (Rice)	16*	16*	..	28	28	..	2. Paddy (Rice) 7
3. Maize	7*	7*	..	12	12	..	3. Maize 5
4. Bajra	7*	7*	..	12	12	..	4. Bajara 5
5. Sugarcane	35*	35*	..	40	40	..	5. Sugarcane 15
6. Cotton	20*	20*	..	25	25	..	6. Cotton 12
<b>18. SIKKIM</b>							
Minor Irrigation	Rs. 4 per acre per annum. Irrigation schemes whose estimated cost is within Rs. 25,000/- only are implemented on 50% subsidy from the Govt. and the rest 50% has to be borne by the beneficiaries of the scheme. The schemes which cost more than this are implemented with Govt. assistance 85% and 15% Public participation.						
<b>19. TAMIL NADU</b>							
I. Standard Scales of water cess on Dry Lands	First Class Source			Second Class Source			
(1) Sugarcane	6.00			4.50			
(2) Any other crop which required water for more than six months	6.00			4.50			
(3) Crops other than those specified in Class (1) and (2)	The total charges vary from Rs. 1 to Rs. 6 per acre			The total charges vary from 75 paise to Rs. 4.50 per acre.			

## APPENDIX I.14(iii)—Contd.

(Rates are in rupees per Acre)

	Lift irrigation/ Tube wells			Flow irrigation			
	Rabi	Kharif	Others (Hot season)	Rabi	Kharif	Others (Hot season)	
	1	2	3	4	5	6	
II. Rates of assessment and water-cess and the concessional water rate fixed for the project in the state.							
Project Name	Rate for Wet lands (Rs.)			Rates for Dry land (Rs.)			
(i) Parambikulam Aliyar Project		..		Rs. 15 to Rs. 30			
(ii) Lower Bhavani Project		..		Rs. 20			
(iii) Chittar-Pattanamkal		..		Rs. 10 to 25			
(iv) Kodaganar Reservoir scheme		..		Rs. 12.50 to Rs. 37.50			
(v) Santhur Reservier Project	Rs. 15 to Rs. 22.50						
(vi) Periyar system				Rs. 1.00 to Rs. 8			
(vii) Kadayar Project	..			Rs. 0.75 to Rs. 7			
<b>20. TRIPURA</b>	No charge for utilisation of water from Minor Irrigation schemes is being levied.						
<b>21. UTTAR PRADESH</b>							
<i>Schedule I.A.</i>							Irrigation rates for different canal system and tubewells are prescribed in various schedules.
1. Wheat	20	..	..	40	..	..	
2. Rice	20	..	..	40	..	..	
3. Sugarcane	33	..	..	66	..	..	
4. Cotton	8	..	..	16	..	..	
<i>Schedule I</i>							
1. Sheat [Wheat]	12	..	..	24	..	..	
2. Rice	12	..	..	24	..	..	
3. Sugarcane	33	..	..	66	..	..	
4. Cotton	4	..	..	8	..	..	
<i>Schedule II</i>							
1. Wheat	9	..	..	18	..	..	
2. Rice	9	..	..	18	..	..	
3. Sugarcane	17	..	..	34	..	..	
4. Cotton	3	..	..	6	..	..	
<i>Schedule III</i>							
1. Wheat	..	..	..	..	..	..	
2. Rice	3	..	..	6	..	..	
3. Sugarcane	7	..	..	14	..	..	
4. Cotton	2	..	..	4	..	..	
<b>22. WEST BENGAL</b>							
<i>(a) Deep Tubewells/ River lift Pumps/ Shallow Tubewells</i>							
(i) Wheat	24			..	..	..	
(ii) Paddy	19.20	..	..	..	..	..	
(iii) Maize	32.00	..	..	..	..	..	
(iv) Sugarcane	48.00	..	..	..	..	..	
(v) Cotton	19.20	..	..	..	..	..	
<i>(b) Boro Bundhs Boro Paddy</i>	19.20	..	..	..	..	..	

## APPENDIX 1.14(iii)—Concl'd.

Comparative Water rates in some States where levy is on the basis of crops grown\*

(Rupees per acre)

States (1)	LIFT IRRIGATION/TUBEWELLS					FLOW IRRIGATION				
	Wheat (2)	Paddy (3)	Maize (4)	Cotton (5)	Sugarcane (6)	Wheat (7)	Paddy (8)	Maize (9)	Cotton (10)	Sugarcane (11)
Assam	..	22.76	..	..	..	45.53	91.05	..	..	..
Gujarat	30 to 42	30 to 42	..	18 to 32	50 to 106	30 to 42	30 to 42	..	18 to 32	50 to 106
Harayana	3 to 12	13 to 15	8 to 10	8 to 12.50	13 to 33	5 to 25	20 to 30	12 to 20	12 to 25	20 to 40
Himachal Pradesh	5.56 to 11.60	19.64	11.30	13.60	27.60 to 33.26	2.78 to 5.80	9.82	5.65	6.80	13.60 to 16.63
Jammu & Kashmir	20.80	20.80 to 41.60	10.40 to 20.80	..	117	4.38	6.60 to 8.13	3.30 to 4.33	4.38	8.13 to 13.75
					(demand)		16 to 24	40 to 60	16	
Madhya Pradesh	..	..	..	..	..	8	24	60	..	..
Maharashtra	60 to 120	60 to 150	60 to 80	80 to 240	80 to 160	20 to 60	20 to 60	20 to 60	30 to 80	100 (from 3rd year)
Orissa	36	8 to 120	57.60	48	108	9	6 to 24	7.50	15	27
Punjab	2.75 to 5.89	9.75 to 9.88	5.49 to 6.37	6.59 to 7.87	13.50 to 16.64	5.50 to 11.79	19.50 to 19.76	10.98 to 12.75	13.17 to 15.75	27 to 33.28
Karnataka	36	00	36	36	40	18	20	18	18	80
Rajasthan	9 to 15	7 to 16	5 to 7	12 to 20	15 to 35	9 to 21	7 to 28	5 to 12	12 to 25	15 to 40
Tamil Nadu (Parambikulam Aliyar Project)	4.50 to 6.00	4.50 to 6.00	4.50 to 6.00	4.50 to 6.00	4.50 to 6.00	..	15	..	20	30
Uttar Pradesh	9 to 20	3 to 20	..	2 to 8	7 to 33	18 to 40	6 to 40	..	4 to 16	14 to 66
West Bengal	24	19.20	32.00	19.20	48	24	19.20	32.00	48	19.20

\*SOURCE: Information given by the States in Subsidiary Points.

## APPENDIX I.15

Net receipts from minor irrigation in 1978-79 as per budget estimates

(Rs. in Lakhs)

	States	M. H. 106 Minor Irrigation receipts	M. H. 306 Minor Irrigation expenditure	Net Receipts (2—3)
	1	2	3	4
1.	Andhra Pradesh	24	656	-632
2.	Assam	10	234	-224
3.	Bihar	30	270	-240
4.	Gujarat	27	192	-165
5.	Haryana	..	2	-2
6.	Himachal Pradesh	2	30	-28
7.	Jammu & Kashmir	18	252	-234
8.	Karnataka	161	1014	-853
9.	Kerala	21	237	-216
10.	Madhya Pradesh	266	264	+2
11.	Maharashtra	140	145	-5
12.	Manipur	1	2	-1
13.	Meghalaya	..	9	-9
14.	Nagaland	1	..	+1
15.	Orissa	64	222	-158
16.	Punjab	63	134	-71
17.	Rajasthan	158	354	-196
18.	Sikkim	..	6	-6
19.	Tamil Nadu	63	149	-86
20.	Tripura	1	13	-12
21.	Uttar Pradesh	1420	4179	-2759
22.	West Bengal	193	851	-658
	TOTAL	2663	9215	-6552

SOURCE: Budget documents and State Forecasts.

**APPENDIX 1.16**  
**Flood control physical achievements (likely) upto the end of March 1979**

States	As furnished by Central Water Commission				State Govt. figures *
	Towns protect ed (Nos.)	Length of embankments (Kms.)	Length of drainage channels (Kms.)	Total (2+3) (Kms.)	Length of embankments and drainage channels (Kms.)
1	2	3	4	5	6
1. Andhra Pradesh	8	405	5750	6155	NA
2. Assam	50	4145	772	4917	4145 <sup>1</sup>
3. Bihar	22	2355	365	2720	2811
4. Gujarat	27	208	271	479	NA
5. Harayana	..	396	2547	2943	NA
6. Himachal Pradesh	..	2	..	2	NA
7. Jammu & Kashmir	2	..	..	..	@
8. Karanataka	..	..	..	..	..
9. Kerala	2	46	7	53	234&
10. Madhya Pradesh	9	..	..	..	..
11. Maharashtra	15	26	..	26	NA
12. Manipur	1	90	21	111	330
13. Meghalaya	3	43	..	43	61
14. Nagaland	..	..	..	..	..
15. Orissa	11	385	23	408	4320
16. Punjab	3	810	5517	6327	810 <sup>1</sup>
17. Rajasthan	13	82	134	216	NA
18. Sikkim	..	..	..	..	..
19. Tamil Nadu	..	..	19	19	NA
20. Tripura	9	35	94	129	NA
21. Uttar Pradesh	55	1172	2634	3806	13226
22. West Bengal	34	515	589	1104	14410
<b>TOTAL</b>	<b>264</b>	<b>10715</b>	<b>18743</b>	<b>29458</b>	<b>40347</b>

\* As furnished in response to 7th October, 1977 letter.

@ No river training works comprising of long embankments have been constructed and, therefore, no information is given & Includes 185 Kms. of sea-wall.

<sup>1</sup> It appears that only length of embankments has been shown.

**APPENDIX I.17**  
**Provisions for flood control drainage and anti-sea erosion works during the five-year period,**  
**1979-84**

(Rs. in lakhs)

	1979- 80	1980- 81	1981- 82	1982- 83	1983- 84	Total 1979- 84	As furnished by State Government 1979-84
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Andhra Pradesh	182	193	205	217	230	1027	Not shown
2. Assam	345	366	388	411	436	1946	3850
3. Bihar	373	395	419	444	471	2102	11467
4. Gujarat	23	24	26	27	29	129	Not shown
5. Haryana	92	103	109	116	122	547	900
6. Himachal Pradesh	0.15	0.16	0.17	0.18	0.19	0.85	Not shown
7. Jammu & Kashmir	94	100	106	112	119	531	1882
8. Karnataka	3.00	3.18	3.37	3.57	3.78	16.90	Not shown
9. Kerala—Total	124	131	139	148	157	699	1580
Receipts	2	2	2	2	2	10 <sup>1</sup>	
<b>Net</b>	<b>122</b>	<b>129</b>	<b>137</b>	<b>146</b>	<b>155</b>	<b>689</b>	
10. Madhya Pradesh	2.00	2.12	2.25	2.39	2.53	11.29	Not shown
11. Maharashtra	2.00	2.12	2.25	2.39	2.53	11.29	Not shown
12. Manipur—Total	7.24	7.67	8.13	8.62	9.14	40.80	125
Receipts	0.30	0.30	0.30	0.30	0.30	1.50	1
<b>Net</b>	<b>6.94</b>	<b>7.37</b>	<b>7.83</b>	<b>8.32</b>	<b>9.84</b>	<b>39.30</b>	124
13. Meghalaya	5.23	5.54	5.87	6.22	6.59	29.45	65
14. Nagaland	..	..	..	..	..	..	..
15. Orissa—Total	253	268	284	301	319	1425	2447
Receipts	2	2	2	2	2	10	10
<b>Net</b>	<b>251</b>	<b>266</b>	<b>282</b>	<b>299</b>	<b>317</b>	<b>1415</b>	2437
16. Punjab	245	260	275	292	309	1381	2037
17. Rajasthan	10.00	10.60	11.24	11.91	12.62	56.37	Not shown
18. Sikkim	..	..	..	..	..	..	..
19. Tamil Nadu	2.25	2.39	2.53	2.68	2.84	12.69	16
20. Tripura	30.41	32.23	34.16	36.21	38.38	171.39	179
21. Uttar Pradesh	157	166	176	187	198	884	5889
22. West Bengal— Total	515	546	579	613	650	2903	4716
Receipts	4	4	4	5	5	22 <sup>1</sup>	22
<b>Net</b>	<b>511</b>	<b>542</b>	<b>575</b>	<b>608</b>	<b>645</b>	<b>2881</b>	4694
<b>ALL STATES (Net)</b>	<b>2461.98</b>	<b>2609.71</b>	<b>2767.67</b>	<b>2932.87</b>	<b>3109.30</b>	<b>13881.53</b>	35120

<sup>1</sup> Receipts.

Source for Col. 8: Information received from State Governments.

## APPENDIX 1.18

Statement showing the installed capacity and capacity utilisation factor of major thermal power stations in the country during the year 1976-77

Sl. No.	Name of Power Station	Derated installed capacity (MW)	Capacity utilisation (% age)
1	2	3	4
1.	Ahmedabad (Units 15 & 16)	37.0	75.00
2.	Amarkantak	60.0	86.00
3.	Barauni (Units 4 & 5)	100.0	57.88
4.	Bokaro	227.5	58.11
5.	Bandel	320.0	56.11
6.	Bhusawal	62.5	84.75
7.	Badarpur	300.0	55.67
8.	Bhatinda	220.0	39.64
9.	Basin Bridge (Units 3 & 4)	60.0	52.64
10.	Chandrapura	660.0	44.66
11.	Calcutta		
	(i) New Cossipore	150.0	60.58
	(ii) Mulajore	128.0	59.40
12.	(i) Durgapur (DVC)	250.0	58.63
	(ii) Durgapur (DPL)	280.0	45.41
13.	I. P. Station	282.5	75.28
14.	Dhuvaran	534.0	61.27
15.	Ennore	450.0	45.71
16.	Faridabad	120.0	45.39
17.	Harduaganj 'A'	90.0	53.33
18.	Harduaganj 'B'	220.0	67.97
19.	Khaperkheda (Units 4, 5 & 6)	90.0	56.44
20.	(i) Kothagudem 'A'	240.0	65.48
	(ii) Kothagudem 'B'	220.0	45.87
21.	(i) Korba-I	80.0	66.00
	(ii) Korba-2	200.0	80.31
22.	Koradi	480.0	50.03
23.	Nasik	280.0	61.85
24.	(i) Obra (T)	250.0	57.26
	(ii) Obra Extn.	300.0	57.88
25.	Parli	60.0	81.62
26.	Paras	92.5	56.77
27.	(i) Panki	64.0	40.31
	(ii) Panki Extn. (Unit I only)	110.0	30.90
28.	Patratu	510.0	46.66
29.	Ramagundam 'B'	62.5	90.96
30.	Renusagar	125.0	100.00
31.	Satpura	312.5	62.76
32.	Santaldih	240.0	29.73
33.	Trombay	330.0	68.80
34.	Talcher	250.0	44.00
35.	Ukai	240.0	24.11

SOURCE: Department of Power.

## APPENDIX 1.19

Statement showing the total coal consumption, energy generated and the specific coal consumption in the major Thermal Power Stations in the country during the year 1977-78

Sl. No.	Name of TPS	Coal consumption (Tonnes)	Units generated (MU)	Coal consumption kg/kwh
1	2	3	4	5
1.	Ahmedabad	908243	1257.034	0.72
2.	Amarkantak	409514	618.062	0.66
3.	Barauni	303850	539.821	0.56
4.	Bokaro	827639	1136.773	0.73
5.	Bandel	726546	1447.670	0.50
6.	Bhusawal	248574	358.319	0.69
7.	Badarpur	476678	839.430	0.57
8.	Bhatinda (GNDTP)	456095	800.738	0.57
9.	Basin Bridge	297011	413.000	0.72
10.	Chandrapura	1529236	2824.069	0.54
11.	Calcutta	1344132	1758.174	0.76
12.	(i) Durgapur (DPL)	623055	1001.890	0.62
	(ii) Durgapur (DVC)	623069	943.007	0.66
13.	D. E. S. U.	1288460	1909.979	0.67
14.	Dhuvaran	55872	2773.375	..
15.	Ennore	935945	1439.000	0.65
16.	Faridabad	406714	593.00	0.85
17.	Harduaganj 'A'	305299	356.270	0.65
18.	Harduaganj 'B'	742303	1150.000	0.92
19.	Khaperkheda	368399	399.102	0.66
20.	Kothagudem	1480279	2232.466	1.13
21.	(i) Korba-I	503715	444.239	0.94
	(ii) Korba-II	1794396	1897.162	0.58
22.	Koradi	1527723	2621.855	0.56
23.	Nasik	857309	1544.470	0.76
24.	Obra	2074373	2728.079	0.60
25.	Parli	261300	437.403	0.81
26.	Paras	417121	518.087	0.63
27.	(i) Panki	205715	326.146	0.65
	(ii) Panki Extn.	472906	726.300	0.66
28.	Patratu	1281916	1944.902	0.37
29.	Ramagundam 'B'	290471	508.000	0.83
30.	Renusagar	870679	1044.097	0.58
31.	Satpura	1086337	1873.000	0.49
32.	Santaldih	404186	828.571	0.49
33.	Trombay	307138	2196.177	..
34.	Talcher	467798	669.089	0.70
35.	Ukai	320744	671.616	0.48

SOURCE: Department of Power.

## APPENDIX 1.20

## Percentage of Energy Losses in Transmission and Distribution for State Electricity Boards, D.V.C. and DESU during the years 1974-75, 1975-76 and 1976-77 (Provisional)

(Percentages)

Sl. No.	Boards/Undertakings	1974-75	1975-76	1976-77 (Provisional)
(1)	(2)	(3)	(4)	(5)
1.	Andhra Pradesh	25.24	24.53	24.40
2.	Assam	18.22@	16.50	20.19
3.	Bihar	29.33	23.94	25.83
4.	Gujarat	20.22	19.51	17.13
5.	Haryana	24.40	23.19	22.27
6.	Himachal Pradesh	15.86	19.62	17.69
7.	Jammu & Kashmir	23.49	23.34	N.A.
8.	Karnataka	18.53	15.92	15.47
9.	Kerala	15.20	16.13	14.52
10.	Madhya Pradesh	20.08	18.80	18.24
11.	Maharashtra	15.90	17.50	17.36
12.	Meghalaya	..	9.03	4.18
13.	Orissa	11.04	14.29	16.76
14.	Punjab	23.52	21.18	24.43
15.	Rajasthan	30.27	25.74	21.43
16.	Tamil Nadu	21.55	18.75	18.34
17.	Uttar Pradesh	24.73	21.69	22.25
18.	West Bengal	9.19	11.69	11.57
19.	D. V. C.	4.03	3.26	2.97
20.	DESU	8.61	13.97	N.A.
	ALL INDIA	20.48	19.42	19.92

@ Includes Meghalaya and Mizoram.

SOURCE: Department of Power.

## APPENDIX 1.21

## Net returns from State Electricity Boards and departmental undertakings during each year from 1979-80 to 1983-84 and for the five year period 1979-84

Sl. No.	States	Government investments as on 31-3-79	6 per cent of Col. 2	Net return (after deducting Excise duty and Electricity duty) for each year 1979-80 to 83-84	Net return during 5 years 1979-84
(1)	(2)	(3)	(4)	(5)	
1.	Andhra Pradesh SEB	41458	2487	1657	8285
	Departmental	19850	1191	1095	5475
2.	Assam	13858	831	671	3355
3.	Bihar	30913	1855	1180	5900
4.	Gujarat	35835	2150	(—) 514	(—) 2570
5.	Haryana	25726	1544	125	625
6.	Himachal Pradesh	7128	428	333	1665
7.	Jammu & Kashmir£	19043	1143	995	4975
8.	Karnataka	38535	2312	721	3605
9.	Kerala	18875	1133	(—) 328	(—) 1640
10.	Madhya Pradesh	52299	3138	1045	5225
11.	Maharashtra SEB	79214	4753	2556	12780
	Departmental	20385	1223	..	..
12.	Manipur £	1446	87	83	415
13.	Meghalaya	3241	194	136	680
14.	Nagaland £	1460	88	87	435
15.	Orissa SEB	18525	1111	..	-10
	Departmental	571	34	(—) 65	(—) 315
16.	Punjab	64849	3891	2040	10200
17.	Rajasthan	28396	1704	937	4685
18.	Sikkim £	366	22	21	105
19.	Tamil Nadu	33062	1984	1128	5640
20.	Tripura £	2746	165	161	805
21.	Uttar Pradesh	155025	9302	7128	35640
22.	West Bengal	24181	1451	835	4175
	<b>ALL STATES</b>	<b>36987</b>	<b>44221</b>	<b>22934*</b>	<b>114670*</b>
				<b>(—) 907</b>	<b>(—) 4535</b>

@ Departmental schemes.

\* Excludes surplus returns in excess of 6 per cent return for 3 States: Gujarat, Kerala and Orissa.

**APPENDIX 1.22(i)**  
**Financial Results of State Road Transport Undertakings—Summary Table**

(Rs. in lakhs)

Sl. No.		1973-74 Actuals	1974-75 Actuals	1975-76 Actuals	1976-77 Actuals/Prel. Actuals
(1)	(2)	(3)	(4)	(5)	(6)
1.	Block Capital at the end of the year	39656.81	46202.97	52946.70	60919.78
2.	Gross Receipts	38873.16	50340.83	60734.68	71232.58
3.	Working expenses	35164.78	47115.59	55251.27	61024.14
4.	Interest payments	1839.65	2300.07	2891.55	3451.02
	(a) to State Govt.	1300.90	1546.25	1722.06	1952.99
	(b) Others	538.75	753.82	1169.49	1498.03
5.	Transfer to depreciation fund	3878.27	4946.58	5528.67	6589.35
6.	Transfer to other funds	223.26	167.63	185.06	225.76
7.	Other charges	285.06	270.87	263.14	340.58
8.	Total (3 to 7)	41391.02	54800.74	64119.69	72530.85
9.	Net profit	—2517.86	—4459.91	—3385.01	—1298.27
10.	Corporation Tax	236.00	265.00	120.00	174.26
11.	Contribution to State Revenues	39.36	—13.63	29.99	10.59
12.	Retained profit	—2793.22	—4711.28	—3514.00	—1492.2

**APPENDIX 1.22(ii) Stat**  
**Road Transport Undertakings**  
**Net Profit (+)/Loss (—) after providing for interest, depreciation and other funds**

(Rs. in lakhs)

		1973-74 Actuals	1974-75 Actuals	1975-76 Actuals	1976-77 Actuals/Prel. Actuals
	1	2	3	4	5
1.	Andhra Pradesh	+ 339.00	+ 364.00	+ 224.00	+ 249.00
2.	Bihar	— 252.00	— 155.00	— 116.83	— 262.00
3.	Gujarat	— 374.00	— 712.00	— 276.00	— 256.00
4.	Haryana	+ 33.54	— 56.43	— 49.70	+ 107.89
5.	Karnataka	+ 26.00	+ 11.00	— 130.00	+ 42.00
6.	Kerala	— 367.00	— 470.00	— 411.00	— 108.00
7.	Madhya Pradesh	— 154.57	— 148.27	+ 46.31	+ 48.24
8.	Maharashtra	— 305.00	— 780.00	+ 153.00	+ 741.00
9.	Orissa	N.I.	— 59.37	— 80.71	— 8.99
10.	Punjab	— 8.00	— 151.00	— 296.00	— 350.00
	(i) Punjab Roadways	— 12.00	— 99.00	— 166.00	— 192.00
	(ii) Pepsu R. T. C.	- 20.00	— 52.00	— 130.00	— 158.00
11.	Rajasthan	+ 34.76	+ 49.90	— 50.67	+ 1.13
12.	Tamil Nadu	— 95.00	— 274.00	— 839.00	+ 137.00
	(i) Pallavan Transport Corpn.	— 121.00	— 204.00	— 490.00	+ 15.00
	(ii) Cheran Transport Corpn.	+ 6.00	+ 12.00	+ 17.00	+ 50.00
	(iii) Cholan Roadways Corpn.	+ 11.00	— 28.00	— 103.00	+ 7.00
	(iv) Pandiyan Roadways Corpn.	+ 4.00	+ 9.00	— 62.00	+ 71.00
	(v) Kattabomman Roadways Corpn.	..	— 65.00	— 76.00	+ 15.00
	(vi) Anna Transport Corpn.	+ 5.00	+ 3.00	— 26.00	+ 6.00
	(vii) Thanthai Pariyar Transport Corpn.	..	..	— 99.00	— 27.00
13.	Uttar Pradesh	+ 14.00	— 240.00	— 189.00	+ 173.00
14.	West Bengal	— 1182.05	— 1533.61	— 1634.76	— 1616.77
	(i) C. B. T. C.	— 740.49	— 932.39	— 1007.33	— 941.00
	(ii) Durgapur S. T. C.	— 49.56	— 56.22	— 51.43	— 60.77
	(iii) North Bengal S. T. C.	— 98.00	— 153.00	— 187.00	— 217.00
	(iv) Calcutta Tramways Co.	— 294.00	— 392.00	— 389.00	— 398.00
<b>Hill States</b>					
15.	Assam	— 70.78	— 75.46	— 14.13	— 34.45
16.	Himachal Pradesh	+ 21.42	— 79.52	— 51.92	— 105.00
17.	Jammu & Kashmir	— 168.00	— 93.00	— 31.40	— 14.00
18.	Manipur	— 7.00	— 41.00	— 8.00	— 12.00
19.	Meghalaya	— 2.07	— 4.75	— 2.64	— 4.00
20.	Nagaland	— 11.60	— 12.46	— 7.46	— 8.04
21.	Sikkim	+ 15.44	+ 9.67	+ 25.03	+ 4.59
22.	Tripura	— 4.95	— 8.61	— 22.13	— 22.82
	<b>TOTAL</b>	— 2517.86	— 4459.91	— 3385.01	— 1298.27

N. I. = Not indicated.

SOURCE: Profit &amp; Loss Accounts and Subsidiary Points.

**APPENDIX 1.22(iii)**  
**State Road Transport undertakings -- Physical progress as at the end of 1976-77**

	State	Fleet (Nos.)	Overaged Buses (Nos.)	Col 3 as per cent of Col 2.	Fleet Utilisation (%)	Vehicle utilisation (in Kms) per year	Occupancy Ratio per cent
	1	2	3	4	5	6	7
1.	Andhra Pradesh	4835	918	18.99	90.0	109500	71
2.	Bihar	1627	175	10.76	63.2	77015	63
3.	Gujarat	5752	1224	21.28	79.0	99025	76
4.	Harayana	2078	..	..	94.0	88000	87
5.	Karanataka	4589	1560	33.99	80.0	94540	..
6.	Kerala	2419	456	18.85	80.0	100000	83
7.	Madhaya Pradesh	2145	733	34.17	81.9	80223	67
8.	Maharashtra	8070	3954	49.00	82.3	86615	78
9.	Orissa	601	111	18.47	80.7	69715	80
10.	Punjab	3009	2	0.07	84.90	71035-75920	
	(i) Punjab Roadways	2101	..	..	84.3	71035	89
	(ii) Pepsu R. T. C.	908	2	0.22	90.0	75920	83
11.	Rajasthan	1767	120	6.79	77.0	97820	72
12.	Tamil Nadu	4957	770	15.53	83.93	69033-177000	62-80
	(i) Pallavan Transport Corporation						
	(a) Express Services	269	80	33.09	86.0	177000	
	(b) Metropolis	1470	136	9.25	87.0	69033	
	(c) District Services	391	30	7.67	85.0	115000	
	(ii) Cheran Transport Corporation	686	156	22.74	92.0	117000	
	(iii) Cholan Roadways Corporation	514	172	33.46	87.0	120000	
	(iv) Pandiyan Roadways Corporation	649	107	16.49	93.0	100000	
	(v) Kattabomman Transport Corporation	521	62	11.90	86.0	117000	
	(vi) Anna Transport Corporation	245	11	4.49	86.0	118000	
	(vii) Thanthai Periyar Transport Corporation	212	7	3.30	83.0	111000	
13.	Uttar Pradesh	5713	549	9.61	80.0	79205	70
14.	West Bengal	<b>2082</b>	<b>816</b>	<b>39.19</b>	<b>61-65</b>	<b>46750-96000</b>	
	(i) Calcutta State Transport Corporation	1245	263	21.12	65.0	58431	10..
	(ii) Durgapur S.R.T.C.	102	35	34.31	62.0	96000	82
	(iii) North Bengal S.R.T.C.	297	121	40.74	61.0	78000	92
	(iv) Calcutta Tramway Co.	438	397	90.64	65.0	46750	90
	<b>Hill States</b>						
15.	Assam	618	57	9.22	69.0	66000	..
16.	Himachal Pradesh	800	161	20.13	80.0	41250	80
17.	Jammu & Kashmir	593	130	21.92	75.0	50000	70*
18.	Manipur	103	18	17.48	49.0	21000	..
19.	Meghalaya	101	11	10.89	70.0	50000	..
20.	Nagaland	101	55	54.46	58.6*	16504*	..
21.	Sikkim	44	10	22.73	78.0	35490	..
22.	Tripura	90	..	..	66.7	43860	79
	<b>TOTAL</b>	<b>52094</b>	<b>11830</b>	<b>22.71</b>	<b>..</b>	<b>..</b>	<b>..</b>
	B E S T (Bombay)	1667	..	..	92.07	80735	..
	D. T. C. (Delhi)	2131*	..	..	71.25*	81271*	..

\* For 1975-76.

SOURCE: Col. 2 to Col. 6  
Col. 7

Subsidiary Points.

M. P. Subsidiary Points.

Other States—Planning Commission compilation.

**APPENDIX 1.22(iv)**  
**Operating ratio of the State Road Transport Undertakings**

Sl. No.	State Transport Corporation/ Undertakings	1975-76 (Actuals)			1976-77 (Pre-actuals)		
		Gross receipts (Rs. lakhs)	Working expenses (Rs. lakhs)	Operating ratio Col. 3 as % of Col. 2	Gross receipts (Rs. lakhs)	Working expenses (Rs. lakhs)	Operating ratio Col. 6 as % of Col. 5
	1	2	3	4	5	6	7
1.	Andhra Pradesh SRTC	732.00	6165.00	84.20	8814.00	7470.00	84.75
2.	Bihar SRTC	1328.84	1193.91	89.85	1303.00	1282.00	98.39
3.	Gujarat SRTC	7678.00	7028.00	91.53	8649.00	7786.00	90.02
4.	Harayana Roadways	2349.40	2123.98	90.40	2802.54	2342.83	83.60
5.	Karantaka SRTC	5001.00	4407.00	88.12	6499.00	5465.00	84.09
6.	Kerala SRTC	3091.00	3086.00	99.84	4042.00	3716.00	91.93
7.	Madhya Pradesh SRTC	2016.87	1681.92	83.32	2259.82	1815.70	80.35
8.	Maharashtra SRTC	11032.00	9746.00	88.34	12280.00	10276.00	83.68
9.	Orissa SRTC	557.46	504.42	90.49	671.32	523.89	78.04
10.	Punjab						
	(i) Punjab Roadways	1792.00	1658.00	92.52	2039.00	1890.00	92.69
	(ii) Pepsu Road Transport Corporation	809.00	777.00	96.04	835.00	811.00	97.13
11.	Rajasthan SRTC	1649.38	1449.90	87.91	2017.98	1659.43	82.23
12.	Tamil Nadu SRTC	7112.00	6993.00	98.33	8789.00	7647.00	87.01
	(i) Pallavan Transport Corporation	2760.00	2849.00	103.22	3599.00	3175.00	88.22
	(ii) Cheran Transport Corporation	884.00	770.00	87.10	1134.00	918.00	80.95
	(iii) Cholan Roadways Corporation	860.00	862.00	100.23	928.00	829.00	89.33
	(iv) Pandiyan Roadways Corporation	1121.00	1045.00	93.22	1377.00	1165.00	84.60
	(v) Kattabomman Transport Corporation	814.00	794.00	97.54	928.00	825.00	88.99
	(vi) Anna Transport Corporation	371.00	339.00	91.37	452.00	393.00	86.95
	(vii) Thanthai Periyar Transport Corporation	302.00	334.00	110.60	371.00	342.00	92.18
13.	Uttar Pradesh SRTC	5276.00	4078.00	77.29	5802.00	4408.00	75.97
14.	West Bengal						
	(i) Calcutta State Transport Corporation	644.41	1148.36	178.20	1071.00	1384.00	129.23
	(ii) Durgapur SRTC	64.55	93.02	144.11	76.66	113.39	147.91
	(iii) North Bengal SRTC	284.00	378.00	133.10	287.00	385.00	134.15
	(iv) Calcutta Tramway Company	462.00	738.00	159.74	502.00	754.00	150.20
Hill	States						
15.	Assam SRTC	627.61	470.87	75.03	620.00	478.00	77.10
16.	Himachal Pradesh SRTC	692.39	633.50	91.49	807.20	749.56	92.86
17.	Jammu & Kashmir RTC	621.26	600.66	96.68	664.00	561.00	84.49
18.	Manipur SRTC	78.00	58.00	85.29	69.00	64.00	92.75
19.	Meghalaya SRTC	24.49	27.13	110.78	65.00	69.00	106.15
20.	Nagaland Transport Undertaking	64.73	72.19	111.52	68.11	76.15	111.80
21.	Sikkim Nationalised Transport	124.65	99.62	79.92	146.45	141.86	96.87
22.	Tripura SRTC	41.64	39.79	95.56	52.50	55.33	105.39
	TOTAL	60734.68	55251.27	90.97	71232.58	61924.14	86.93

**APPENDIX 1.22(v)**  
**Revenue and cost per bus/passenger Km. 1976-77**

	State Road Transport Corporation/ Undertakings	Per bus Km (Rs.) Revenue	Per bus Km (Rs.) Cost	Col. (2) as % of Col. (3)	Per passenger Km (Paise) Revenue	Per passenger Km (Paise) Cost	Col. (5) as % of Col. (6)
	1	2	3	4	5	6	7
1.	Andhra Pradesh SRTC	2.07	2.04	101.47	5.79	5.76	100.62
2.	Bihar SRTC	1.91	2.30	83.04	3.64	4.27	85.25
3.	Gujarat SRTC	2.18	2.23	97.76	5.58	5.58	98.75
4.	Haryana Roadways	1.68	1.62	103.70	N.A.	N.A.	..
5.	Karnataka SRTC	2.07	2.06	100.49	3.56	3.54	100.56
6.	Kerala SRTC	1.98	1.99	99.50	5.00	5.04	99.21
7.	Madhya Pradesh SRTC	1.54	1.51	101.99	3.02	2.96	102.03
8.	Maharashtra SRTC	2.51	2.43	103.29	6.24	6.21	100.48
9.	Orissa SRTC	1.78	1.81	98.34	3.49	3.55	98.31
10.	Punjab						
	(i) Punjab Roadways	1.52	1.66	91.57	2.91	3.19	91.22
	(ii) Pepsu Road Transport Corporation	1.60	1.60	100.00	2.96	3.14	94.27
11.	Rajasthan SRTC	1.65	1.65	100.00	4.00	4.00	100.00
12.	Tamil Nadu SRTC	1.60-2.14	1.70-2.12	90.91-100.94	3.10-6.20	3.60-6.10	86.11-101.64
	(i) Pallavan Transport Corporation						
	(a) Express Services	1.60	1.59	100.63	6.20	6.10	101.64
	(b) Metropolis	214	212	100.94	4.76	4.71	101.06
	(c) District Services	194	200	97.00	5.00	5.20	96.15
	(ii) Cheran Transport Corporation	212	204	103.92	5.00	5.00	..
	(iii) Cholan Roadways Corporation	186	184	101.09	..	..	..
	(iv) Pandiyar Roadways Corporation	206	196	105.10	4.30	4.08	105.39
	(v) Kattabomman Transport Corporation	177	176	100.57	5.00	5.00	..
	(vi) Anna Transport Corporation	181	178	101.69	..	..	..
	(vii) Thanthai Periyar Transport Corporation	181	205	88.29	3.10	3.60	86.11
13.	Uttar Pradesh SRTC	1.82	1.82	100.00	5.32	5.32	100.00
14.	West Bengal						
	(i) Calcutta State Transport Corporation	3.01	5.65	53.27	4.00	7.47	53.55
	(ii) Durgapur SRTC	1.31	2.45	53.47	4.36	8.00	54.50
	(iii) North Bengal SRTC	1.57	2.76	56.88	4.30	5.52	77.90
	(iv) Calcutta Tramway Company	3.80	6.87	55.31	12.00	23.00	52.17
	<b>Hill States</b>						
15.	Assam SRTC	2.20	2.13	103.29	N.A.	4.26	..
16.	Himachal Pradesh SRTC	2.12	2.62	80.92	4.70	5.80	81.03
17.	Jammu & Kashmir RTC	1.25	1.36	91.91	N.A.	N.A.	..
18.	Manipur SRTC	1.71	2.99	57.00	6.00	14.50	41.96
19.	Meghalaya SRTC	N.A.	N.A.	..	6.00	6.20	96.77
20.	Nagaland Transport Undertaking	N.A.	N.A.	..	N.A.	N.A.	..
21.	Sikkim Nationalised Transport	3.25	2.31	140.69	13.00	12.00	108.33
22.	Tripura SRTC	2.10	3.07	68.40	6.00	9.00	66.67

SOURCE: Subsidiary Point No. 64.

**APPENDIX 1.22(vi)**  
**Cost of personnel per bus Km. (paise)**

S.N	States	1974-75	1975-76
1	2	3	4
1.	Andhra Pradesh	46.84	49.43
2.	Bihar	69.25	69.59
3.	Gujarat	52.64	57.12
4.	Haryana	36.00	37.30
5.	Karnataka	57.45	60.25
6.	Kerala	85.40	79.40
7.	Madhya Pradesh	35.82	N.A.
8.	Maharashtra	67.15	65.81
9.	Orissa	33.21*	55.60
10.	Punjab		
	(i) Punjab Roadways	36.70	36.50
	(ii) Pepsu R.T.C.	34.34	37.15
11.	Rajasthan	34.00	38.00
12.	Tamil Nadu		
	(i) Pallavan Transport Corporation	63.70	68.50
	(ii) Cheran Transport Corporation	38.00	38.00
	(iii) Cholan Roadways Corporation	43.20	N.A.
	(iv) Pandiyan Roadways Corporation	44.00	N.A.
	(v) Kattabomman Transport Corporation	37.90	N.A.
	(vi) Anna Transport Corporation	29.66	N.A.
	(vii) Thanthai Periyar Transport Corporation	..	55.00
13.	Uttar Pradesh	N.A.	..
14.	West Bengal		
	(i) Calcutta S. T. C.	212.96	206.32
	(ii) North Bengal S.T.C.	100.30	99.71
Hill States			
15.	Assam	80.37	89.26
16.	Himachal Pradesh	51.00	N.A.
17.	Jammu & Kashmir	N.A.	N.A.
18.	Manipur	116.50	N.A.
19.	Meghalaya	N.A.	N.A.
20.	Nagaland	N.A.	102.60
21.	Sikkim	N.A.	N.A.
22.	Tripura	81.69	N.A.

\* Relates to the year 1973-74.

SOURCE: Report of the Association of State Road Transport Undertakings, 1975-76—Profit and Loss Accounts.

**APPENDIX 1.22(vii)**  
**Bus Kilometres per litre (diesel)**

S. N	States	1974-75	1975-76
1	2	3	4
1.	Andhra Pradesh	4.00	4.02
2.	Bihar	4.19	N.A.
3.	Gujarat	4.22	4.35
4.	Haryana	3.90	3.80
5.	Karnataka	3.89	3.92
6.	Kerala	4.00	N.A.
7.	Madhya Pradesh	4.11	N.A.
8.	Maharashtra	3.89	3.87
9.	Orissa	4.10*	4.30
10.	Punjab		
	(i) Punjab Roadways	3.60	3.60
	(ii) Pepsu R. T. C.	3.61	3.53
11.	Rajasthan	4.51	4.40
12.	Tamil Nadu		
	(i) Pallavan Transport Corporation	3.60	3.61
	(ii) Cheran Transport Corporation	3.72	3.70
	(iii) Cholan Roadways Corporation	3.67	N.A.
	(iv) Pandiyan Roadways Corporation	3.70	N.A.
	(v) Kattabomman Transport Corporation	3.92	N.A.
	(vi) Anna Transport Corporation	3.80	N.A.
	(vii) Thanthai Periyar Transport Corporation	..	N.A.
13.	Uttar Pradesh	N.A.	4.70

14.	West Bengal		
	(i) Calcutta S. T. C.	2.60	N.A.
	(ii) North Bengal S.T.C.	4.00	3.90
Hill States			
15.	Assam	N.A.	N.A.
16.	Himachal Pradesh	2.95	N.A.
17.	Jammu & Kashmir	N.A.	N.A.
18.	Manipur	3.10	N.A.
19.	Meghalaya	N.A.	N.A.
20.	Nagaland	3.50	N.A.
21.	Sikkim	N.A.	N.A.
22.	Tripura	3.59	N.A.

\*Relates to the year 1973-74. SOURCE: Report of the Association of State Road Transport Undertakings, 1975-76.

### APPENDIX 1.23(i)

#### D.O. letter No. 15/18/78-IGC, dated 18th August, 1978 from Shri P. B. Menon, Member, Company Law Board to Shri V. B. Eswaran, Member Secretary.

Kindly refer to your Confidential D.O. letter No. 7-FC-9(7)-Res/77, dated the 4th August, 1978, addressed to Shri P. Krishnamurti, Secretary, Department of Company Affairs, about placing of audit report before the Annual General Meeting within six months of the close of the accounting year in respect of Government companies.

2. Many Government companies have not been strictly complying with the requirements of section 210 read with section 166 of the Companies Act, 1956 regarding placing of the balance-sheet and profit and loss account along with the auditors' report before the annual general meeting within six months of the closing of the financial year. A Note regarding timely finalisation of audit of accounts of Government companies and a list containing names of Government companies, both Central and State, which have failed to hold the annual general meeting during the year 1977 and during the current year upto 31st July, 1978, within six months of closing of the financial year are enclosed herewith, for your information.

#### A note regarding timely finalisation of audit of accounts in respect of Government companies.

In pursuance of Section 619(2) of the Companies Act, 1956, the appointment of Auditors in respect of Government companies are made by the Central Government on the advice of the Comptroller and Auditor General of India. At the time of making such appointments, all Government companies are invariably instructed to make the account books of the company for the financial year available to the Auditors for audit, immediately, on the receipt of this Board's appointment order, so that the Auditors can complete their audit and submit the copies of their audit report to the Comptroller and Auditor General of India in terms of Section 619(4) of the Companies Act, 1956, so as to enable him to offer his comments upon, or to supplement the audit report well in time to permit the holding of the Annual General Meeting of the Company within 6 months of the closing of the accounting year in order to comply with the provisions of Section 166 read with Section 210 of the Companies Act, 1956.

2. Moreover, in order to ensure expeditious appointment of Auditors for the next financial year, the companies are also asked to initiate action soon after the completion of audit and certification of accounts by the Auditors for the preceding year, by immediately making a copy of such certified accounts available direct to the Office of the Comptroller and Auditor General of India without waiting for Accountant General or the Member of the Audit Board concerned to complete his audit.

3. However, inspite of these instructions, it has been observed that a large number of Government companies delay the holdings of the Annual General Meeting within six months of the close of the accounting year mainly because of non-finalisation of the audit report and sometime because of delay in appointment of Auditors. However, the delay in the appointment of Auditors takes place only in such cases where the Comptroller & Auditor General of India does not recommend the names of the Auditors to the Company Law Board on the ground that the previous year's account had not been audited and the auditor's report not submitted to him for his remarks under Section 619(4) of the Act.

4. Thus, during the preceding calendar year, i.e., 1977 and the current year i.e. from 1-1-78 to 31st July, 1978\*, 191 and \*46 Government companies respectively were not in a position to hold their Annual General Meetings within the stipulated time of six months and requested the Government for granting them extension of time for holding their Annual General Meeting. In all such cases, required extensions were granted by the Government where applications under Section 166(1), second proviso of the Act, were received so that they were able to finalise the accounts to place before the Annual General Meeting within a period of nine months of the closing of the accounting year.

5. This type of extension is, however, granted with instructions that for future year steps should be taken by the company to ensure that the programme to the finalisation of their accounts and their audit is so arranged that the Annual General Meetings are held within the normal time prescribed by Section 166 read with Section 210(3)(b) of the Companies Act, 1956. While sanctioning such extension of time, the companies are also asked to take adequate measures so as to avoid default in complying with the provisions of the Act and the contingency of the application of the penal provisions thereof.

6. It is, therefore, evident that inspite of all possible steps taken by the Government by instructing the Government companies to comply with the provisions of the Companies Act, 1956, in respect of placing the books of accounts before the Annual General Meeting within six months of the closing of the accounting year, it has been noticed that many of them have failed to place their audit report before the Annual General Meeting within the stipulated period. In fact, it is for the companies and the administrative Ministries to organise accounting system in such a way that the accounts are completed within the period as provided for in Section 210(3) of the Companies Act, 1956. Thus, the only course for placing the Audit Report before the Annual General Meeting within 6 months of the closing of the accounting year, is to reduce the time at all levels, that as soon as the Auditors submit their report, Accountant General be requested to take up supplementary audit under Section 619(4) immediately, and that the Comptroller and Auditor General of India be requested forthwith to recommend the names of the Auditors to the Company Law Board for appointment of Auditors for the succeeding year. Thus, the timely placing of audit report before the Annual General Meeting much depends on the initiative of the company.

\*Statewise statement is annexed at Annexures "A" & "B".

## ANNEXURE A

## Statewise Statement for the year 1977

**CENTRAL GOVERNMENT COMPANIES**

1. Bolani Ores Limited.
2. The Jute Corporation of India Limited.
3. Hindustan Salts Limited.
4. Sambhar Salts Limited.
5. Bharat Refineries Limited.
6. General Insurance Corporation of India Ltd.
7. New India Assurance Company Limited.
8. Industrial Credit Company Limited.
9. National Insurance Company Limited.
10. National Textile Corporation (U.P.) Limited.
11. Oriental Fire & General Insurance Co. Ltd.
12. Triveni Structurals Limited.
13. Central Coalfields Limited.
14. Haffkine Bio-Pharmaceuticals Corpn. Ltd.
15. Balmer Lawrie & Co. Ltd.
16. Bridge and Roof Company (India) Ltd.
17. National Textile Corpn. (T. N. and Pondicherry) Ltd.
18. Mogul Line Limited.
19. The Indo-Burma Petroleum Co. Ltd.
20. Modern Bakeries (India) Ltd.
21. Heavy Engineering Corporation Ltd.
22. Bongaigaon Refinery and Petro-Chemicals Ltd.
23. Indian Motion Pictures Export Corpn., Ltd.
24. National Textile Corporation Ltd. (Delhi).
25. Indian Drugs and Pharmaceuticals Ltd.
26. Indian Tourism Development Corpn. Ltd.
27. Pyrites Phosphates and Chemicals Ltd.
28. Hindustan Machine Tools Ltd.
29. Tannery and Footwear Corpn. of India Ltd.
30. Indian Iron & Steel Co. Ltd.
31. National Textile Corpn. (Gujarat) Ltd.
32. Central Road Transport Corpn. Ltd.
33. Hindustan Zinc Limited.
34. National Textile Corpn. (W.B., Assam, Bihar & Orissa) Ltd.
35. Richardson and Cruddas (1972) Ltd.
36. National Projects Construction Corpn. Ltd.
37. National Textile Corpn. (Maharashtra North) Ltd.
38. Mining and Allied Machinery Corpn. Ltd.
39. Film Finance Corpn. Ltd.
40. Wagon India Ltd.
41. National Textile Corpn. (South Maharashtra) Ltd.
42. Scooters India Limited.
43. Rehabilitation Industries Corpn. Ltd.
44. Central Inland Water Transport Corpn. Ltd.
45. Delhi State Industrial Dev. Corpn. Ltd.
46. Coburn Properties Limited.
47. Western Coal Fields Ltd.
48. Banana and Fruit Development Corpn. Ltd.
49. National Seeds Corpn. Ltd.
50. States Farms Corpn. of India Limited.
51. Central Fisheries Corpn. Ltd.
52. Cochin Refineries Limited.

**STATE GOVERNMENT COMPANIES****ANDHRA PRADESH**

53. 1. A. P. State Police Housing Corpn. Ltd.
54. 2. A. P. Fisheries Corpn. Ltd.
55. 3. The Hyderabad Allwyn Metal Works Ltd.
56. 4. A. P. State Trading Corpn. Ltd.
57. 5. A. P. Steel Limited.
58. 6. A. P. State Textile Dev. Corporation Ltd.

**ASSAM**

59. 1. Assam Petro-Chemicals Ltd.
60. 2. Assam Gas Co. Ltd.
61. 3. Assam Industrial Development Corporation Limited.
62. 4. Assam Spun Silk Mills Ltd.

**BIHAR**

63. 1. Bihar State Industrial Development Corpn. Ltd.
64. 2. Bihar State Dev. Corpn. Ltd.
65. 3. Bihar State Textbook Publishing Corpn. Ltd.
66. 4. Bihar State Credit & Investment Corpn. Ltd.
67. 5. Bihar State Small Industries Corpn. Ltd.
68. 6. Bihar State Mineral Dev. Corpn. Ltd.
69. 7. Bihar State Handloom Handicrafts Dev. Corpn. Ltd.
70. 8. Bihar State Export Corpn. Ltd.
71. 9. Bihar Mica Syndicate Limited.

**GUJARAT**

72. 1. Gujarat Small Industries Corpn. Ltd.
73. 2. Gujarat Agro Marine Products Ltd.
74. 3. Gujarat Agro Industries Corpn. Ltd.
75. 4. Steel Corpn. of Gujarat Ltd.
76. 5. Gujarat Industrial Investment Corpn. Ltd.
77. 6. Gujarat Nylons Limited.
78. 7. Gujarat Tyres Limited.
79. 8. Cement Corpn. of Gujarat Ltd.
80. 9. Gujarat Sheep and Wool Dev. Corpn. Ltd.
81. 10. Gujarat State Machine Tools Corpn. Ltd.
82. 11. Gujarat State Seeds Corpn. Ltd.
83. 12. Gujarat State Construction Corpn., Ltd.

**HARYANA**

84. 1. Haryana State Industrial Dev. Corporation Ltd.
85. 2. Haryana Breweries Limited.
86. 3. Haryana Tanneries Limited.
87. 4. Haryana Land Reclamation and Dev. Corpn. Ltd.
88. 5. Haryana Mineral Limited.
89. 6. Haryana State Small Industries and Export Corpn. Ltd.

**HIMACHAL PRADESH**

90. 1. H. P. Horticultural Produce Marketing and Processing Corporation Limited.
91. 2. The H. P. State Small Industries & Export Corpn. Ltd.

92. 3. Himalaya Fertilizers Limited.
93. 4. H. P. Mineral & Industrial Development Corpn. Ltd.
94. 5. Himachal Wool Processors Ltd.
95. 6. H. P. Agro Industries Corpn. Ltd.
96. 7. Nahan Foundry Limited.
97. 8. Himachal Worsted Mills Limited.

**JAMMU & KASHMIR**

98. 1. Jammu & Kashmir Tourism Dev. Corpn. Ltd.

**KARNATAKA**

99. 1. Karnataka Fisheries Dev. Corpn. Ltd.
100. 2. Karnataka Small Industries Dev. Corpn. Ltd.
101. Karnataka Dairy Dev. Corpn. Ltd.
102. Mysore Lac and Paint Works Ltd.
103. Karnataka Film Industries Dev. Corpn. Ltd.
104. Karnataka State Construction Corpn. Ltd.
105. Karnataka State Industrial & Dev. Corpn. Ltd.
106. Karnataka State Forest Industries Corpn. Ltd.
107. Mysore Tobacco Co. Ltd.
108. Karnataka State Handicrafts Dev. Corpn. Ltd.
109. Karnataka State Agro Seeds Ltd.
110. Mysore Sugar Co. Ltd.
111. Karnataka Handloom Dev. Corporation Ltd.
112. Karnataka Scheduled Castes and Scheduled Tribes Dev. Corporation Limited.
113. Visvesvaraya Iron and Steel Co. Ltd.

**KERALA**

114. Kerala State Coir Corporation Ltd.
115. Kerala Agro Industries Corpn. Ltd.
116. Kerala State Dev. Cor. for Scheduled Castes and Scheduled Tribes Ltd.
117. Kerala Agro Machineries Corpn. Ltd.
118. Meat Products of India Ltd.
119. Travancore Sugars and Chemicals Ltd.
120. Kerala State Construction Corpn. Ltd.
121. Kerala State Civil Supplies Corpn. Ltd.
122. Kerala Handloom Finance and Trading Corpn. Ltd.
123. Kerala Fisheries Corpn. Ltd.
124. Kerala Shipping Corpn. Ltd.
125. State Farming Corpn. of Kerala Ltd.

**MAHARASHTRA**

126. 1. Forest Development Corporation of Maharashtra Ltd.
127. 2. Maharashtra State Textile Corporation Ltd.
128. 3. M.A.F.C.O. Ltd.
129. 4. Maharashtra Tourism Development Corporation Ltd.
130. 5. The Pratap Spinning, Weaving & Manufacturing Co. Ltd.
131. 6. Development Corporation of Vidarbha Ltd.
132. 7. Vidarbha Quality Seeds Ltd.
133. 8. City and Industrial Development Corpn. of Maharashtra Ltd.
134. 9. Maharashtra State Police Housing and Welfare Corporation Ltd.

**MADHYA PRADESH**

135. M. P. State Commodities Trading Corporation Ltd.
136. M. P. State Textile Corporation Ltd.

**ORISSA**

137. Industrial Development Corporation of Orissa Ltd.

**PUNJAB**

138. Punjab Tanneries Ltd.
139. Punjab Footwears Ltd.
140. Punjab Film and News Corporation Ltd.
141. Punjab Transmissions (P) Ltd.
142. Punjab Scooters Ltd.
143. Punjab Spinning and Weaving Mills Ltd.
144. Punjab State Irons Ltd.
145. The Punjab Agro Industries Ltd.
146. The Land Development and Seeds Corporation Ltd.
147. Punjab Breweries Limited.

**RAJASTHAN**

148. Rajasthan State Agro Industries Corpn. Ltd.
149. Rajasthan State Industrial & Mineral Development Corporation Ltd.
150. Rajasthan State Hotels Corporation Ltd.
151. Rajasthan State Dairy Development Corporation Ltd.
152. Rajasthan Small Industries Corporation Ltd.

**TRIPURA**

153. Tripura Small Industries Corporation Ltd.

**UTTAR PRADESH**

154. U.P. State Agro Industries Corporation Ltd.
155. U.P. Investment Limited.
156. U.P. State Food & Essential Corporation Ltd.
157. U.P. State Tourism Development Corpn. Ltd.
158. U.P. Rajkiya Nirman Nigam Ltd.
159. Varanasi Mandal Vikas Nigam Ltd.
160. U.P. State Mineral Development Corporation Ltd.
161. U.P. Export Limited.
162. U.P. Small Industries Corporation Ltd.
163. U.P. State Handloom and Power Loom Finance and Development Corporation Ltd.
164. Leather Industries Development Corporation of U.P. Ltd.
165. The Pradeshiya Industrial and Investment Corporation of U.P. Ltd.
166. U.P. State Spinning Mills Co. Ltd.
167. Indian Turpentine and Rosin Co. Ltd.
168. Turpentine Subsidiary Industries Ltd.
169. Prayag Chitrakoot Krishi Avom Godan Vikas Nigam Ltd.
170. U.P. Poorvan Chal Vikas Nigam Ltd.
171. U.P. State Textile Corporation Ltd.
172. U.P. State Spinning Mills Co. (1) Ltd. (No. 1)
173. Kumaon Mandal Vikas Nigam Ltd.

**TAMIL NADU**

174. Tamil Nadu Fisheries Corporation Ltd.
175. Tamil Nadu Textile Corporation Ltd.
176. Poomphar Shipping Corporation Ltd.
177. Tamil Nadu Small Industries Corporation Ltd.
178. Tamil Nadu Small Industries Devl. Corpn. Ltd.
179. Tamil Nadu Ceramics Ltd.
180. Tamil Nadu Agro Industries Ltd.

181. T. N. Dairy Development Corpn. Ltd.  
 182. Tamil Nadu Theatre Corpn. Ltd.  
 183. State Industries Promotion Corpn. of Tamil Nadu Ltd.  
 184. T. N. Transport Dev. Fin. Corporation Ltd.  
 185. T. N. Poultry Development Corpn. Ltd.  
 WEST BENGAL
186. The Electromedical and Allied Industries Ltd.  
 187. West Bengal Tourism Development Corpn. Ltd.  
 188. State Fisheries Development Corpn. Ltd.  
 189. Durgapur Chemicals Limited.  
 190. The W. B. Small Industries Corpn. Ltd.  
 191. W. B. State Minor Irrigation Corpn. Ltd.

**ANNEXURE B****Statewise statement for the year 1-1-1978 to 31-7-1978****CENTRAL GOVERNMENT COMPANIES**

1. Jute Corporation of India Limited.
2. The Cotton Corporation of India Limited.
3. Samachar Bharati Limited.
4. National Film Development Corporation Limited.
5. Hindustan Salts Limited.
6. Sambhar Salts Limited.
7. Bharat Cooking Coal Limited.
8. Indo-Nippon Precision Bearing Limited.
9. Caltex Oil Refining (India) Limited.
10. Trade Fair Authority of India Limited.
11. New India Assurance Company Limited.
12. Cochin Refineries Limited.
13. ISSCO Stanton Pipe and Foundry Co. Limited.
14. Industrial Credit Company Limited.
15. The Oriental Fire and General Insurance Co. Limited.
16. Export Credit and Guarantee Corporation Limited.
17. National Textile Corporation (M.P.) Limited.

**STATE GOVERNMENT COMPANIES****ANDHRA PRADESH**

18. 1. A. P. Scooters Limited.
19. 2. A. P. Heavy Machinery and Engineering Ltd.

**BIHAR**

20. 1. Bihar State Sugar Corporation Limited.

**GUJARAT**

21. 1. Gujarat Small Industries Corporation Ltd.
22. 2. Gujarat Agro Marine Products Ltd.
23. 3. Gujarat Agro Oil Enterprises Limited.

**HARYANA**

24. 1. Haryana Agro Industries Corporation Limited.

**MAHARASHTRA**

25. 1. Forest Development Corp. of Maharashtra Ltd.
26. 2. Maharashtra Fisheries Development Corp. Ltd.
27. 3. The Gondwana Paints and Minerals Limited.

**MADHYA PRADESH**

28. 1. M. P. State Dairy Development Corp. Ltd.
29. 2. M. P. State Forest Dev. Corporation Ltd.

**PUNJAB**

30. 1. Punjab Export Corporation Ltd.
31. 2. Punjab State Small Industries Corpn. Ltd.

**UTTAR PRADESH**

32. 1. Handloom Incentive Dev. Project (Bijnor) Ltd.
33. 2. U. P. Madhya Kshetriya Vikas Nigam Ltd.
34. 3. U. P. State Leather Dev. Marketing Corp. Ltd.

**WEST BENGAL**

35. 1. The Electro-Medical and Allied Industries Ltd.
36. 2. Westing House Saxby Farmer Ltd.
37. 3. West Bengal Sugar Industries Dev. Corpn. Ltd.
38. 4. Durgapur Chemicals Ltd.
39. 5. Jessop and Co. Ltd.

**TAMIL NADU**

40. 1. T. N. Tea Plantation Ltd.
41. 2. T. N. Sugar Corporation Limited.
42. 3. T. N. Salts Corporation Limited.

**KARNATAKA**

43. 1. The Hutti Gold Mines Co. Ltd.
44. 2. Mysore Tobacco Co. Ltd.
45. 3. Visvesvarya Iron and Steel Ltd.
46. 4. Karnataka Film Industries Corporation Limited.

**APPENDIX 1.23(ii)****Statement showing Statewise number of companies which did not hold their Annual General Body Meeting within 6 months of the closing of Accounts — Information supplied by various A.Gs.**

Sr. No.	State	No. of Companies
1.	Andhra Pradesh	27
2.	Assam	21
3.	Bihar	23
4.	Gujarat	13
5.	Haryana	14
6.	Himachal Pradesh	11
7.	Jammu & Kashmir	9
8.	Karnataka	19
9.	Kerala	N.A.
10.	Madhya Pradesh	13
11.	Maharashtra	23
12.	Manipur	N.A.
13.	Meghalaya	3
14.	Nagaland	N.A.
15.	Orissa	47
16.	Punjab	25
17.	Rajasthan	8
18.	Sikkim	N.A.
19.	Tamil Nadu	32
20.	Tripura	N.A.
21.	Uttar Pradesh	N.A.
22.	West Bengal	17

N.A. = Not available.

**APPENDIX I.24(i)**  
**Investment of State Governments in State Public Undertakings at the beginning of 1976-77**

(Rs. Crores)

0	1	Financial—II			Promotional—II				Others—III				All Categories I+II+III				
		No. of Enterprises	Share Capital	Loan	Total	No. of Ent.	Share Capital	Loan	Total	No. of Enterprises	Share Capital	Loan	Total	No. of Enterprises	Share Capital	Loan	Total
1.	Andhra Pradesh	2	15	..	15	6	12	12	24	20	27	17	44	28	54	29	83
2.	Assam	2	2	5	7	7	7	..	7	15	12	5	17	24	21	10	31
3.	Bihar	2	5	7	12	6	2	5	7	16	11	10	21	24	18	22	40
4.	Gujarat	2	5	6	11	5	1	13	14	12	9	5	14	19	15	24	39
5.	Haryana	2	4	1	5	3	1	..	1	8	11	4	15	13	16	5	21
6.	Himachal Pradesh	2	2	..	2	3	1	..	1	3	3	..	3	8	6	..	6
7.	Jammu & Kashmir	2	1	..	1	3	1	..	1	5	20	2	22	10	22	2	24
8.	Karnataka	2	12	1	13	6	2	..	2	21	43	19	62	29	57	20	77
9.	Kerala	2	6	..	6	10	7	2	9	39	31	18	49	51	44	20	64
10.	Madhya Pradesh	2	3	..	3	1	1	1	2	9	9	4	13	12	13	5	18
11.	Maharashtra	2	14	3	17	12	19	7	26	13	33	5	38	27	66	15	81
12.	Manipur	..	..	..	..	1	1	..	1	1	1	..	1	2	2	..	2
13.	Meghalaya	1	1	..	1	1	..	..	..	3	6	1	7	5	7	1	8
14.	Nagaland	1	4	..	4	..	..	..	..	2	2	1	3	3	6	1	7
15.	Orissa	2	2	..	2	3	22	9	31	14	14	2	16	19	38	11	49
16.	Punjab	2	8	..	8	6	6	1	7	14	17	6	23	22	31	7	38
17.	Rajasthan	2	5	1	6	2	2	..	2	11	9	2	11	15	16	3	19
18.	Sikkim	..	..	..	..	..	..	..	..	3	Negl	1	1	3	Negl	1	1
19.	Tamil Nadu	2	5	2	7	6	19	19	38	27	16	7	23	35	40	28	58
20.	Tripura	..	..	..	..	3	1	negl	1	1	1	negl	1	4	2	negl	2
21.	Uttar Pradesh	2	6	1	7	31	20	8	28	17	59	26	85	50	85	35	120
22.	West Bengal	2	4	..	4	6	1	3	4	21	32	64	96	29	37	67	104
	TOTAL	36	104	27	131	121	126	80	206	275	366	199	565	432	596	306	902

Source: (i) Compiled from information relating to Subsidiary Points 52, 53 and 66 received from State Governments.

(ii) Balance sheets of the enterprises.

(iii) Finance Accounts.

**APPENDIX I.24(ii)**  
**Returns of State Governments on investments in State Public enterprises in 1975-76 and 1976-77**

(In lakhs of Rupees)

States	Net profits after tax				Net profits after tax & interest on State Loans				
	Financial	Promotional	Others	Total	Financial	Promotional	Others	Total	
1	2	3	4	5	6	7	8	9	
<b>1975-76</b>									
1.	Andhra Pradesh	92	-11	252	333	92	69	370	531
2.	Assam	6	..	-11	-5	27	..	46	73
3.	Bihar	11	-10	-158	-157	11	59	58	128
4.	Gujarat	80	-7	15	88	122	102	63	287
5.	Haryana	35	3	-26	12	42	3	91	136
6.	Himachal Pradesh	15	-6	-33	-24	16	-5	-32	-21
7.	Jammu & Kashmir	14	..	-22	-8	14	..	-22	-8
8.	Karnataka	35	-1	69	103	38	-1	206	243
9.	Kerala	42	-6	-355	-319	42	7	-248	-199
10.	Madhya Pradesh	18	-29	2	-9	18	-25	83	76
11.	Maharashtra	137	-216	115	36	154	-149	136	141
12.	Manipur	..	..	..	..	..	..	..	..
13.	Meghalaya	2	..	-23	-21	2	..	-23	-21
14.	Nagaland	5	..	-71	-66	5	..	-62	-57
15.	Orissa	12	75	-45	42	12	142	-27	127
16.	Punjab	30	-7	-111	-88	30	-2	21	49
17.	Rajasthan	34	-38	20	16	34	-37	45	42
18.	Sikkim	..	..	1	1	..	..	1	1
19.	Tamil Nadu	80	-248	4	-164	92	-101	93	84
20.	Tripura	..	..	..	..	..	-6	..	-6
21.	Uttar Pradesh	65	37	-564	-462	72	87	-505	-346
22.	West Bengal	24	-14	-588	-578	28	-11	-183	-166
	TOTAL	737	-484	-1529	-1276	851	132	111	1094

## APPENDIX 1.24(ii)—Contd.

## Returns of State Governments on investments in State Public Enterprises in 1975-76 and 1976-77

	States	Net profits after tax				Net profits after tax & interest on state Loans			
		Financial	Promotional	Others	Total	Financial	Promotional	Others	Total
	1	2	3	4	5	6	7	8	9
<b>1976-77</b>									
1.	Andhra Pradesh	112	—70	—285	—243	112	19	—93	38
2.	Assam	11	..	147	158	39	..	193	232
3.	Bihar	13	58	11	82	13	150	122	285
4.	Gujarat	95	—1	44	138	145	..	86	231
5.	Haryana	46	—4	55	97	53	—4	213	262
6.	Himachal Pradesh	14	—8	—23	—17	16	—6	—22	—12
7.	Jammu & Kashmir	16	..	5	21	16	..	6	22
8.	Karnataka	52	4	44	100	53	5	158	216
9.	Kerala	44	—12	—385	—353	44	6	—266	—216
10.	Madhya Pradesh	24	—32	92	84	24	—28	138	134
11.	Maharashtra	193	—87	373	479	207	—21	436	622
12.	Manipur	..	..	..	..	..	..	..	..
13.	Meghalaya	6	..	—30	—24	6	..	—30	—24
14.	Nagaland	..	..	—42	—42	..	..	—31	—31
15.	Orissa	15	131	170	316	15	199	179	393
16.	Punjab	39	—10	—132	—103	39	—5	—63	—29
17.	Rajasthan	23	21	29	73	23	22	50	95
18.	Sikkim	..	..	6	6	..	..	6	6
19.	Tamil Nadu	91	—80	—98	—87	108	56	58	222
20.	Tripura	..	—7	..	—7	..	—7	..	—7
21.	Uttar Pradesh*	62	57	—320	—201	65	115	—242	—62
22.	West Bengal*	35	—10	—170	—145	39	—5	246	280
	<b>TOTAL</b>	<b>891</b>	<b>—50</b>	<b>—509</b>	<b>332</b>	<b>1017</b>	<b>496</b>	<b>1144</b>	<b>2657</b>

SOURCE: (i) Compiled from information relating to Subsidiary Points 52, 53 and 66 received from State Governments.

(ii) Balance Sheets of the Enterprises.

(iii) Finance Accounts.

\*Based on Partial Data

## APPENDIX 1.24(iii)

## Rate of Return on State Share Capital and Loans to State Public Enterprises in 1975-76 and 1976-77 (%)

Sl. No.	States	1975-76				1976-77			
		Financial	Promotional	Others	Total	Financial	Promotional	Others	Total
1	2	3	4	5	6	7	8	9	10
1.	Andhra Pradesh	7.9	3.5	13.6	9.1	7.3	0.8	2.1	0.5
2.	Assam	2.7	..	2.9	2.6	3.4	..	12.1	7.7
3.	Bihar	27.5	3.7	3.8	4.1	8.2	8.7	5.5	7.2
4.	Gujarat	11.0	8.3	6.2	8.5	10.9	0.6	6.6	8.3
5.	Haryana	10.4	1.9	7.0	7.3	11.8	—1.8	15.7	12.9
6.	Himachal Pradesh	9.4	—4.4	—13.1	—4.0	7.7	—4.1	—7.2	—1.8
7.	Jammu & Kashmir	12.7	..	—2.0	—0.6	12.8	..	3.9	1.5
8.	Karnataka	3.3	—0.5	3.9	3.7	4.2	1.7	2.8	3.0
9.	Kerala	8.0	8.4	—6.4	—4.2	7.9	—11.5	—6.0	—3.9
10.	Madhya Pradesh	6.8	—12.5	6.7	4.4	7.2	—13.5	10.6	7.3
11.	Maharashtra	11.8	—9.2	4.2	2.3	12.3	—1.2	12.0	8.7
12.	Manipur	N. A.							
13.	Meghalaya	2.0	..	—3.3	—2.6	5.9	..	—4.2	—3.0
14.	Nagaland	1.5	..	—20.1	—8.8	..	..	—9.0	—4.6
15.	Orissa	6.8	2.5	—1.7	2.7	6.8	6.5	10.9	8.0
16.	Punjab	4.8	—0.5	1.2	1.7	3.8	—0.8	—2.7	—0.7
17.	Rajasthan	8.9	—21.4	4.8	2.8	4.6	12.3	3.8	4.8
18.	Sikkim	..	..	2.1	2.1	..	..	10.9	10.9
19.	Tamil Nadu	17.4	—3.0	8.2	1.7	15.6	1.5	4.0	3.8
20.	Tripura	..	—16.2	..	—6.7	..	—17.5	..	—17.1
21.	Uttar Pradesh	10.2	4.5	—7.6	—3.7	7.9	4.9	—3.0	—0.6
22.	West Bengal	7.9	—3.1	2.1	1.8	8.6	—1.3	2.7	2.8

SOURCE: (i) Compiled from information relating to Subsidiary Points 52, 53 and 66 received from State Governments.

(ii) Balance Sheets of Enterprises.

(iii) Finance Accounts.

**APPENDIX 1.24(iv)**  
**Rate of Return on State Government share capital to State Public Enterprises in 1975-76 and 1976-77 (%)**

Sl. No.	State	1975-76				1976-77			
		Financial	Promotional	Others	Total	Financial	Promotional	Others	Total
1	2	3	4	5	6	7	8	9	10
1.	Andhra Pradesh	7.9	—1.2	13.3	8.4	7.3	—5.6	—10.7	—4.5
2.	Assam	0.9	..	—0.9	—0.3	1.7	..	11.7	7.2
3.	Bihar	27.5	—1.8	—21.1	—1.6	8.2	10.2	1.1	4.7
4.	Gujarat	15.1	—7.4	2.6	7.3	15.8	—1.0	5.2	8.9
5.	Haryana	11.9	..	—2.7	0.9	13.0	..	5.4	6.4
6.	Himachal Pradesh	10.1	—6.7	—14.3	—5.1	7.0	—6.3	—7.8	—2.8
7.	Jammu & Kashmir	12.7	..	—2.1	—0.7	12.8	..	4.0	1.5
8.	Karnataka	3.2	—0.6	2.1	2.2	4.3	1.9	1.1	1.8
9.	Kerala	8.0	—3.2	—15.1	—10.4	7.9	—5.0	—13.8	—9.8
10.	Madhya Pradesh	6.8	—23.2	0.3	—0.9	7.5	—24.1	10.5	6.4
11.	Maharashtra	13.2	—21.1	4.1	0.7	13.7	—8.0	11.8	8.5
12.	Manipur	...N. A.....							
13.	Meghalaya	2.0	..	—3.5	—2.8	5.9	..	—4.6	—3.2
14.	Nagaland	1.5	..	—34.1	—12.0	..	..	—19.2	—7.5
15.	Orissa	6.8	3.6	—3.2	1.1	6.8	6.0	11.6	8.2
16.	Punjab	4.9	—1.8	—7.8	—3.6	4.7	—1.9	—7.9	—3.4
17.	Rajasthan	8.9	—25.9	3.0	1.3	4.6	13.4	2.9	4.4
18.	Sikkim	..	..	3.0	3.0	..	..	18.2	18.2
19.	Tamil Nadu	21.0	—15.0	0.6	—6.2	17.2	—4.4	—12.1	—2.8
20.	Tripura	..	—21.4	..	—11.2	..	—22.6	..	—21.9
21.	Uttar Pradesh	11.0	2.9	—13.9	—7.8	8.2	3.7	—4.1	—2.5
22.	West Bengal	7.9	—12.7	—21.1	—18.1	8.8	—8.8	—5.6	—4.1

SOURCE: (i) Compiled from information relating to Subsidiary points 52, 53 and 66.  
(ii) Balance Sheets of Enterprises.  
(iii) Finance Accounts.

**APPENDIX 1.24(v)**  
**State Governments' Investments in Co-operative Institutions at the end of 1978-79**

(Rs. lakhs)

Sl. No.	States	Share Capital	Loans	Total
1	2	3	4	5
1.	Andhra Pradesh	10026	2348	12374
2.	Assam	1302	423	1725
3.	Bihar	3030	2256	5286
4.	Gujarat	5187	1780	6967
5.	Haryana	3613	75	3688
6.	Himachal Pradesh	303	125	428
7.	Jammu & Kashmir	255	348	603
8.	Karnataka	9473	2486	11959
9.	Kerala	2729	1607	4336
10.	Madhya Pradesh	6577	3287	9864
11.	Maharashtra	15263	4702	19965
12.	Manipur	83	121	204
13.	Meghalaya	164	35	199
14.	Nagaland	102	51	153
15.	Orissa	3956	761	4717
16.	Punjab	2880	1265	4145
17.	Rajasthan	3702	1072	4774
18.	Sikkim	9	11	20
19.	Tamil Nadu	6626	3953	10579
20.	Tripura	122	148	270
21.	Uttar Pradesh	10308	2795	13103
22.	West Bengal	3516	2057	5573
	<b>TOTAL</b>	<b>89226</b>	<b>31706</b>	<b>120932</b>

(Compiled from Finance Accounts and State Budget documents)

**APPENDIX 1.24(vi)**  
**Rate of return on State Governments' investment in share capital of Co-operative Institutions**  
**in 1976-77**

(Rs. lakhs)

	States	Share Capital upto the end of 1976-77	Dividend in 1976-77	Rate of return in 1976-77
	1	2	3	4
1.	Andhra Pradesh	7330	8	0.11
2.	Assam	878	1	0.11
3.	Bihar	2565	20	0.78
4.	Gujarat	3854	145	3.76
5.	Haryana	2545	58	2.28
6.	Himachal Pradesh	198	1	0.51
7.	Jammu & Kashmir	215	..	..
8.	Karnataka	7728	38	0.49
9.	Kerala	2029	18	0.89
10.	Madhya Pradesh	4956	96	1.94
11.	Maharashtra	12182	86	0.71
12.	Manipur	50	NA	..
13.	Meghalaya	122	NA	..
14.	Nagaland	55	NA	..
15.	Orissa	2693	3	0.11
16.	Punjab	3377	34	1.01
17.	Rajasthan	2836	..	..
18.	Sikkim	3	..	..
19.	Tamil Nadu	6240	33	0.53
20.	Tripura	75	NA	..
21.	Uttar Pradesh	8636	262	3.03
22.	West Bengal	2274	9	0.40
	<b>TOTAL</b>	<b>70536@</b>	<b>812</b>	<b>1.15</b>

@ Total excludes Manipur, Meghalaya, Nagaland, Sikkim and Tripura.  
(Compiled from Finance Accounts and State Budget documents)

**APPENDIX 1.24(vii)**  
**Interest Receipts on State Governments loans to Co-operative Institutions**

(Rs. lakhs)

	States	1975-76 closing balance	1976-77 interest receipt (Actual)	Rate of return
	1	2	3	4
1.	Andhra Pradesh	2176	216	9.93
2.	Assam	320	NA	..
3.	Bihar	3377	28	0.83
4.	Gujarat	996	83	8.33
5.	Haryana	43	5	11.63
6.	Himachal Pradesh	84	6	7.14
7.	Jammu & Kashmir	333	..	..
8.	Karnataka	1838	37	2.01
9.	Kerala	1487	27	1.82
10.	Madhya Pradesh	3125	56	1.79
11.	Maharashtra	5070	640	12.62
12.	Manipur	35	NA	..
13.	Meghalaya	16	..	..
14.	Nagaland	34	NA	..
15.	Orissa	731	58	7.93
16.	Punjab	657	5	0.76
17.	Rajasthan	936	14	1.50
18.	Sikkim	12	Neg.	..
19.	Tamil Nadu	1937	185	9.55
20.	Tripura	76	NA	..
21.	Uttar Pradesh	2095	168	8.02
22.	West Bengal	913	10	1.10
	<b>TOTAL</b>	<b>*25798</b>	<b>1538</b>	<b>5.96</b>

\* Excluding Assam, Manipur, Meghalaya, Nagaland, Sikkim and Tripura.  
(Compiled from Finance Accounts and State Budget documents)

**APPENDIX 1.24(viii)**  
**Statewise share capital invested in public enterprises and cooperatives, and returns assumed thereon in the period 1979-84**

(Rs. lakhs)

Sl. No.	States	Public Enterprises			Co-operatives		
		Share Capital as on 31-3-79	Return @ 5% to be achieved in		Share Capital	Return @ 5% to be achieved in	
			1983-84	1979-84		1983-84	1979-84
1	2	3	4	5	6	7	8
1.	Andhra Pradesh	12639	631	1892	10026	501	1501
2.	Assam	3110	156	467	1302	65	195
3.	Bihar	3611	181	542	3030	152	454
4.	Gujarat	3717	186	557	5187	259	775
5.	Haryana	2381	119	355	3613	181	541
6.	Himachal Pradesh	1196	60	180	303	15	45
7.	Jammu & Kashmir	2020**	101	302	255	13	37
8.	Karnataka	7964	398	1195	9473	475	1425
9.	Kerala	7021	351	1052	2729	136	407
10.	Madhya Pradesh	2004	100	300	6577	329	985
11.	Maharashtra	7865	393	1177	15263	763	2289
12.	Manipur	347	17	48	83	4	10
13.	Meghalaya	888	44	130	164	8	21
14.	Nagaland	624	32	93	102	5	12
15.	Orissa	4956	248	743	3956	198	593
16.	Punjab	5271	264	790	2880	144	431
17.	Rajasthan	2560	128	382	3702	185	555
18.	Sikkim	71	4	8	9	@	@
19.	Tamil Nadu	5155**	258	766	6626	330	990
20.	Tripura	291	15	45	122	6	16
21.	Uttar Pradesh	14348	672	2015	10308	512	1542
22.	West Bengal	6707	335	1005	3516	176	528
	<b>TOTAL</b>	<b>94746</b>	<b>4693</b>	<b>14044</b>	<b>89226</b>	<b>4457</b>	<b>13352</b>

@ Negligible. \*\* Investment as at the end of 1976-77.

SOURCE: (i) Information received from State Government.

(ii) Finance Accounts.

(iii) State Budget Documents.

**APPENDIX 1.25(i)**  
**Comparative statement of Emoluments of Peon in Centre and States**

(In Rupees)

Centre/States	Emoluments at Minimum of the Scale						% Increase (Col. 7 over Col. 4)	Different of Col. 8 in each State (+/-)		
	1-1-1972			1-1-1977				From Centre	From all-States Average	
	Basic Pay	DA/ I.R. etc.	Total Emoluments	Basic Pay	D.A./ I.R. etc.	Total Emoluments				
1	2	3	4	5	6	7	8	9	10	
All India consumer price index number for industrial workers (1960=100)	..	195	..	..	306*	..	56.9	..	..	
A. Centre	70	93	163	196	98.60	294.60	80.7	..	..	
B. States										
All States average	..	..	141	..	..	231	63.8			
1	Andhra Pradesh	62	77	139	165	82.50	247.50	78.1	— 2.6	+ 14.3
2	Assam	80	60	140	190	42	232	65.7	— 15.0	+ 1.9
3	Bihar	70	79	149	155	24	179	20.1	— 60.6	— 43.7
4	Gujarat	90	62	152	196	79.20	275.20	81.0	+ 0.3	+ 17.2
5	Haryana	70	71	141	70	165.80	235.80	67.2	— 13.5	+ 3.4
6.	Himachal Pradesh	70	89	159	70	163.70	233.70	47.0	— 33.7	— 16.8
7.	Jammu & Kashmir	65	65	130	170	30	200	53.9	— 26.8	— 9.9
8.	Karnataka	65	85	150	250	..	250	66.7	— 14.0	+ 2.9

9.	Kerala	70	82	152	196	106	302	98.7	+ 18.0	+ 34.9
10.	Madhya Pradesh	55	81	136	125	91.50	216.50	59.2	— 21.5	— 4.6
11.	Maharashtra	75	81	156	75	172	247	58.3	— 22.4	— 5.5
12.	Manipur	80	60	140	190	20	210	50.0	— 30.7	— 13.8
13.	Meghalaya	80	60	140	190	60	250	78.6	— 2.1	+ 14.8
14.	Nagaland	90	40	130	190	15	205	57.7	— 23.0	— 6.1
15.	Orissa	47	83	130	200	49	249	91.5	+ 10.8	+ 27.7
16.	Punjab	70	71	141	70	165.80	235.80	67.2	— 13.5	+ 3.4
17.	Rajasthan	60	81	141	240	..	240	70.2	— 10.5	+ 6.4
18.	Sikkim	..	..	..	175	20	195	..	..	..
19.	Tamil Nadu	130	15	145	130	85	215	48.3	— 32.4	— 15.5
20.	Tripura	65	71	136	170	31	201	47.8	— 32.9	— 16.0
21.	Uttar Pradesh	55	66	121	165	73.40	238.40	97.0	+ 16.3	+ 33.2
22.	West Bengal	135	..	135	135	87	222	64.4	— 16.3	+ 0.6

\* This refers to the absolute level of index in December 1976. Central Government employees emoluments as on 1-1-1977 are based on A.D.A. sanctioned at the 12 monthly average index level of 304 which was reached in February, 1975.

D.A./I.R. = Dearness Allowance/Interim Relief.

### APPENDIX 1.25(ii) Comparative statement of Emoluments of Lower Division Clerk in Centre and States

(In Rupees)

Emoluments at Minimum of the Scale									
Centre/States	1-1-1972			1-1-1977			% increase (Col. 7 over Col. 4)	Difference of Col. (8) in each State (+/—)	
	Basic Pay	D.A./ I.R. etc.	Total Emolu- ments	Basic Pay	D.A./ I.R. etc.	Total Emolu- ments		From Centre	From All States Average
	2	3	4	5	6	7	8	9	10
All India Consumer Price Index No. for industrial workers (1960=100)	..	195	..	..	306*	..	56.9	..	..
A. Centre	110	131	241	260.00	130.00	390.00	61.8	..	..
B. States									
All States average	..	..	208	..	..	323	55.3	..	..
1.Andhra Pradesh	90	104	194	250	125	375	93.3	+ 31.5	+ 38.0
2.Assam	150	70	220	275	57.80	332.80	51.3	— 10.5	— 4.0
3.Bihar	135	106	241	220	24	244	1.2	— 60.6	— 54.1
4.Gujarat	130	63	193	260	104.30	364.30	88.8	+ 27.0	+ 33.5
5.Haryana	110	98	208	110	227.60	337.60	62.3	+ 0.5	+ 7.0
6.Himachal Pradesh	110	123	233	110	227.60	337.60	44.9	— 16.9	— 10.4
7.Jammu & Kashmir	75	65	140	220	35.20	255.20	82.3	+ 20.5	+ 27.0
8.Karnataka	90	85	175	300	..	300	71.4	+ 9.6	+ 16.1
9.Kerala	100	96	196	285	152	437	123.0	+ 61.2	+ 67.7
10.Madhya Pradesh	90	81	171	169	121.40	290.40	69.8	+ 8.0	+ 14.5
11.Maharashtra	115	113	228	115	221.60	336.60	47.6	— 14.2	— 7.7
12.Manipur	150	70	220	240	20	260	18.2	— 43.6	— 37.1
13.Meghalaya	150	70	220	275	82.50	357.50	62.5	+ 0.7	+ 7.2
14.Nagaland	165	50	215	275	15	290	34.9	— 26.9	— 20.4
15.Orissa	90	99	189	255	62	317	67.7	+ 5.9	+ 12.4
16.Punjab	110	98	208	110	227.50	337.50	62.3	+ 0.5	+ 7.0
17.Rajasthan	110	113	223	355	..	355	59.2	— 2.6	+ 3.9
18.Sikkim	..	..	..	240	30	270	..	..	..
19.Tamil Nadu	210	15	225	210	104.60	314.60	39.8	— 22.0	— 15.5
20.Tripura	150	122	272	240	35.30	275.20	1.2	— 60.6	— 54.1
21.Uttar Pradesh	100	66	166	280	118.80	398.80	140.2	+ 78.4	+ 84.9
22.West Bengal	230	..	230	230	88	318	38.3	— 23.5	— 17.0

\* This refers to the absolute level of index in December 1976. Central Government employees emoluments as on 1-1-1977 are based on A.D.A. sanctioned at the 12 monthly average index level of 304 which was reached in February, 1975.

D.A./I.R. = Dearness Allowance/Interim Relief.

**APPENDIX 1.25(iii)**  
**Comparative statement of emoluments of Upper Division Clerk in Centre and States**

(In rupees)

Emoluments at minimum of the scale									
Centre/State	1-1-1972			1-1-1977			% increase (Col. 7 over Col. 4)	Difference of Total Emoluments in each State (+/-)	
	Basic Pay	D.A./ I.R. etc.	Total Emoluments	Basic Pay	D.A./ I.R. etc.	Total Emoluments		From Centre	From All States Average
1	2	3	4	5	6	7	8	9	10
All India consumer price Index No. for Industrial workers (1960=100)		195			306*		56.9		
A. Centre	130	131	261	330	148	478	83.1		
B. States									
All States, Averages			292			406	39.0		
1. Andhra Pradesh	140	104	244	310	148	458	87.7	+ 4.6	+ 48.7
2. Assam	300	80	380	425	42.50	467.50	23.0	- 60.1	- 16.0
3. Bihar	200	120	320	284	24	308	- 3.7	- 86.8	- 42.7
4. Gujarat	200	74	274	425	126	551	101.1	+ 18.0	+ 62.1
5. Haryana	140	98	238	140	240.50	380.50	59.9	- 23.2	+ 20.9
6. Himachal Pradesh	160	147	307	Post does not exist					
7. Jammu & Kashmir	100	85	185	220	35.20	255.20	38.0	- 45.1	- 1.0
8. Karnataka	160	122	282	Not available					
9. Kerala	140	111	251	410	162	572	127.9	+ 44.8	+ 88.9
10. Madhya Pradesh	115	113	228	205	139.50	344.50	51.1	- 32.0	+ 12.1
11. Maharashtra	150	137	287	150	248.50	398.60	38.9	- 44.2	- 0.1
12. Manipur	300	80	380	335	20	355	-6.6	- 89.7	- 45.6
13. Meghalaya	300	80	380	425	63.75	488.75	28.6	- 54.5	- 10.4
14. Nagaland	330	60	390	425	..	425	9.0	- 74.1	- 30.0
15. Orissa	145	117	262	Post does not exist					
16. Punjab	110	98	208	Post does not exist					
17. Rajasthan	150	137	287	385	..	385	34.2	- 48.9	- 4.8
18. Sikkim	..	..	..	270	40	310	..	..	..
19. Tamil Nadu	300	30	330	250	105	355	7.6	- 75.5	- 31.4
20. Tripura	225	146	371	325	42	367	-1.1	- 84.2	- 40.1
21. Uttar Pradesh	120	86	206	350	126	476	131.1	+ 48.0	+ 92.1
22. West Bengal	330	..	330	330	88	418	26.7	- 56.4	- 12.3

\*This refers to the absolute level of index in December 1976. Central Government employees emoluments as on 1-1-1977 are based on A.D.A. sanctioned at the 12 monthly average index level of 304 which was reached in February, 1975.  
D.A./I.R.=Dearness Allowance/Interim Relief.

**APPENDIX 1.25(iv)**  
**Comparative statement of Emoluments of Constable in Centre and States**

(In Rupees)

Centre/States	Emoluments at Minimum of the scale						% Increase (Col. 7 over Col. 4)	Difference of Col. (8) in each State (+/-)	
	1-1-1972			1-1-1977				From Centre	From All State Average
	Basic Pay	D.A./ I.R. etc.	Total Emoluments	Basic Pay	D.A./ I.R. etc.	Total Emoluments			
1	2	3	4	5	6	7	8	9	10
All India Consumer Price Index No. for Industrial workers (1960=100)	..	195	..	..	306**	..	56.9	..	....
A. Centre*	75	93	168	210	105	315	87.5	..	..
B. States								..	..
All States average	..	..	166	..	..	271	63.3	..	..
1. Andhra Pradesh	70	77	147	180	90	270	83.7	-3.8	+ 20.4
2. Assam	90	60	150	205	43.10	248.10	65.4	--22.1	+ 2.1
3. Bihar	95	79	174	205	24	229	31.6	- 55.9	- 31.7
4. Gujarat	100	62	162	200	80.30	280.30	73.0	- 14.5	+ 9.7
5. Haryana	125	98	223	125	234	359	61.0	- 26.5	- 2.3
6. Himachal Pradesh	125	123	248	125	252.50	377.50	52.2	- 35.3	- 11.1
7. Jammu & Kashmir	80	81	161	210	33.60	243.60	51.3	- 36.2	- 12.0
8. Karnataka	80	71	151	300	..	300	98.7	+ 11.2	+ 35.4
9. Kerala	80	82	162	210	112	322	98.8	+ 11.3	+ 35.5
10. Madhya Pradesh	65	81	146	135	94.70	229.70	57.3	- 30.2	- 6.0
11. Maharashtra	90	86	176	90	184.70	274.70	56.1	- 31.4	- 7.2
12. Manipur	90	60	150	205	20	225	50.0	- 37.5	- 13.3
13. Meghalaya	90	60	150	205	61.50	266.50	77.7	- 9.8	+ 14.4
14. Nagaland	100	40	140	200	15	215	53.6	- 33.9	- 9.7
15. Orissa	70	83	153	240	58	298	94.8	+ 7.3	+ 31.5
16. Punjab	125	98	223	125	234	359	61.0	- 26.5	- 2.3
17. Rajasthan	70	81	151	250	..	250	65.6	- 21.9	+ 2.3
18. Sikkim	..	..	..	200	30	230	..	..	..
19. Tamil Nadu	150	15	165	150	93.60	243.60	47.6	- 39.9	- 15.7
20. Tripura	80	71	151	205	33.20	238.20	57.8	- 29.7	- 5.5
21. Uttar Pradesh	75	66	141	185	80.60	265.60	88.4	+ 0.9	+ 25.1
22. West Bengal	160	..	160	160	87	247	54.4	- 33.1	- 8.9

\*\*This refers to the absolute level of index in December, 1976. Central Government employees emoluments as on 1-1-1977 are based on A.D.A. sanctioned at the 12 monthly average index level of 304 which was reached in February, 1975.

\*Refers to emoluments in Union Territories.

D.A./I.R.=Dearness Allowance/Interim Relief.

**APPENDIX 1.25(v)**  
**Comparative Statement of Emoluments of Head Constable in Centre and States**

(In Rupees)

Centre/State	Emoluments at Minimum of the scale						% Increase (Col. 7 over Col. 4)	Difference of Col. (8) in each State (+/-)	
	1-1-1972			1-1-1977				From Centre	From All States Average
	Basic Pay	D.A./ I.R. etc.	Total Emoluments	Basic Pay	D.A./ I.R. etc.	Total Emoluments			
1	2	3	4	5	6	7	8	9	10
All India Consumer Price Index No. for industrial workers (1960-100)		195			306**		56.9		
A. Centre*	100	104	204	260	130	390	91.2	..	..
B. States									
All states averages			207			317	53.1		
1. Andhra Pradesh	90	104	194	250	125	375	93.3	+ 2.1	+ 40.2
2. Assam	125	70	195	240	50.40	290.40	48.9	- 42.3	- 4.2
3. Bihar	110	106	216	220	24	244	13.0	- 78.2	- 40.1
4. Gujarat	125	63	188	260	104.30	364.30	93.8	+ 2.6	+ 40.7
5. Haryana	150	122	272	150	274	424	55.9	- 35.3	+ 2.8
6. Himachal Pradesh	150	147	297	150	293	443	49.2	- 42.0	- 3.9
7. Jammu & Kashmir	110	112	222	270	41.60	311.60	40.4	- 50.8	- 12.7
8. Karnataka	90	85	175	340		340	94.3	+ 3.1	+ 41.2
9. Kerala	100	96	196	240	128	368	87.8	+ 3.4	+ 34.7
10. Madhya Pradesh	75	81	156	139	96	235	50.6	- 40.6	- 2.5
11. Maharashtra	115	113	218	115	221.60	336.60	47.6	- 43.6	- 5.5
12. Manipur	125	70	195	240	20	260	33.3	- 57.9	- 19.8
13. Meghalaya	125	70	195	240	72	312	60.0	- 31.2	+ 6.9
14. Nagaland	140	40	180	240	15	255	41.7	- 49.5	- 11.4
15. Orissa	90	99	189	255	62	317	67.7	- 23.5	+ 14.6
16. Punjab	150	122	272	150	273	423	55.5	- 35.7	+ 2.4
17. Rajasthan	90	81	171	280		280	63.7	- 27.5	+ 10.6
18. Sikkim				210	30	240			
19. Tamil Nadu	210	15	225	210	104.60	314.60	39.8	- 51.4	- 13.3
20. Tripura	110	98	208	220	33.20	253.20	21.7	- 69.5	- 31.4
21. Uttar Pradesh	98	66	164	200	86	286	74.4	- 16.8	+ 21.3
22. West Bengal	210		210	210	87	297	41.4	- 49.8	- 11.7

\*\*This refers to the absolute level of index in December, 1976. Central Government employees emoluments as on 1-1-1977 are based on A.D.A. sanctioned at the 12 monthly average index level of 304 which was reached in February, 1975.

\*Refers to emoluments in Union Territories.

**D.A./I.R.—Dearness Allowance/Interim Relief.**

**APPENDIX 1.25(vi)**  
**Comparative statement of Emoluments of Primary School Teachers in Centre and States**

(In Rupees)

Centre States	Emoluments at Minimum in the Scale						% Increase (Col. 7 over Col. 4)	Difference of Col. (8) in each State (+/-)	
	1-1-1972			1-1-1977				From Centre	From All States' Average
	Basic Pay	D.A./ I.R. etc.	Total Emoluments	Basic Pay	D.A./ I.R. etc.	Total Emoluments			
1	2	3	4	5	6	7	8	9	10
All India Consumer Price Index No. for Industrial workers (1960=100)			195		306**		56.9		
A. Centre *	165	155	320	330	148	478	49.4		
B. State									
All States averages			197			313	58.9		
1. Andhra Pradesh	96	104	200	175	87.50	262.50	31.2	-18.2	-27.7
2. Assam	125	70	195	240	50.40	290.40	48.9	-0.5	-10.0
3. Bihar	115	106	221	205	24	229	3.6	-45.8	-55.3
4. Gujarat	135	63	198	290	115.80	405.80	105.0	-5.6	+ 46.1
5. Haryana	125	90	223	125	234	359	61.0	+11.6	+ 2.1
6. Himachal Pradesh	125	123	248	150	273	423	70.6	+21.2	+ 11.7
7. Jammu & Kashmir	80	81	161	220	35.20	255.20	58.5	+9.1	-0.4
8. Karnataka	100	85	185	340	..	340	83.8	+ 34.4	+ 24.9
9. Kerala	95	96	191	285	152	437	128.8	+79.4	+ 69.9
10. Madhya Pradesh	90	81	171	169	121.40	290.40	69.8	+20.4	+ 10.9
11. Maharashtra	115	113	228	180	188.30	288.30	26.5	-22.9	-32.4
12. Manipur	125	70	195	240	20	260	33.3	-16.1	-25.6
13. Meghalaya	125	70	195	240	72	312	60.0	+10.6	+ 1.1
14. Nagaland	140	40	180	248	15	263	46.1	-3.3	-12.8
15. Orissa	55	83	138	265	65	330	139.1	+ 89.7	+ 80.2
16. Punjab	125	98	223	150	273	423	89.7	+40.3	+ 30.8
17. Rajasthan	110	113	223	355	..	355	59.2	+9.8	+0.3
18. Sikkim	..	..	..	240	30	270	..	..	..
19. Tamil Nadu	210	15	225	150	93.60	243.60	8.3	-41.1	-50.6
20. Tripura	125	98	223	240	35.20	275.20	23.4	-26.0	-35.5
21. Uttar Pradesh	80	66	146	195	84.20	279.20	91.2	+41.8	+ 32.3
22. West Bengal	175	..	175	230	56	286	63.4	+ 14.0	+ 4.5

\*\*This refers to the absolute level of index in December, 1976. Central Government employees emoluments as on 1-1-1977 are based on A.D.A. sanctioned at the 12 monthly average index level of 304 which was reached in February, 1975.

\*Refers to emoluments in Union Territories.

D.A./I.R.=Dearness Allowance/ Interim Relief.

**APPENDIX 1.25(vii)**  
**Comparative statement of Emoluments of Trained Graduate Teacher in Centre and States**

(In Rupees)

Centre/States	Emoluments at Minimum of the scale						% increase (Col. 7 over Col. 4)	Difference of Col. (8) in each State (+/-)	
	1-1-1972			1-1-1977				From Centre	From All States Average
	Basic Pay	D.A./ I.R.	Total Emoluments	Basic Pay	D.A./ I.R.	Total Emoluments			
1	2	3	4	5	6	7	8	9	10
All India Consumer Price Index No. for Industrial workers (1960=100)		195			306*		56.9		
A. Centre@	220	186	406	440.00	162.80	602.00	48.5		
B. States									
All States averages			315			445	41.3		
1. Andhra Pradesh	150	128	278	320	148	468	68.4	+ 19.9	+ 27.1
2. Assam	200	80	280	325	40	365	30.4	- 18.1	- 10.9
3. Bihar	220	148	368	387	24	411	11.7	- 36.8	- 29.6
4. Gujarat	225	85	310	440	130.40	570.40	84.0	+ 35.5	+ 42.7
5. Haryana	220	146	366	220	309	529	44.5	- 4.0	+ 3.2
6. Himachal Pradesh	220	176	396	205	273	478	20.7	- 27.8	- 20.6
7. Jammu & Kashmir	150	136	286	475	45	520	81.8	+ 33.3	+ 40.5
8. Karnataka	175	122	297	500	..	500	68.4	+ 19.9	+ 27.1
9. Kerala	140	111	251	405	160	565	125.1	+ 76.6	+ 83.8
10. Madhya Pradesh	N.A.	N.A.	N.A.	246	162	408	..	..	..
11. Maharashtra	165	137	302	160	248.60	408.60	35.3	- 13.2	- 6.0
12. Manipur	200	80	280	360	20	380	35.7	- 12.8	- 5.6
13. Meghalaya	200	80	280	260	78	338	20.7	- 27.8	- 20.6
14. Nagaland	230	50	280	350	..	350	25.0	- 23.5	- 16.3
15. Orissa	185	141	326	400	73.50	473.50	45.3	- 3.2	+ 4.0
16. Punjab	220	146	366	220	307.40	527.40	44.1	- 4.4	+ 2.8
17. Rajasthan	225	161	386	450	..	450	16.6	- 31.9	- 24.7
18. Sikkim	..	..	..	400	40	440	..	..	..
19. Tamil Nadu	300	30	330	300	120	420	27.3	- 21.2	- 14.0
20. Tripura	175	122	297	325	42	367	23.6	- 24.9	- 17.7
21. Uttar Pradesh	150	103	253	300	126	426	68.4	+ 19.9	+ 27.1
22. West Bengal	375	..	375	300	88	388	3.5	- 45.0	- 37.8

\*This refers to the absolute level of index in December, 1976. Central Government employees emoluments as on 1-1-77 are based on A.D.A. sanctioned at the 12 monthly average index level of 304 which was reached in Feb., 1975.

@Refers to emoluments in Union Territories.

**APPENDIX 1.25(viii)**  
**Comparative statement of emoluments of Revenue Inspector in Centre and States**

(In Rupees)

Centre/States	Emoluments at Minimum of the scale						% increase (Col. 7 over Col. 4)	Difference of Col. (8) in each State (+/—)	
	1-1-1972			1-1-1977				From Centre	From All States Average
	Basic Pay	D. A./ I.R.	Total Emoluments	Basic Pay	D.A./ I.R.	Total Emoluments			
1	2	3	4	5	6	7	8	9	10
All India Consumer Price index No. for industrial workers (1960=100)	..	195	..	..	306**	56.9	..	..	..
A. Centre@	110	131	241	290	144.40	434.40	80.3	..	..
B. States									
All States averages	..	..	232	..	..	348	50.0	..	..
1. Andhra Pradesh	90	104	194	250	125	375	93.3	+ 13.0	+ 3.43
2. Assam			Does not exist	255	53.60	308.60	..	..	..
3. Bihar	160	120	280	296	24	320	14.3	— 66.0	— 35.7
4. Gujarat	130	63	193	260	104.30	364.30	88.8	+ 8.5	+ 38.8
5. Haryana			Not available	Does	not	exist	..	..	..
6. Himachal Pradesh	140	123	263	160	293	453	72.2	— 8.1	+ 22.2
7. Jammu & Kashmir	150	136	286	280	42.40	322.40	12.7	— 67.6	— 37.3
8. Karnataka	90	85	175	300	..	300	71.4	— 8.9	+ 21.4
9. Kerala	130	111	241	275	147	422	75.1	— 5.2	+ 25.1
10. Madhya Pradesh	100	81	181	195	136.40	331.40	83.1	+ 2.8	+ 33.1
11. Maharashtra	115	113	228	115	221.60	336.60	47.6	— 32.7	— 2.4
12. Manipur			Does Not exist	335	20	355	..	..	..
13. Meghalaya									Does Not exist
14. Nagaland	155	50	205	255	15	270	31.7	— 48.6	— 18.3
15. Orissa	90	99	189	255	62	317	67.7	— 12.6	+ 17.7
16. Punjab	140	98	238	140	240.40	380.40	59.8	— 20.5	+ 9.8
17. Rajasthan	130	113	243	385	..	385	58.4	— 21.9	+ 8.4
18. Sikkim	..	..	..	310	40	350	..	..	..
19. Tamil Nadu	210	15	225	210	104.60	315.60	39.8	— 40.5	— 10.2
20. Tripura	175	122	297	325	42	367	23.6	— 56.7	— 26.4
21. Uttar Pradesh	120	86	206						Does Not exist
22. West Bengal	300	..	300						Does Not exist

\*\* This refers to the absolute level of index in December, 1976. Central Government employees emoluments as on 1-1-1977 are based on A.D.A. sanctioned at the 12 monthly average index level of 304 which was reached on 1st Feb., 1975.

@ Refers to emoluments in Union Territories.

D.A./I.R. = Dearness Allowance/Interim Relief.

**APPENDIX 1.25(ix)**  
**Comparative statement of emoluments of Naib Tehsildar/Dy. Tehsildar in Centre and States**

(In Rupees)

Centre/States	Emoluments at minimum of the scale						% increase (Col. 7 over Col. 4)	Difference of Col. (8) in each State (+/-)	
	1-1-1972			1-1-1977				From Centre	From All States Average
	Basic Pay	D.A./ I.R.	Total Emoluments	Basic Pay	D.A./ I.R.	Total emoluments			
1	2	3	4	5	6	7	8	9	10
All India Consumer Price Index No. for Industrial workers (1960=100)	..	195	..	..	306*	..	56.9	..	..
A. Centre@	150	155	305	425.00	157.20	582.20	90.9	..	..
B. States	..	..	349	..	..	511	46.4	..	..
All States averages	..	..	349	..	..	511	46.4	..	..
1. Andhra Pradesh	250	152	402	430	159.10	589.10	46.5	— 44.4	+ 0.1
2. Assam	Does Not exist			Post Does Not exist					
3. Bihar	-do-								
4. Gujarat	200	74	274	425	126	551	101.1	+ 10.2	+ 54.7
5. Haryana	250	146	396	250	317	567	43.2	— 47.7	— 3.2
6. Himachal Pradesh	225	176	401	225	330	555	38.4	— 52.5	— 8.0
7. Jammu & Kashmir	150	136	286	340	45	385	34.6	— 56.3	— 11.8
8. Karnataka	225	146	371	600	..	600	61.7	— 29.2	+ 15.3
9. Kerala	220	163	383	405	106	511	33.4	— 57.5	— 13.0
10. Madhya Pradesh	170	137	307	280	162	442	44.0	— 46.9	— 2.4
11. Maharashtra	220	161	381	220	296.80	516.80	35.6	— 55.3	— 10.8
12. Manipur	Does Not exist								
13. Meghalaya	---do---								
14. Nagaland	---do---								
15. Orissa	---do---								
16. Punjab	225	146	371	225	309	534	43.9	— 47.0	— 2.5
17. Rajasthan	180	137	317	500	..	500	57.7	— 33.2	+ 11.3
18. Sikkim	Post does not exist								
19. Tamil Nadu	350	30	380	350	120	470	23.7	— 67.2	— 22.7
20. Tripura	Does not exist								
21. Uttar Pradesh	160	103	263	300	126	426	62.0	— 28.9	+ 15.6
22. West Bengal	Does not exist								

\* This refers to the absolute level of index in December, 1976. Central Government employees emoluments as on 1-1-1977 are based in A.D.A. sanctioned at the 12 monthly average index level of 304 which was reached in Feb., 1975.

@ Refers to emoluments in Union Territories.

D.A./I.R.=Dearness Allowance/Interim Relief.

**APPENDIX 1.25(x)**  
**Comparative statement of Emoluments of Tehsildar at Centre and States**

(In Rupees)

Centre/States	Emoluments at Minimum of the Scale						Percentage increase (Col. 7 over Col. 4)	Difference of Col. (8) in each State (+/-)	
	1-1-1972			1-1-1977				From Centre	From All States Average
	Basic Pay	D.A./ I.R. etc.	Total Emoluments	Basic Pay	D.A./ I.R. etc.	Total Emoluments			
1	2	3	4	5	6	7	8	9	10
All India consumer Price Index for Industrial Workers (1960=100)	..	195	..	..	306**	..	56.9	..	..
A. Centre*	350	186	536	550	203.50	753.50	40.6	..	..
B. States All States averages	..	..	414	..	..	602	45.4	..	..
1. Andhra Pradesh	300	152	452	530	196.10	726.10	60.6	+ 20.0	+ 15.2
2. Assam	300	80	380	475	47.50	522.50	37.5	— 3.1	— 7.9
3. Bihar	290	148	438	Post does not exist			..	..	..
4. Gujarat	350	85	435	650	192.60	842.60	93.7	+ 53.1	+ 48.3
5. Haryana	350	146	496	350	349	699	40.9	+ 0.3	— 4.5
6. Himachal Pradesh	350	176	526	350	392	742	41.1	+ 0.5	— 4.3
7. Jammu & Kashmir	300	161	461	520	45	565	22.6	— 18.0	— 22.8
8. Karnataka	300	146	446	750	..	750	68.2	+ 27.6	+ 22.8
9. Kerala	310	163	473	495	196	691	46.1	+ 5.5	+ 0.7
10. Madhya Pradesh	250	161	411	350	177	527	28.2	— 12.4	— 17.2
11. Maharashtra	300	161	461	300	315	615	33.4	— 7.2	— 12.0
12. Manipur	300	80	380	Does Not exist					
13. Meghalaya	300	80	380	Does Not exist					
14. Nagaland	Does Not exist								
15. Orissa	..	..	..	525	91	616	..	..	..
16. Punjab	350	146	496	350	349	699	40.9	+ 0.3	— 4.5
17. Rajasthan	275	161	436	620	..	620	42.2	+ 1.6	— 3.2
18. Sikkim	Does Not exist								
19. Tamil Nadu	425	30	455	425	120	545	19.8	— 20.8	— 25.6
20. Tripura	125	98	223	240	35.20	275.20	23.4	— 17.2	— 22.0
21. Uttar Pradesh	225	121	346	400	128	528	52.6	+ 12.0	+ 7.2
22. West Bengal	180	..	180	180	87	267	48.3	+ 7.7	+ 2.9

\*\* This refers to the absolute level of index in December 1976. Central Government employees emoluments as on 1-1-1977 are based on A.D.A. sanctioned at the 12th Monthly average index level of 304 which was reached in February, 1975.

\* Refers to emoluments in Union Territories.

D.A./I.R. = Dearness Allowance/Interim Relief.

**APPENDIX 1.25(xi)**  
**Comparative statement of Emoluments of Deputy Collector in Centre and States**

(In Rupees)

Centre/States	Emoluments at Minimum of the Scale						Percentage increase (Col. 7 over Col. 4)	Difference of Col. (8) in each State (+/-)	
	1-1-1972			1-1-1977				From Centre	From All States Average
	Basic Pay	D.A./ I.R. etc.	Total Emoluments	Basic Pay	D.A./ I.R. etc.	Total Emoluments			
1	2	3	4	5	6	7	8	9	10
All India consumer price Index No. for industrial workers (1960=100)	..	195	..	..	306**	..	56.9	N.A.	..
A. Centre	NA	NA	NA	NA	NA	NA	NA	..	..
B. States All States average	..	..	539	..	..	743	37.9	..	..
1. Andhra Pradesh	500	169	669	900	323	1223	82.8	..	+ 44.9
2. Assam	Post does not exist								
3. Bihar	325	168	493	510	14	524	6.3	..	— 31.6
4. Gujarat	500	76	576	700	207.50	907.50	57.6	..	+ 19.7
5. Haryana	N.A.	N.A.	N.A.	Does not exist			..	..	..
6. Himachal Pradesh	400	190	590	400	418	818	38.6	..	+ 0.7
7. Jammu & Kashmir	500	178	678	750	45	795	17.3	..	— 20.6
8. Karnataka	400	160	560	Not available			..	..	..
9. Kerala	400	177	577	600	237	837	45.1	..	+ 7.2
10. Madhya Pradesh	300	161	461	425	195	620	34.5	..	— 3.4
11. Maharashtra	410	175	585	410	358.80	768.80	31.4	..	— 6.5
12. Manipur	Post does not exist								
13. Meghalaya	Post does not exist								
14. Nagaland	385	60	445	Post	does not exist		..	..	..
15. Orissa	300	168	468	525	91	616	31.6	..	— 6.3
16. Punjab	350	146	496	Post does not exist			..	..	..
17. Rajasthan	Post does not exist						..	..	..
18. Sikkim	Post does not exist						..	..	..
19. Tamil Nadu	575	30	605	575	120	695	14.9	..	— 23.0
20. Tripura	325	146	471	500	52.50	552.50	17.3	..	— 20.6
21. Uttar Pradesh	350	121	471	550	172.50	722.50	53.4	..	+ 15.5
22. West Bengal	475	..	476	485	90	575	21.1	..	— 16.8

\*\* This refers to the absolute level of index in December, 1976. Central Government employees emoluments as on 1-1-1977 are based on A.D.A. sanctioned at the 12 monthly average index level of 304 which was reached in February, 1975.  
D.A./I.R. = Dearness Allowance/Interim Relief.

## APPENDIX 1.26(i)

Statewise overall Percentage Changes of relative Emoluments for different Posts, Comparative position of each State vis-a-vis the All State Average Emoluments level from 1-1-1972 to 1-1-1977

	States	Peons	Lower Division Clerks	Upper Division Clerks	Constables	Head Constables	Primary School Teachers	Trained Graduate Teachers	Revenue Inspector	Naib Tehsildar/ Dy. Tehsildar	Tehsildar	Deputy Collector
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1.	Andhra Pradesh	+ 14.3	+ 38.0	+ 48.7	+ 20.4	+ 40.2	- 27.7	+ 27.1	+ 43.3	+ 0.1	+ 15.2	+ 44.9
2.	Assam	+ 1.9	- 4.0	- 16.0	+ 2.1	- 4.2	- 10.0	- 10.9	*	*	- 7.9	*
3.	Bihar	- 43.7	- 54.1	- 42.7	- 31.7	- 40.1	- 55.3	- 29.6	- 35.7	*	*	- 31.6
4.	Gujarat	+ 17.2	+ 33.5	+ 62.1	+ 9.7	+ 40.7	+ 46.1	+ 42.7	+ 38.8	+ 54.7	+ 48.3	+ 19.7
5.	Haryana	+ 3.4	+ 7.0	+ 20.9	- 2.3	+ 2.8	+ 2.1	+ 3.2	*	+ 3.2	- 4.5	*
6.	Himachal Pradesh	- 16.8	- 10.4	*	- 11.1	- 3.9	+ 11.7	- 20.6	+ 22.2	- 8.0	- 4.3	+ 0.7
7.	Jammu & Kashmir	- 9.9	+ 27.0	- 1.0	- 12.0	- 12.7	- 0.4	+ 40.5	- 37.3	- 11.8	- 22.8	- 20.6
8.	Karnataka	+ 2.9	+ 16.1	N.A.	+ 35.4	+ 41.2	+ 24.9	+ 27.1	+ 21.4	+ 15.3	+ 22.8	NA
9.	Kerala	+ 34.9	+ 67.7	+ 88.9	+ 35.5	+ 34.7	+ 69.9	+ 83.8	+ 25.1	- 13.0	+ 0.7	+ 7.2
10.	Madhya Pradesh	- 4.6	+ 14.5	+ 12.1	- 6.0	- 2.5	+ 10.9	NA	+ 33.1	- 2.4	- 17.2	- 3.4
11.	Maharashtra	- 5.5	- 7.7	- 0.1	- 7.2	- 5.5	- 32.4	- 6.0	- 2.4	- 10.8	- 12.0	- 6.5
12.	Manipur	- 13.8	- 37.1	- 45.6	- 13.3	- 19.8	- 25.6	- 5.6	*	*	*	*
13.	Meghalaya	+ 14.8	+ 7.2	- 10.4	+ 14.4	+ 6.9	+ 1.1	- 20.6	*	*	*	*
14.	Nagaland	- 6.1	- 20.4	- 30.0	- 8.7	- 11.4	- 12.8	- 16.3	- 18.3	*	*	*
15.	Orissa	+ 27.7	+ 12.4	*	+ 31.5	+ 14.6	+ 80.2	+ 4.0	+ 17.7	*	*	- 6.3
16.	Punjab	+ 3.4	+ 7.0	*	- 2.3	+ 2.4	+ 30.8	+ 2.8	+ 9.8	- 2.5	- 4.5	*
17.	Rajasthan	+ 6.4	+ 3.9	- 4.8	+ 2.3	+ 10.6	+ 0.3	- 24.7	+ 8.4	+ 11.3	- 3.2	*
18.	Tamil Nadu	- 15.5	- 15.5	- 31.4	- 15.7	- 13.3	- 50.6	- 14.0	- 10.2	- 22.7	- 25.6	- 23.0
19.	Tripura	- 16.0	- 54.1	- 40.1	- 5.5	- 31.4	- 35.4	- 17.7	- 26.4	*	- 22.0	- 20.6
20.	Uttar Pradesh	+ 33.2	+ 84.9	+ 92.1	+ 25.1	+ 21.3	+ 32.3	+ 27.1	*	+ 15.6	+ 7.2	+ 15.5
21.	West Bengal	+ 0.6	- 17.0	- 12.3	- 8.9	- 11.7	+ 4.5	- 37.8	*	*	+ 2.9	- 16.8

\* Post does not exist either in 1972 or in 1977.

NOTE: In cases where an identical post did not exist in the Centre comparison has been made with emoluments of corresponding posts in Union Territories.

## APPENDIX 1.26(ii)

Statewise overall Percentage Changes of relative Emoluments for different Posts, Comparative position of each State vis-a-vis the Central Emoluments Level from 1-1-1972 to 1-1-1977

	States	Peons	Lower Division Clerks	Upper Division Clerks	Constables	Head Constables	Primary School Teachers	Trained Graduate Teachers	Revenue Inspector	Naib Tehsildar/ Deputy Tehsildar	[Tehsildar]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Andhra Pradesh	- 2.6	+ 31.5	+ 4.6	- 3.8	+ 2.1	- 18.2	+ 19.9	+ 13.0	- 44.4	+ 20.0
2.	Assam	- 15.0	- 10.5	- 60.1	- 22.1	- 42.3	- 0.5	- 18.1	*	*	- 3.1
3.	Bihar	- 60.6	- 60.6	- 86.8	- 55.9	- 78.2	- 45.8	- 36.8	- 66.0	*	*
4.	Gujarat	+ 0.3	+ 27.0	+ 18.0	- 14.5	+ 2.6	+ 55.6	+ 35.5	+ 8.5	+ 10.2	+ 53.1
5.	Haryana	- 13.5	+ 0.5	- 23.2	- 26.5	- 35.3	+ 11.6	- 4.0	*	- 47.7	+ 0.3
6.	Himachal Pradesh	- 33.7	- 16.9	*	- 35.3	- 42.0	+ 21.2	- 27.8	- 8.1	- 52.5	+ 0.5
7.	Jammu & Kashmir	- 26.8	+ 20.5	- 45.1	- 36.2	- 50.8	+ 9.1	+ 33.3	- 67.6	- 56.3	- 18.0
8.	Karnataka	- 14.0	+ 9.6	NA	+ 11.2	+ 3.1	+ 34.4	+ 19.9	- 8.9	- 29.2	+ 27.6
9.	Kerala	- 10.0	+ 61.2	+ 44.8	+ 11.3	- 3.4	+ 79.4	+ 76.6	- 5.2	- 57.5	+ 5.5
10.	Madhya Pradesh	- 21.5	+ 8.0	- 32.0	- 30.2	- 40.6	+ 20.4	NA	+ 2.0	- 46.9	- 12.4
11.	Maharashtra	- 22.4	- 14.2	- 44.0	- 31.4	- 43.6	- 22.9	- 13.2	- 32.7	- 55.3	- 7.2
12.	Manipur	- 30.7	- 43.6	- 89.7	- 37.5	- 57.9	- 16.1	- 12.8	*	*	*
13.	Meghalaya	- 2.1	+ 0.7	- 54.5	- 9.8	- 31.2	+ 10.6	- 27.8	*	*	*
14.	Nagaland	- 23.0	- 25.9	- 74.1	- 33.9	- 49.5	- 3.3	- 23.5	- 48.6	*	*
15.	Orissa	+ 10.8	+ 5.9	*	+ 7.3	- 2.5	+ 89.7	- 3.2	- 12.6	*	*
16.	Punjab	- 13.5	+ 0.5	*	- 26.5	- 35.7	+ 40.3	- 4.4	- 20.5	- 47.0	+ 0.3
17.	Rajasthan	- 10.5	- 2.6	- 48.9	- 21.9	- 27.5	+ 9.8	- 31.9	- 21.9	- 33.2	+ 1.6
18.	Tamil Nadu	- 32.4	- 22.0	- 75.5	- 39.9	- 51.4	- 41.1	- 21.2	- 40.5	- 67.2	- 20.8
19.	Tripura	- 32.9	- 60.6	- 84.2	- 29.7	- 69.5	- 26.0	- 24.9	- 56.7	*	- 17.2
20.	Uttar Pradesh	+ 16.3	+ 78.4	+ 48.0	+ 0.9	- 16.8	+ 41.8	+ 19.9	*	- 28.9	+ 12.0
21.	West Bengal	- 16.3	- 23.5	- 56.4	- 33.1	- 49.8	+ 14.0	- 45.0	*	*	+ 7.7

\* Post Does not exist either in 1972 or in 1977.

NOTE: In cases where an identical post did not exist in Centre comparison has been made with emoluments of corresponding posts in Union Territories.

**APPENDIX I.27**  
**Number of employees in various States including employees of Local Bodies and Aided Institutions**

	States	Numbers
1.	Andhra Pradesh	584288
2.	Assam	189449
3.	Bihar	548297
4.	Gujarat	423765
5.	Haryana	167413
6.	Himachal Pradesh	75230
7.	Jammu & Kashmir	173428
8.	Karnataka	393502
9.	Kerala	429442
10.	Madhya Pradesh	611241
11.	Maharashtra	752047
12.	Manipur	29593
13.	Meghalaya	26391
14.	Nagaland	41950
15.	Orissa	339267
16.	Punjab	259785
17.	Rajasthan	359996
18.	Sikkim	8495
19.	Tamil Nadu	739771
20.	Tripura	36802
21.	Uttar Pradesh	1206439
22.	West Bengal	721300
	<b>ALL STATE</b>	<b>8117891</b>

Source: Replies received from State Governments to Commission's letter No. 7 FC 9(2)—Re./77 dated 22-7-71 and information in Subsidiary Point 3S.

**APPENDIX I.28**  
**Overall Summary Table of State forecast and reassessment**

APPENDIX I.28 (i)

Overall Summary Table of State forecast and reassessment

STATE: ANDHRA PRADESH

(Rs. crores)

	Item	State forecast	Reassessed estimates	Variation (3—2)
	1	2	3	4
<b>I.</b>	<b>REVENUE RECEIPTS</b>			
1.	Tax Revenues	1852.06	2294.85	(+) 442.79
2.	Non-tax Revenues—			
	A. Interest Receipts—			
	(a) State Electricity Board	110.57	82.85	(—) 27.72
	(b) Road Transport Corporation.	11.94	12.33	(+) 0.39
	(c) Irrigation	271.95	..	(—) 271.95
	(d) Others	35.37	49.91	(+) 14.54
	B. Interest receipts on fresh loans.	65.70	..	(—) 65.70
	C. Other non-tax revenues	455.98	587.75	(+) 131.77
3.	Non-Plan Grants from Centre	10.00	..	(—) 10.00
4.	Transfer from Funds	..	..	..
5.	Additional Resource Mobilisation	..	135.98	(+) 135.98
6.	Loss on account of prohibition	322.28	..	(+) 322.28
	Total of Revenue Receipts (I)	<b>2491.29</b>	<b>3163.67</b>	<b>(+) 672.38</b>
<b>II.</b>	<b>NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1.	Non-Development Expenditure—			
	A. Debt Services—			
	(i) Interest payments on loans outstanding at the end of 1978-79—			
	(a) Market loans	58.37	58.27	(—) 0.10
	(b) Central Government	233.32	237.86	(+) 4.54
	(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	39.75	39.75	..
	(ii) Interest payments on fresh loans	168.50	..	(—) 168.50
	(iii) Appropriation for reduction or avoidance of debt :			
	(a) for existing loans	0.20	..	(—) 0.20
	(b) for fresh loans	..	..	..
	B. Other Non-developmental expenditure (excluding Public Works)	996.23	896.12	(—) 100.11
	Total of Non-Developmental Expenditure (I)	1496.37	1231.00	(—) 264.37
2.	Developmental Expenditure—			
	(i) Education	987.88	882.29	(—) 105.59

	(ii) Medical	246.13	235.17	(—) 10.96
	(iii) Repairs and maintenance of buildings (including housing)	27.53	21.58	(—) 5.95
	(iv) Repairs and maintenance of roads and bridges (including local bodies)	271.75	218.56	(—) 53.19
	(v) Other Developmental Expenditure	1293.45	823.34	(—) 470.11
	<b>Total of Developmental Expenditure (2)</b>	<b>2826.74</b>	<b>2180.94</b>	<b>(—) 645.80</b>
	1 + 2	4323.11	3412.94	(—) 910.17
3.	Committed Expenditure on Plan schemes completed by the end of 1978-79	418.22	249.98	(—) 168.24
4.	Transfer to Funds	..	..	..
5.	Fresh Expenditure	374.82	..	(—) 374.82
6.	Upgradation of emoluments	..	90.54	(+) 90.54
7.	Addl. expenditure on a/c of prohibition	27.61	..	(—) 27.61
8.	Deduct-Expenditure met from non-Plan Grants from the Centre	..	(—) 10.00	(—) 10.00
	<b>Total-Non-Plan Expenditure on revenue account (II)</b>	<b>5143.76</b>	<b>3743.46</b>	<b>(—) 1400.30</b>
	<b>NON-PLAN REVENUE GAP (I-II)</b>	<b>—2652.47</b>	<b>—579.79</b>	<b>(+) 2072.68</b>

## APPENDIX I.28 (ii)

## Overall Summary Table of State forecast and reassessment

## STATE: ASSAM

(Rs. crores)

Item	State forecast	Reassessed estimates	Variation (2—3)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	367.54	427.83	(+) 60.29
2. Non-Tax Revenues	196.48	288.77	(+) 92.29
A. Interest Receipts—	3.45	50.52	(+) 47.07
(a) State Electricity Board	..	33.55	(+) 33.55
(b) Road Transport Corporation	1.52	1.68	(+) 0.16
(c) Deptt. undertakings	..	..	..
(d) Others	1.93	15.29	(+) 13.36
B. Interest receipts on fresh loans	1.29	..	(—) 1.29
C. Other non-tax revenues	191.74	238.25	(+) 46.51
3. Non-Plan Grants from Centre	21.92	..	(—) 21.92
4. Transfer from funds	..	..	..
5. Addl. Resource Mobilisation	..	12.70	(+) 12.70
<b>Total of Revenue Receipts (I)</b>	<b>585.94</b>	<b>729.30</b>	<b>(+) 143.36</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79	163.90	114.24	(—) 49.66
(a) Market loans	19.59	19.62	(+) 0.03
(b) Central Government	131.86	84.47	(—) 47.39
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits etc.)	12.45	10.15	(—) 2.30
(ii) Interest payments on fresh loans	67.37	..	(—) 67.37
(iii) Appropriation for reduction or avoidance of Debt—	..	..	..
(a) for existing loans	..	..	..
(b) for fresh loans	..	..	..
B. Other Non-developmental expenditure (excluding Public Works)	264.82	236.09	(—) 28.73
<b>Total of Non-Developmental Expenditure (I)</b>	<b>496.09</b>	<b>350.33</b>	<b>(—) 145.76</b>
2. Developmental expenditure—			
(i) Education	291.00	273.95	(—) 17.05
(ii) Medical	67.87	58.35	(—) 9.52
(iii) Repairs and maintenance of buildings (including housing)	30.22	19.91	(—) 10.31
(iv) Repairs and maintenance of roads and bridges (including local bodies).	103.41	44.83	(—) 58.58
(v) Other Developmental Expenditure	233.49	195.70	(—) 37.79
<b>Total of Developmental Expenditure (2)</b>	<b>725.99</b>	<b>592.74</b>	<b>(—) 133.25</b>
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	183.96	138.99	(—) 44.97
4. Transfer to Funds }			
5. Fresh Expenditure }	293.28	57.36	(—) 235.92
6. Upgradation of emoluments	..	..	..

<b>Total Non-Plan expenditure on revenue account (II)</b>	<b>1699.32</b>	<b>1139.42</b>	<b>(—) 559.90</b>
<b>NON-PLAN REVENUE GAP (I-II)</b>	<b>(—) 1113.38</b>	<b>(—) 410.12</b>	<b>(+) 703.26</b>

## APPENDIX I.28 (iii)

## Overall Summary Table of State forecast and reassessment

## STATE: BIHAR

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (2—3)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	1120.97	1348.23	(+) 227.26
2. Non-tax Revenues—			
A. Interest Receipts—			
(a) State Electricity Board	..	59.00	(+) 59.00
(b) Road Transport Corporation	..	2.71	(+) 2.71
(c) Irrigation	..	..	..
(d) Others	10.15	46.82	(+) 36.67
B. Interest receipts on fresh loans	3.19	..	(—) 3.19
C. Other non-tax revenues	332.80	462.04	(+) 129.24
3. Non-Plan Grants from Centre	..	..	..
4. Transfer from Funds	..	..	..
5. Additional Resource Mobilisation	..	67.33	(+) 67.33
<b>Total of Revenue Receipts (I)</b>	<b>1467.11</b>	<b>1986.13</b>	<b>(+) 519.02</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79—			
(a) Market loans	34.33	34.39	(+) 0.06
(b) Central Govt.	258.36	282.39	(+) 24.03
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	68.52	58.52	(—) 10.00
(ii) Interest payments on fresh loans	153.64	..	(—) 153.64
(iii) Appropriation for reduction or avoidance of Debt :			
(a) for existing loans	93.13	..	(—) 93.13
(b) for fresh loans	..	..	..
B. Other Non-developmental expenditure (excluding Public Works)	671.03	507.94	(—) 163.09
<b>Total of Non-Developmental Expenditure (1)</b>	<b>1279.01</b>	<b>883.24</b>	<b>(—) 395.77</b>
2. Developmental Expenditure—			
(i) Education	788.36	654.16	(—) 134.20
(ii) Medical	135.83	122.56	(—) 13.27
(iii) Repairs and maintenance of buildings (including housing)	125.98	54.09	(—) 71.89
(iv) Repairs and maintenance of roads and bridges (Including local bodies)	181.82	109.01	(—) 72.81
(v) Other Developmental Expenditure.	1177.75	574.78	(—) 602.97
<b>Total of Developmental Expenditure (2)</b>	<b>2409.74</b>	<b>1514.60</b>	<b>(—) 895.14</b>
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	540.90	276.85	(—) 264.05
4. Transfer to Funds	..	..	..
5. Fresh Expenditure	789.60	..	(—) 789.60
6. Upgradation of Emoluments	..	368.97	(+) 368.97
<b>Total Non-Plan expenditure on revenue account (II)</b>	<b>5019.25</b>	<b>3043.66</b>	<b>(—) 1975.59</b>
<b>NON-PLAN REVENUE GAP (I-II)</b>	<b>(—) 3552.14</b>	<b>(—) 1057.53</b>	<b>(+) 2494.61</b>

## APPENDIX I.28 (iv)

## Overall Summary Table of State forecast and reassessment

STATE: GUJARAT

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (3—2)
(1)	(2)	(3)	(4)
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	1976.38	2262.51	(+)286.13
2. Non-tax Revenues—			
A. Interest Receipts—			
(a) State Electricity Board	9.34	(—)25.70	(—) 35.04
(b) Road Transport Corporation	..	..	..
(c) Irrigation	182.50	..	(—) 182.50
(d) Others	37.07	44.41	(+) 7.34
B. Interest receipts on fresh loans	6.98	..	(—) 6.98
C. Other non-tax revenues	418.20	418.55	(+) 0.35
3. Non-Plan Grants from Centre	2.50	..	(—) 2.50
4. Transfer from Funds	5.69	..	(—) 5.69
5. Addl. Resource Mobilisation	..	89.47	(+) 89.47
<b>Total of Revenue Receipts (I)</b>	<b>2638.66</b>	<b>2789.24</b>	<b>(+)150.58</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non Developmental Expenditure			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79—			
(a) Market loans	48.32	46.57	(—) 1.75
(b) Central Government	117.96	128.41	(+) 10.45
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	56.69	51.44	(—) 5.25
(ii) Interest payments on fresh loans.	82.00	..	(—) 82.00
(iii) Appropriation for reduction or avoidance of Debt —			
(a) for existing loans	..	..	..
(b) for fresh loans	..	..	..
B. Other non-developmental expenditure (excluding Public Works)	511.16	450.64	(—) 60.52
<b>Total of Non-Developmental Expenditure (1)</b>	<b>816.13</b>	<b>677.06</b>	<b>(—)139.07</b>
2. Developmental Expenditure—			
(i) Education	774.33	730.24	(—) 44.09
(ii) Medical	143.90	140.73	(—) 3.17
(iii) Repairs and maintenance of buildings (including housing)	74.44	30.34	(—) 44.10
(iv) Repairs and maintenance of roads and bridges (including local bodies).	94.46	87.93	(—) 6.53
(v) Other Developmental Expenditure	729.41	552.59	(—)176.82
<b>Total of Developmental Expenditure (2)</b>	<b>1816.54</b>	<b>1541.83</b>	<b>(—)274.71</b>
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	434.96	284.68	(—)150.28
4. Transfer to Funds	192.37	50.49	(—)141.88
5. Fresh Expenditure	125.97	..	(—)125.97
6. Upgradation of emoluments	95.08	71.06	(—) 24.02
<b>Total—Non-Plan expenditure on revenue account (II)</b>	<b>3481.05</b>	<b>2625.12</b>	<b>(—)855.93</b>
<b>NON-PLAN REVENUE GAP (I—II)</b>	<b>(—) 842.39</b>	<b>(+)164.12</b>	<b>(+)1006.51</b>

## APPENDIX I. 28(v)

## Overall Summary Table of State forecast and reassessment

STATE: HARYANA

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (2—3)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	1085.35	1100.04	14.69
2. Non-tax Revenues—			
A. Interest Receipts—			
(a) State Electricity Board	81.25	6.25	(—) 75.00
(b) Road Transport Corporation	..	..	..
(c) Commercial Deptts.	89.82	22.75	(—) 67.07
(d) Others	7.35	8.49	1.14
B. Interest receipts on fresh loans	1.84	..	(—) 1.84
C. Other non-tax revenues	381.99	188.39	(—) 193.60
3. Non-Plan Grants from Centre	0.89	..	(—) 0.89
4. Transfer from Funds	..	..	..
Total of Revenue Receipts (I)	1648.49	1325.92	(—) 322.57
Additional Resource Mobilisation	..	38.49	38.49
<b>Total revenue receipts</b>	<b>1648.49</b>	<b>1364.41</b>	<b>(—) 284.08</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT.</b>			
1. Non-Developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79—			
(a) Market loans	22.97	23.17	0.20
(b) Central Government	63.54	72.29	(+) 8.75
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	37.12	37.12	..
(ii) Interest payments on fresh loans	33.91	6.82	(—) 27.09
(iii) Appropriation for reduction or avoidance of Debt	19.97	..	19.97
(a) for existing loans	..	..	..
(b) for fresh loans.	..	..	..
B. Other Non-developmental expenditure (excluding Public Works)	208.96	176.61	(—) 32.35
<b>Total of Non-developmental Expenditure (1)</b>	<b>386.47</b>	<b>316.01</b>	<b>(—) 70.46</b>
2. Developmental Expenditure—			
(i) Education	225.45	216.59	(—) 8.86
(ii) Medical	48.98	61.75	12.77
(iii) Repairs and maintenance of buildings (including housing)	67.77	16.05	(—) 51.22
(iv) Repairs and maintenance of Roads & Bridges (including local bodies)	87.30	60.93	(—) 26.37
(v) Other Developmental Expenditure	527.46	206.46	(—) 321.00
<b>Total of Developmental Expenditure (2)</b>	<b>956.96</b>	<b>561.78</b>	<b>(—) 395.18</b>
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	57.18	81.23	24.05
4. Transfer to Funds	2.25	..	(—) 2.25
5. Fresh Expenditure } 6. Upgradation of emoluments }	17.12*	35.33	18.21
<b>Total Non-Plan expenditure on revenue account (II)</b>	<b>1419.98</b>	<b>994.35</b>	<b>(—) 425.63</b>
<b>NON-PLAN REVENUE SURPLUS</b>	<b>228.51</b>	<b>370.06</b>	<b>(+) 141.55</b>

\* Excludes DA revisions in 1977-78.

## APPENDIX 1.28 (vi)

## Overall Summary Table of State forecast and reassessment

## STATE: HIMACHAL PRADESH

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (3—2)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	94.12	126.62	(+) 32.50
2. Non-tax Revenues—			
A. Interest Receipts—			
(a) State Electricity Board	..	16.65	(+) 16.65
(b) Road Transport Corporation	..	..	..
(c) Irrigation	..	..	..
(d) Others	4.94	3.72	(—) 1.22
B. Interest receipts on fresh loans	1.53	..	(—) 1.53
C. Other non-tax revenues	68.68	104.98	(+) 36.30
3. Non-plan Grants from Centre	..	..	..
4. Transfer from Funds	..	..	..
5. Addl. Resource Mobilisation	..	(—) 0.48	(—) 0.48
<b>Total of Revenue Receipts (I)</b>	<b>169.27</b>	<b>251.49</b>	<b>(+) 82.22</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79—			
(a) Market loans	3.12	3.06	(—) 0.06
(b) Central Government	34.07	19.27	(—) 14.80
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	15.16	14.86	(—) 0.30
(ii) Interest payments on fresh loans.	10.51	..	(—) 10.51
(iii) Appropriation for reduction or avoidance of Debt—			
(a) for existing loans	2.50	..	(—) 2.50
(b) for fresh loan	..	..	..
B. Other Non-developmental expenditure (excluding Public Works)	113.97	99.52	(—) 14.45
<b>Total of Non-Developmental Expenditure (1)</b>	<b>179.33</b>	<b>136.71</b>	<b>(—) 42.62</b>
2. Developmental Expenditure—			
(i) Education	147.49	144.63	(—) 2.86
(ii) Medical	30.39	36.60	(+) 6.21
(iii) Repairs and maintenance of buildings (including housing)	21.41	8.43	(—) 12.98
(iv) Repairs and maintenance of roads and bridges (including local bodies).	32.32	37.19	(+) 4.87
(v) Other Developmental Expenditure	121.79	103.33	(—) 18.46
<b>Total of Developmental Expenditure (2)</b>	<b>353.40</b>	<b>330.18</b>	<b>(—) 23.22</b>
3. Committed Expenditure on Plan schemes completed by the end of 1978-79.	121.40	85.43	(—) 35.97
4. Transfer to Funds	..	..	..
5. Fresh Expenditure	..	..	..
6. Upgradation of emoluments	4.35	16.50	(+) 12.15
<b>Total—Non-Plan expenditure on revenue account (II)</b>	<b>658.48</b>	<b>568.82</b>	<b>(—) 89.66</b>
<b>NON-PLAN REVENUE GAP (I—II)</b>	<b>(—) 489.21</b>	<b>(—) 317.33</b>	<b>(+) 171.88</b>

## APPENDIX 1.28 (vii)

## Overall Summary Table of State forecast and reassessment

## STATE: JAMMU &amp; KASHMIR

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (3—2)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	171.58	187.05	(+) 15.47
2. Non-tax Revenues—			
A. Interest Receipts—			
(a) State Electricity Board	77.70	..	(—) 77.70
(b) Road Transport Corporation	1.73	1.46	(—) 0.27
(c) Irrigation	12.00	..	(—) 12.00
(d) Others	3.62	11.63	(+) 8.01
B. Interest receipts on fresh loans	0.69	..	(—) 0.69
C. Other non-tax revenues	192.12	238.25	(+) 46.13
3. Non-plan Grants from Centre	2.05	..	(—) 2.05
4. Transfer from Funds	..	..	..
5. Addl. Resource Mobilisation	..	7.42	(+) 7.42
<b>Total of Revenue Receipts (I)</b>	<b>461.49</b>	<b>445.81</b>	<b>(—) 15.68</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79—			
(a) Market loans	5.15	5.11	(—) 0.04
(b) Central Government	131.70	83.89	(—) 47.81
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	47.97	47.97	..
(ii) Interest payments on fresh loans	73.45	..	(—) 73.45
(iii) Appropriation for reduction or avoidance of Debt —			
(a) for existing loans	..	..	..
(b) for fresh loans	..	..	..
B. Other Non-developmental expenditure (excluding Public Works)	155.97	120.46	(—) 35.51
<b>Total of Non-Developmental Expenditure (1)</b>	<b>414.24</b>	<b>257.43</b>	<b>(—) 156.81</b>
2. Developmental Expenditure—			
(i) Education	139.09	119.69	(—) 19.40
(ii) Medical	54.29	43.26	(—) 11.03
(iii) Repairs and maintenance of buildings (including housing)	27.33	24.32	(—) 3.01
(iv) Repairs and maintenance of roads and bridges (including local bodies)	47.49	27.60	(—) 19.89
(v) Other Developmental Expenditure	428.30	164.78	(—) 263.52
<b>Total of Developmental Expenditure (2)</b>	<b>696.50*</b>	<b>379.65</b>	<b>(—) 316.85</b>
<b>(1 + 2)</b>	<b>1110.74</b>	<b>637.08</b>	<b>(—) 473.66</b>
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	141.60	75.96	(—) 65.64
4. Transfer to Funds	25.61	..	(—) 25.61
5. Fresh Expenditure	193.52	..	(—) 193.52
6. Upgradation of emoluments	..	91.38	(+) 91.38
Total Non-Plan expenditure on revenue account (II)	1471.47	804.42	(—) 667.05
<b>NON-PLAN REVENUE GAP (I—II)</b>	<b>1009.98</b>	<b>(—) 358.61</b>	<b>(+) 651.37</b>

\*Includes Rs. 13.15 crores in respect of 'Food Subsidy sub-plans'.

## APPENDIX 1.28 (viii)

## Overall Summary Table of State forecast and reassessment

STATE: KARNATAKA

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (3—2)
(1)	(2)	(3)	(4)
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	1520.83	2058.09	(+) 537.26
2. Non-tax Revenues—			
A. Interest Receipts—			
(a) State Electricity Board	35.47 }	36.05	(—) 70.44
(ii) Mysore Power Corporation	71.02 }	..	..
(b) Road Transport Corporation	5.64	3.18	(—) 2.46
(c) Irrigation (Commercial)	276.20	7.06	(—) 269.14
(d) Others	45.60	60.01	(+) 14.41
B. Interest receipts on fresh loans	64.41	..	(—) 64.41
C. Other non-tax revenues	628.33	708.74	(+) 80.41
3. Non-Plan Grants from Centre	4.38	..	(—) 4.38
4. Transfer from Funds	17.85	..	(—) 17.85
<b>Total of Revenue Receipts (I)</b>	2669.73	2873.13	(+) 203.46
Additional Resource Mobilisation	..	+ 84.95	(+) 84.95
Total of Revenue Receipts after adjustments	2669.73	2958.08	(+) 288.35
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79—			
(a) Market Loans	43.93	43.85	(—) 0.08
(b) Central Government	155.80	156.52	(+) 0.72
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	62.87	45.64	(—) 17.23
(ii) Interest payments on fresh loans	104.80	16.10	(—) 88.70
(iii) Appropriation for reduction or avoidance of Debt—			
(a) for existing loans	98.56	..	(—) 98.66
(b) for fresh loans	26.15	..	(—) 26.15
B. Other Non-developmental expenditure (excluding Public Works)	817.76	600.14	(—) 217.62
<b>Total of Non-Developmental Expenditure (I)</b>	1309.97	862.25	(—) 447.72
2. Developmental Expenditure—			
(i) Education	869.30	688.84	(—) 180.46
(ii) Medical	218.60	189.80	(—) 28.80
(iii) Repairs and maintenance of buildings (including housing)	81.83	24.44	(—) 57.39
(iv) Repairs and maintenance of roads and bridges (including local bodies)	162.13	161.58	(—) 0.55
(v) Other Developmental Expenditure	1203.81	718.68	(—) 485.13
<b>Total of Developmental Expenditure (2)</b>	2535.67	1783.34	(—) 752.33
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	321.59	238.08	(—) 83.51
4. Transfer to Funds	21.20	..	(—) 21.20
5. Fresh Expenditure	52.29	..	(—) 52.29
6. Upgradation of emoluments	171.56	73.16	(—) 98.40
<b>Total—Non-Plan expenditure on revenue account (II)</b>	4412.28	2956.93	(—) 1455.35
<b>NON-PLAN REVENUE GAP SURPLUS</b>	<b>(—) 1742.55</b>	<b>(+) 1.15</b>	<b>(+) 1743.70</b>

APPENDIX 1.28 (ix)  
Overall Summary Table of State forecast and reassessment

STATE: KERALA

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (3—2)
(1)	(2)	(3)	(4)
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	1280.15	1402.50	(+ 122.35)
2. Non-Tax Revenues—			
A. Interest Receipts—			
(a) State Electricity Board	26.44	(—) 16.40	(—) 42.84
(b) Road Transport Corporation	..	..	..
(c) Irrigation	9.80	..	(—) 9.80
(d) Others	14.35	21.89	(+ 7.54)
B. Interest receipts on fresh loans	8.92	..	(—) 8.92
C. Other non-tax revenues	318.74	425.10	(+ 106.36)
3. Non-Plan Grants from Centre	3.65	..	(—) 3.65
4. Transfer from Funds	..	..	..
5. Addl. Resource Mobilisation	..	41.97	(+ 41.97)
<b>Total of Revenue Receipts (I)</b>	1662.05	1875.06	(+ 213.01)
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79—			
(a) Market loans	27.30	26.56	(—) 0.74
(b) Central Govt.	115.92	94.15	(—) 21.77
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	84.47	72.32	(—) 12.15
(ii) Interest payments on fresh loans	134.14	..	(—) 134.14
(iii) Appropriation for reduction or avoidance of debt—			
(a) for existing loans	13.38	..	(—) 13.38
(b) for fresh loan	..	..	..
B. Other Non-developmental expenditure (excluding Public Works)	535.31	429.62	(—) 105.69
<b>Total of Non-Developmental Expenditure (1)</b>	910.52	622.65	(—) 287.87
2. Developmental Expenditure—			
(i) Education	1089.50	879.21	(—) 210.29
(ii) Medical	244.79	206.14	(—) 38.65
(iii) Repairs and maintenance of buildings (including housing)	26.77	17.40	(—) 9.37
(iv) Repairs and maintenance of roads and bridges (including local bodies)	132.32	109.81	(—) 22.51
(v) Other Developmental Expenditure	660.96	377.81	(—) 283.15
<b>Total of Developmental Expenditure (2)</b>	2154.34	1590.37	(—) 563.97
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	227.57	150.87	(—) 76.70
4. Transfer to Funds	20.03	11.25	(—) 8.78
5. Fresh Expenditure	212.42	..	(—) 212.42
6. Upgradation of emoluments	158.39	31.03	(—) 127.36
Total Non-Plan expenditure on revenue account (II)	3683.27	2406.17	(—) 1277.10
<b>NON-PLAN REVENUE GAP (I — II)</b>	(—) 2021.22	(—) 531.11	(+ 1490.11)

## APPENDIX 1.28 (x)

## Overall Summary Table of State forecast and reassessment

## STATE: MADHYA PRADESH

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (2—3)
(1)	(2)	(3)	(4)
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	1644.84	1834.17	(+) 189.33
2. Non-Tax Revenues—			
A. Interest Receipts—			
(a) State Electricity Board	0.88	52.25	(+) 51.37
(b) Road Transport Corporation	..	..	..
(c) Irrigation	..	..	..
(d) Others	23.76	39.41	(+) 15.65
B. Interest receipts on fresh loans	28.30	..	(—) 28.30
C. Other non-tax revenues	1012.34	1102.17	(+) 89.83
3. Non-Plan Grants from Centre	6.17	..	(—) 6.17
4. Transfer from Funds	..	..	..
5. Additional Resource Mobilisation	..	(—) 116.95	(—) 116.95
<b>Total of Revenue Receipts (I)</b>	<b>2716.29</b>	<b>2911.05</b>	<b>(+) 194.76</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79—	301.66	313.13	(+) 11.47
(a) Market loans	26.66	26.22	(—) 0.44
(b) Central Government	148.02	164.93	(+) 16.91
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	126.98	121.98	(—) 5.00
(ii) Interest payments on fresh loans	119.49	..	(—) 119.49
(iii) Appropriation for reduction or avoidance of Debt—			
(a) for existing loans	25.95	..	(—) 25.95
(b) for fresh loans	15.90	..	(—) 15.90
B. Other Non-developmental expenditure (excluding Public Works)	647.57	526.50	(—) 121.07
<b>Total of Non-Developmental Expenditure (1)</b>	<b>1110.57</b>	<b>839.63</b>	<b>(—) 270.94</b>
2. Developmental Expenditure—			
(i) Education	748.34	637.58	(—) 110.76
(ii) Medical	173.07	161.52	(—) 11.55
(iii) Repairs and maintenance of buildings (including housing)	47.27	36.33	(—) 10.94
(iv) Repairs and maintenance of roads and bridges (including local bodies)	178.22	198.55	(+) 20.33
(v) Other Developmental Expenditure	985.44	833.15	(—) 152.29
<b>Total of Developmental Expenditure (2)</b>	<b>2132.34</b>	<b>1867.13</b>	<b>(—) 265.21</b>
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	212.64	207.87	(—) 4.77
4. Transfer to Funds	182.79	173.46	(—) 9.33
5. Fresh Expenditure	1150.11	..	(—) 1150.11
6. Upgradation of emoluments	..	245.59	(+) 245.59
<b>Total—non-plan expenditure on revenue account (II)</b>	<b>4788.45</b>	<b>3333.68</b>	<b>(—) 1454.77</b>
<b>NON-PLAN REVENUE GAP (I—II)</b>	<b>(—) 2072.16</b>	<b>(—) 422.63</b>	<b>(+) 1649.53</b>

## APPENDIX 1.28 (xi)

## Overall Summary Table of State forecast and reassessment

STATE: MAHARASHTRA

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (2—3)
(1)	(2)	(3)	(4)
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	4741.53	5077.85	(+) 336.32
2. Non-tax Revenues—			
A. Interest Receipts—			
(a) State Electricity Board	110.84	108.05	(—) 2.79
(b) Road Transport Corporation	..	..	..
(c) Irrigation	305.00	..	(—) 305.00
(d) Others	43.95	96.25	(+) 52.30
B. Interest receipts on fresh loans	12.97	..	(—) 12.97
C. Other non-tax revenues	1543.72	1521.88	(—) 21.84
3. Non-Plan Grants from Centre	42.97	31.87	(—) 11.10
4. Transfer from Funds	..	..	..
5. Additional resource mobilisation	..	133.00	(+) 133.00
<b>Total of Revenue Receipts (I)</b>	<b>6800.98</b>	<b>6968.90</b>	<b>(+) 167.92</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79—			
(a) Market loans	72.40	68.10	(—) 4.30
(b) Central Government	226.52	244.32	(+) 17.80
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	157.58	157.58	..
(ii) Interest payments on fresh loans	156.36	..	(—) 156.36
(iii) Appropriation for reduction or avoidance of Debt—			
(a) for existing loans	319.28	..	(—) 319.28
(b) for fresh loans	85.22	..	(—) 85.22
B. Other Non-developmental expenditure (excluding Public Works)	1265.21	1170.16	(—) 95.05
<b>Total of Non-Developmental Expenditure (1)</b>	<b>2282.57</b>	<b>1640.16</b>	<b>(—) 642.41</b>
2. Developmental Expenditure—			
(i) Education	1246.86	1269.90	(+) 23.04
(ii) Medical	254.11	246.37	(—) 7.74
(iii) Repairs and maintenance of buildings (including housing)	66.26	134.98	(+) 68.72
(iv) Repairs and maintenance of roads and bridges (including local bodies).	38.55	237.00	(+) 198.45
(v) Other Developmental Expenditure	2242.71	1566.28	(—) 676.43
<b>Total of Developmental Expenditure (2)</b>	<b>3848.49</b>	<b>3454.53</b>	<b>(—) 393.96</b>
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	459.59	459.59	..
4. Transfer to Funds	975.49	..	(—) 975.49
5. Fresh Expenditure	611.21	..	(—) 611.21
6. Upgradation of emoluments	..	123.92	(+) 123.92
<b>Total Non-Plan expenditure on revenue account (II)</b>	<b>8177.35</b>	<b>5678.20</b>	<b>(—) 2499.15</b>
<b>NON-PLAN REVENUE GAP (I—II)</b>	<b>(—)1376.37</b>	<b>(+) 1290.70</b>	<b>(+) 2667.07</b>

## APPENDIX I. 28 (xii)

## Overall Summary Table of State Forecast and reassessment

STATE: MANIPUR

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (2—3)
(1)	(2)	(3)	(4)
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	15.47	13.91	(—) 1.56
2. Non-Tax Revenues—			
A. Interest Receipts Total—			
(a) State Electricity Board	1.71	3.07	(+) 1.36
(b) Road Transport Corporation	..	..	..
(c) Irrigation	..	..	..
(d) Others	..	..	..
B. Interest receipts on fresh loans	1.34	..	(—) 1.34
C. Other non-tax revenues	22.91	19.51	(—) 3.40
3. Non-Plan Grants from Centre	2.96	..	(—) 2.96
4. Transfer from Funds	..	..	..
5. Additional Resource Mobilisation	..	1.60	(+) 1.60
<b>Total of Revenue Receipts (I)</b>	<b>44.39</b>	<b>38.09</b>	<b>(—) 6.30</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79	18.31	13.37	(—) 4.94
(a) Market loans	3.60	3.80	(+) 0.20
(b) Central Government	11.60	6.46	(—) 5.14
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	3.11	3.11	..
(ii) Interest payments on fresh loans	3.75	..	(—) 3.75
(iii) Appropriation for reduction or avoidance of Debt—			
(a) for existing loans	..	..	..
(b) for fresh loans	..	..	..
B. Other Non-Developmental expenditure (excluding Public Works)	80.64	67.50	(—) 13.14
<b>Total of Non-Developmental Expenditure (1)</b>	<b>102.70</b>	<b>80.87</b>	<b>(—) 21.83</b>
2. Developmental Expenditure—			
(i) Education	46.57	42.38	(—) 4.19
(ii) Medical	9.59	6.85	(—) 2.74
(iii) Repairs and maintenance of buildings (including housing)	13.79	5.25	(—) 8.54
(iv) Repairs and maintenance of roads and bridges (including local bodies).	7.37	15.27	(+) 7.90
(v) Other Developmental Expenditure	54.86	21.54	(—) 33.32
<b>Total of Developmental Expenditure</b>	<b>132.18</b>	<b>91.29</b>	<b>(—) 40.89</b>
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	37.52	32.07	(—) 5.45
4. Transfer to Funds	..	..	..
5. Fresh Expenditure	66.79	..	(—) 66.79
6. Upgradation of emoluments	..	17.94	(+) 17.94
<b>Total —Non-Plan expenditure on revenue account (II)</b>	<b>339.19</b>	<b>222.17</b>	<b>(—) 117.02</b>
<b>NON-PLAN REVENUE GAP (I—II)</b>	<b>(—) 294.80</b>	<b>(—) 184.08</b>	<b>(+) 110.72</b>

## APPENDIX I.28 (xiii)

## Overall Summary Table of State forecast and reassessment

STATE: MEGHALAYA

(Rs. Crores)

Item	State forecast	Reassessed estimates	Variations (3—2)
(1)	(2)	(3)	(4)
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	13.68	17.79	(+) 4.11
2. Non-tax Revenues—			
A. Interest Receipts—			
(a) State Electricity Board	..	6.80	(+) 6.80
(b) Road Transport Corporation	0.04	..	(—) 0.04
(c) Irrigation	..	..	..
(d) Others	0.78	0.52	(—) 0.26
B. Interest receipts on fresh loans	0.11	..	(—) 0.11
C. Other non-tax revenues	9.14	13.12	(+) 3.98
3. Non-plan Grants from Centre	4.97	..	(—) 4.97
4. Transfer from Funds	..	..	..
5. Addl. Resource Mobilisation	..	..	..
<b>Total of Revenue Receipts (I)</b>	<b>28.72</b>	<b>38.23</b>	<b>(+) 9.51</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79—			
(a) Market loans	2.89	2.55	(—) 0.34
(b) Central Government	11.37	1.41	(—) 9.96
(c) Others (including interest on accumulations during the forecast period on Provident Fund, other deposits, etc.)	1.88	1.88	..
(ii) Interest payments on fresh loans	4.36	..	(—) 4.36
(iii) Appropriation for reduction or avoidance of Debt—			
(a) for existing loans	..	..	..
(b) for fresh loans	..	..	..
B. Other Non-developmental expenditure (excluding Public Works)	50.18	37.68	(—) 12.50
<b>Total of Non-Developmental Expenditure (I)</b>	<b>70.68</b>	<b>43.52</b>	<b>(—) 27.16</b>
2. Developmental Expenditure—			
(i) Education	27.84	27.01	(—) 0.83
(ii) Medical	8.93	8.04	(—) 0.89
(iii) Repairs and maintenance of buildings (including housing)	11.61	2.62	(—) 8.99
(iv) Repairs and maintenance of roads and bridges (including local bodies)	14.43	13.19	(—) 1.24
(v) Other Developmental Expenditure	37.01	30.90	(—) 6.11
<b>Total of Developmental Expenditure (2)</b>	<b>99.82</b>	<b>81.76</b>	<b>(—) 18.06</b>
<b>Total of 1 &amp; 2</b>	<b>170.50</b>	<b>125.28</b>	<b>(—) 45.22</b>
3. Committed Expenditure on Plan Schemes completed by the end of 1978-79	62.13	37.00	(—) 25.13
4. Transfer to Funds	..	..	..
5. Fresh Expenditure	41.98	..	(—) 41.98
6. Upgradation of emoluments	..	5.24	(+) 5.24
<b>Total non-plan expenditure on revenue account (II)</b>	<b>274.61</b>	<b>167.52</b>	<b>(—) 107.09</b>
<b>NON-PLAN REVENUE GAP (I — II)</b>	<b>(—) 245.89</b>	<b>(—) 129.29</b>	<b>(+) 116.60</b>

## APPENDIX I.28 (xiv)

Overall Summary Table of State forecast and reassessment

## STATE: NAGALAND

(Rs. crores)

Item (1)	State forecast (2)	Reassessed estimates (3)	Variations (3—2) (4)
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	11.64	13.35	1.71
2. Non-Tax revenues—			
A. Interest receipts—			
(a) State Electricity Board	..	..	..
(b) Road Transport Corporation	..	..	..
(c) Irrigation	..	..	..
(d) Others	1.20	1.73	0.53
B. Interest receipts on fresh loans	Not shown	..	..
C. Other non-tax revenues	21.67	22.97	1.30
3. Non-Plan Grants from Centre	..	..	..
4. Transfer from funds	..	..	..
Total of Revenue Receipts (I)	34.51	38.05	3.54
Addl. Resource Mobilisation	..	0.60	0.60
<b>Total</b>	<b>34.51</b>	<b>38.65</b>	<b>4.14</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure—			
A. Debt Services—			
(i) Interest payments on loans outstanding at the end of 1978-79—			
(a) Market loans		5.48	
(b) Central Government		0.19	
(c) Others (including interest on accumulation during the forecast period in Provident Fund, other deposits, etc.)	24.28	12.33	(—) 6.28
(ii) Interest payments on fresh loans	Not shown	..	..
(iii) Appropriation for reduction or avoidance of Debt—			
(a) for existing loans	..	..	..
(b) for fresh loans	..	..	..
B. Other Non-developmental expenditure (excluding Public Works)	104.99	79.14	(—) 25.85
<b>Total of Non-Developmental Expenditure (1)</b>	<b>129.27</b>	<b>97.14</b>	<b>(—) 32.13</b>
2. Developmental Expenditure—			
(i) Education	35.93	32.96	(—) 3.02
(ii) Medical	19.22	16.25	(—) 2.97
(iii) Repairs and maintenance of buildings (including housing)	25.71	12.17	(—) 13.54
(iv) Repairs and maintenance of roads and bridges (including local bodies)	24.39	20.21	(—) 4.18
(v) Other Developmental Expenditure	57.54	44.26	(—) 13.28
<b>Total of Developmental Expenditure (2)</b>	<b>162.84</b>	<b>125.85</b>	<b>(—) 36.99</b>
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	28.93	31.26	2.33
4. Transfer to Funds	..	..	..
5. Fresh Expenditure	19.39	..	(—) 19.39
6. Upgradation of emoluments	78.87	20.66	(—) 58.21
<b>Total—Non-Plan expenditure on revenue account (II)</b>	<b>419.30</b>	<b>274.91</b>	<b>(—) 144.39</b>
<b>NON-PLAN REVENUE GAP (I—II)</b>	<b>(—) 384.79</b>	<b>(—) 236.26</b>	<b>(+) 148.53</b>

## APPENDIX I.28 (xv)

## Overall Summary Table of State forecast and reassessment

STATE: ORISSA

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (2-3)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	528.64	614.30	(+)85.66
2. Non-tax Revenues	371.84	315.53	(-) 56.32
A. Interest Receipts	135.71	13.84	(-)121.87
(a) State Electricity Board	2.50	1.64	(-) 0.86
(b) Road Transport Corporation	113.15	-	(-)113.15
(c) Commercial Deptt. undertaking	14.01	12.30	(-) 1.71
(d) Others	6.47	-	(-) 6.47
B. Interest receipts on fresh loans	229.66	301.69	(+)72.03
C. Other non-Tax revenues	-	-	-
3. Non-Plan Grants from Centre	-	-	-
4. Transfer from Funds	-	3.88	(-) 3.88
5. Addl. Resource Mobilisation	-	-	-
<b>Total of Revenue Receipts (I)</b>	900.48	925.95	(+) 25.47
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure			
A. Debt Services	238.19	224.06	(-) 14.13
(i) Interest payments on loans outstanding at the end of 1978-79			
(a) Market loans	31.79	31.61	(-) 0.18
(b) Central Government	155.13	145.87	(-) 9.26
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	51.27	46.58	(-) 4.69
(ii) Interest payments on fresh loans	92.28	-	(-) 92.28
(iii) Appropriation for reduction or avoidance of Debt	0.96	-	(-) 0.96
(a) for existing loans	0.96	-	(-) 0.96
(b) for fresh loans	-	-	-
B. Other Non-developmental expenditure (excluding Public Works)	374.89	338.37	(-) 36.51
<b>Total of Non-Developmental Expenditure (1)</b>	706.32	562.43	(-)143.89
2. Developmental Expenditure			
(i) Education	391.73	403.32	(+) 11.59
(ii) Medical	93.04	84.81	(-) 8.23
(iii) Repairs and maintenance of buildings (including housing)	83.23	30.27	(-) 52.96
(iv) Repairs and maintenance of roads and bridges (incl. local bodies)	55.20	96.00	(+) 40.80
(v) Other Developmental Expenditure	589.73	391.96	(-)197.77
<b>Total of Developmental Expenditure (2)</b>	1212.93	1006.36	(-)206.57
3. Committed Expenditure on Plan Schemes completed by the end of 1978-79	243.19	233.67	(-) 9.52
4. Transfer to Funds	-	-	-
5. Fresh Expenditure & 6. Upgradation of emoluments	555.03	75.68	(-)479.35
<b>Total-Non-Plan expenditure on revenue account (II)</b>	2717.47	1878.14	(-)839.33
<b>NON-PLAN REVENUE GAP (I-II)</b>	(-)1816.99	(-) 952.19	(+)864.80

## APPENDIX I.28 (xvi)

## Overall Summary Table of State forecast and reassessment

## STATE: PUNJAB

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (2-3)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	1227.81	1670.58	(+)442.77
2. Non-tax Revenues	579.34	547.23	(-) 32.11
A. Interest Receipts	166.93	132.55	(-) 34.38
(a) State Electricity Board	93.66	102.00	(+) 8.34
(b) Road Transport Corporation	43.01	.	(-) 43.01
(c) Departmental Commercial undertakings	30.26	30.55	(+) 0.29
(d) Others	19.18	.	(-) 19.18
B. Interest receipts on fresh loans	393.23	414.68	(+) 21.45
C. Other non-tax revenues	32.65	.	(-) 32.65
3. Non-plan Grants from Centre	.	.	.
4. Transfer from Funds	.	(-) 29.76	(-) 29.76
5. Addl. Resource Mobilisation	.	.	.
<b>Total of Revenue Receipts (I)</b>	1839.80	2188.05	(+)348.25
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure			
A. Debt Services			
(i) Interest payments on loans outstanding at the end of 1978-79	155.64	159.81	(+) 4.17
(a) Market loans	18.86	20.35	(+) 1.49
(b) Central Government	70.55	86.53	(+) 15.98
(c) Others (incl. interest on accumulation during the forecast period in Provident Fund, other deposits, etc.)	66.23	58.23	(-) 8.00
(ii) Interest payments on fresh loans	92.76	.	(-) 92.76
(iii) Appropriation for reduction or avoidance of Debt	18.98	.	(-) 18.98
(a) for existing loans	18.98	.	(-) 18.98
(b) for fresh loans	.	.	.
B. Other Non-developmental expenditure (excluding public works)	328.84	270.73	(-) 58.11
<b>Total of Non-Developmental Expenditure (1)</b>	596.22	435.84	(-)160.38
2. Developmental Expenditure			
(i) Education	406.26	372.2	(-) 34.06
(ii) Medical	157.77	88.75	(-) 69.02
(iii) Repairs and maintenance of buildings (Incl. housing)	81.67	32.83	(-) 48.84
(iv) Repairs and maintenance of roads and bridges. (Incl. local bodies)	90.01	74.28	(-) 15.73
(v) Other Developmental Expenditure	686.11	525.12	(-)160.99
<b>Total of Developmental Expenditure (2)</b>	1421.82	1093.18	(-)328.64
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	311.13	214.43	(-) 96.70
4. Transfer to Funds	.	.	.
5. Fresh Expenditure & 6. Upgradation of emoluments	153.18	54.63	(-) 98.55
<b>Total Non-Plan expenditure on revenue account (II)</b>	2482.35	1798.08	(-)684.27
<b>NON-PLAN REVENUE GAP (I—II)</b>	(-) 62.55	(+)389.97	(+)1032.52

## APPENDIX I.28 (xvii)

## Overall Summary Table of State forecast and reassessment

STATE: RAJASTHAN

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (2-3)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	918.19	1233.44	(+)315.25
2. Non-tax Revenues	560.77	468.90	(-)91.87
A. Interest Receipts	223.15	67.32	(-)155.83
(a) State Electricity Board	37.89	46.85	(+) 8.96
(b) Road Transport Corporation	2.71	2.81	(+) 0.10
(c) Departmental Commercial undertaking	167.93	.	(-)167.93
(d) Others	14.62	17.66	(+) 3.04
B. Interest receipts on fresh loans	.	.	.
C. Other non-tax revenues	337.62	401.58	(+) 63.96
3. Non-Plan Grants from Centre	.	.	.
4. Transfer from Funds	150	.	(-)150.00
5. Addl. Resource Mobilisation	.	60.42	(+) 60.42
<b>Total of Revenue Receipts</b>	1628.96	1762.76	(+)133.80
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure			
A. Debt Services			
(i) Interest payments on loans outstanding at the end of 1978-79	336.13	337.24	(+) 1.11
(a) Market loans	48.51	48.25	(-) 0.26
(b) Central Government	204.74	208.61	(+) 3.87
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	82.88	80.38	(-) 2.50
(ii) Interest payments on fresh loans	.	.	.
(iii) Appropriation for reduction or avoidance of Debt	.	.	.
B. Other Non-developmental expenditure (excluding Public Works)	607.00	456.92	(-)150.08
<b>Total of Non-Developmental Expenditure (1)</b>	943.13	794.16	(-)148.97
2. Developmental Expenditure			
(i) Education	777.92	552.14	(-)225.78
(ii) Medical	205.67	151.3	(-) 54.37
(iii) Repairs and maintenance of buildings (including housing)	49.74	25.06	(-) 24.68
(iv) Repairs and maintenance of roads and bridges (including local bodies)	186.47	132.6	(-) 53.87
(v) Other Developmental Expenditure	1035.09	467.38	(-)567.71
<b>Total of Developmental Expenditure (2)</b>	2254.89	1328.48	(-)926.41
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	217.29	222.56	(+) 5.27
4. Transfer to Funds	150.00	.	(-)150.00
5. Fresh Expenditure			
6. Upgradation of emoluments	179.11	80.80	(-) 98.31
<b>Total-Non-Plan expenditure on revenue account (II)</b>	3744.42	2426.00	(-)1318.42
<b>NON-PLAN REVENUE GAP (I—II)</b>	(-)2115.46	(-)663.24	(+)1452.22

## APPENDIX I.28 (xviii)

## Overall Summary Table of State forecast and reassessment

## STATE: SIKKIM

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (2-3)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	8.33	8.76	(+) 0.43
2. Non-Tax Revenues			
A. Interest Receipts			
(a) State Electricity Board	..	..	..
(b) Road Transport Corporation	..	..	..
(c) Irrigation	..	..	..
(d) Others	2.38	1.59	(-) 0.79
B. Interest receipts on fresh loans	0.08	..	(-) 0.08
C. Other non-tax revenues	20.46	18.53	(-) 1.93
3. Non-plan Grants from Centre	0.04	..	(-) 0.04
4. Transfer from Funds	..	..	..
<b>Total of Revenue Receipts (I)</b>	<b>31.29</b>	<b>28.88</b>	<b>(-) 2.41</b>
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure			
A. Debt Services			
(i) Interest payments on loans outstanding at the end of 1978-79			
(a) Market loans	..	..	..
(b) Central Government	1.17	1.31	(+) 0.14
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	0.20	0.20	..
(ii) Interest payments on fresh loans	1.41	..	(-) 1.41
(iii) Appropriation for reduction or avoidance of Debt			
(a) for existing loans	..	..	..
(b) for fresh loans	..	..	..
B. Other Non-developmental expenditure (excluding Public Works)	13.19	10.91	(-) 2.28
<b>Total of Non-Developmental Expenditure (1)</b>	<b>15.97</b>	<b>12.42</b>	<b>(-) 3.55</b>
2. Developmental Expenditure			
(i) Education	5.88	4.70	(-) 1.18
(ii) Medical	2.74	2.44	(-) 0.30
(iii) Repairs and maintenance of buildings (including housing)	3.26	1.78	(-) 1.48
(iv) Repairs and maintenance of roads and bridges (including local bodies)	6.70	8.46	(+) 1.76
(v) Other Developmental Expenditure	19.26	16.71	(-) 2.55
<b>Total of Developmental Expenditure (2)</b>	<b>37.84</b>	<b>34.09</b>	<b>(-) 3.75</b>
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	12.99	14.03	(+) 1.04
4. Transfer to Funds	..	..	..
5. Fresh Expenditure	..	4.54	(+) 4.54
6. Upgradation of emoluments	..	..	..
<b>Total Non-Plan expenditure on revenue account (II)</b>	<b>66.80</b>	<b>65.08</b>	<b>(-) 1.72</b>
<b>NON-PLAN REVENUE GAP (I-II)</b>	<b>(-) 35.51</b>	<b>(-) 36.20</b>	<b>(-) 0.69</b>

## APPENDIX I.28 (xix)

## Overall Summary Table of State forecast and reassessment

## STATE: TAMIL NADU

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (2-3)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	2107.18	2426.14	+318.96
2. Non-tax Revenues	457.28	514.18	+56.90
A. Interest Receipts	128.54	135.81	+7.27
(a) State Electricity Board	.	56.40	+56.4
(b) Road Transport Corporation	5.85	.	(-) 5.85
(c) Commercial Deptts.	72.45	.	(-) 72.45
(d) Others	50.24	79.41	+29.17
B. Interest receipts on fresh loans	22.77	.	(-) 22.77
C. Other non-tax revenues	305.97	378.37	72.40
3. Non-plan Grants from Centre	.	.	.
4. Transfer from Funds	42.81	.	(-) 42.81
5. Addl. Resource Mobilisation	.	51.38	51.38
<b>Total of Revenue Receipts (I)</b>	2607.27	2991.7	384.43
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure			
A. Debt Services			
(i) Interest payments on loans outstanding at the end of 1978-79	349.39	342.24	(-) 7.15
(a) Market loans	65.36	65.7	0.34
(b) Central Government	171.93	177.55	5.62
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	112.10	98.99	(-) 13.11
(ii) Interest payments on fresh loans	171.93	.	(-)171.93
(iii) Appropriation for reduction or avoidance of Debt	117.89	.	(-)117.89
(a) for existing loans	86.60	.	(-)86.60
(b) for fresh loans	31.29	.	(-) 31.29
B. Other Non-developmental expenditure (excluding Public Works)	951.28	825.44	(-)125.84
<b>Total of Non-Developmental Expenditure (1)</b>	1590.49	1167.68	(-)422.81
2. Developmental Expenditure			
(i) Education	1031.11	932.5	(-) 98.61
(ii) Medical	345.14	302.76	(-)42.38
(iii) Repairs and maintenance of buildings (including housing)	65.07	26.58	(-) 38.49
(iv) Repairs and maintenance of roads and bridges (including local bodies)	234.38	209.68	(-) 24.70
(v) Other Developmental Expenditure	999.14	720.51	(-)278.63
<b>Total of Developmental Expenditure (2)</b>	2674.84	2192.03	(-) 482.81
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	292.26	229.00	(-) 63.26
4. Transfer to Funds	80.35	.	(-)80.35
5. Fresh Expenditure	57.30	.	(-) 57.30
6. Upgradation of emoluments	275.00	251.99	(-) 23.01
<b>Total Non-Plan expenditure on revenue account (II)</b>	4970.24	3840.70	(-)1129.54
<b>NON-PLAN REVENUE GAP (I-II)</b>	(-) 2362.97	(-)849.00	1513.97

## APPENDIX I.28 (xx)

## Overall Summary Table of State forecast and reassessment

## STATE: TRIPURA

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (3-2)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	12.47	13.91	+ 1.44
2. Non-tax Revenues			
A. Interest Receipts			
(a) State Electricity Board	..	..	..
(b) Road Transport Corporation	..	..	..
(c) Commercial	16.24	1.25	(-) 14.99
(d) Others	3.32	0.47	(-) 2.85
B. Interest receipts on fresh loans	0.29	..	(-) 0.29
C. Other non-tax revenues	16.41	27.61	+11.20
3. Non-plan Grants from Centre	..	..	..
4. Transfer from Funds	..	..	..
<b>Total of Revenue Receipts (I)</b>	48.73	43.24	(-) 5.49
Addl. Resource Mobilisation	..	1.15	(+) 1.15
<b>Adjusted Total</b>		44.39	(-) 4.34
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure			
A. Debt Services			
(i) Interest payments on loans outstanding at the end of 1978-79			
(a) Market loans	3.72	2.51	(-) 1.21
(b) Central Government	11.04	3.02	(-) 8.02
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	6.55	6.55	..
(ii) Interest payments on fresh loans	4.65	0.40	(-) 4.25
(iii) Appropriation for reduction or avoidance of Debt			
(a) for existing loans	..	..	..
(b) for fresh loans	0.45	..	(-) 0.45
B. Other Non-developmental expenditure (excluding Public Works)	71.28	44.58	(-) 26.70
<b>Total of Non-Developmental Expenditure (1)</b>	97.69	57.06	(-) 40.63
2. Developmental Expenditure			
(i) Education	62.71	60.81	(-) 1.90
(ii) Medical	11.44	14.35	(+) 2.91
(iii) Repairs and maintenance of building (including housing)	17.96	5.12	(-) 12.84
(iv) Repairs and maintenance of roads and bridges (including local bodies)	14.23	13.76	(-) 0.47
(v) Other Developmental Expenditure	84.16	44.10	(-)40.06
<b>Total of Developmental Expenditure (2)</b>	190.50	138.14	(-)52.36
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	31.08	24.67	(-) 6.41
4. Transfer to Funds	..	..	..
5. Fresh Expenditure & 6. Upgradation of emoluments	34.04@	20.75	(-)13.29
<b>Total Non-Plan expenditure on revenue account (II)</b>	353.31	240.62	(-)112.69
<b>NON-PLAN REVENUE GAP (I-II)</b>	(-) 304.58	(-) 196.23	(+) 108.35

@Stateforecast includes D. A. revision after 1-1-1977.

## APPENDIX I.28 (xxi)

Overall Summary Table of State forecast and reassessment

## STATE: UTTAR PRADESH

(Rs. crores)

Item	State forecast	Reassessed estimates	Variations (3-2)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	2264.94	2908.23	+ 643.29
2. Non-tax Revenues			
A. Interest Receipts			
(a) State Electricity Board	34.25	356.40	+ 322.15
(b) Road Transport Corporation	17.94	12.84	-5.10
(c) Irrigation	472.30	..	-427.30
(d) Others	34.28	58.53	+24.25
B. Interest receipts on fresh loans	180.92	..	-180.92
C. Other non-tax revenues	769.71	905.83	+136.12
3. Non-plan Grants from Centre	..	..	..
4. Transfer from Funds	192.99	..	-192.99
5. Addl. Resource Mobilisation	..	125.32	+125.32
<b>Total of Revenue Receipts (I)</b>	3967.33	4367.15	+399.82
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure			
A. Debt Services			
(i) Interest payments on loans outstanding at the end of 1978-79			
(a) Market loans	94.58	86.28	-8.30
(b) Central Government	416.82	434.10	+17.28
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.)	140.60	140.60	..
(ii) Interest payments on fresh loans	240.48	..	-240.48
(iii) Appropriation for reduction or avoidance of Debt			
(a) for existing loans	152.35	..	-152.35
(b) for fresh loans	74.51	..	-74.51
B. Other Non-developmental expenditure (excluding Public Works)	1391.88	1025.84	-366.04
<b>Total of Non-Developmental Expenditure (1)</b>	2511.22	1686.82	-824.44
2. Developmental Expenditure			
(i) Education	1650.66	1254.37	-39.29
(ii) Medical	295.4	304.89	+9.49
(iii) Repairs and maintenance of building (including housing)	24.68	46.16	+21.48
(iv) Repairs and maintenance of roads and bridges (including local bodies)	293.9	234.56	-39.44
(v) Other Developmental Expenditure	2117.49	1334.72	-82.77
<b>Total of Developmental Expenditure (2)</b>	4382.13	3174.7	-1207.43
<b>(1+2)</b>	6893.35	4854.22	-2039.13
3. Committed Expenditure on Plan schemes completed by the end of 1978-79	803.92	531.37	-272.35
4. Transfer to Funds	192.99	..	-192.99
5. Fresh Expenditure	2290.57	..	-2290.57
6. Upgradation of emoluments	..	232.92	+235.92
<b>Total Non-Plan expenditure on revenue account (II)</b>	10180.83	5626.01	-4554.82
<b>NON-PLAN REVENUE GAP (I-II)</b>	-6213.50	-1258.86	+4954.64

## APPENDIX I.28 (xxi)

## Overall Summary Table of State forecast and reassessment

## STATE: WEST BANGAL

(Rs. Crores)

Item	State forecast	Reassessed estimates	Variations (3-2)
1	2	3	4
<b>I. REVENUE RECEIPTS</b>			
1. Tax Revenues	2346.07	2421.87	75.80
2. Non-tax Revenues	616.08	769.92	153.84
A. Interest Receipts	79.05	143.82	64.7
(a) State Electricity Board	..	41.75	41.75
(b) Road Transport Corporation	..	5.53	5.53
(c) Irrigation	61.95	..	(-)61.95
(d) Others	14.50	96.54	82.04
B. Interest receipts on fresh loans	2.60	..	(-)2.60
C. Other non-tax revenues	537.03	626.10	89.07
3. Non-plan Grants from Centre	..	..	..
4. Transfer from Funds	..	..	..
<b>Total of Revenue Receipts (I)</b>	2962.15	3191.79	229.64
Addl. Resource Mobilisation	..	(-)60.78	(-)60.78
Net Receipts	2962.15	3131.01	168.86
<b>II. NON-PLAN EXPENDITURE ON REVENUE ACCOUNT</b>			
1. Non-Developmental Expenditure			
A. Debt Services			
(i) Interest payments on loans outstanding at the end of 1978-79			
(a) Market loans	37.98	37.75	(-)0.23
(b) Central Government	288.42	318.21	(+)29.79
(c) Others (including interest on accumulations during the forecast period in Provident Fund, other deposits, etc.	51.11	51.11	..
(ii) Interest payments on fresh loans	45.40	7.08	(-)38.32
(iii) Appropriation for reduction or avoidance of Debt			
(a) for existing loans	38.07	..	(-)38.07
(b) for fresh loans	..	..	..
B. Other Non-developmental expenditure (excluding Public Works)	996.03	848.79	(-)147.24
<b>Total of Non-Developmental Expenditure (1)</b>	1457.01	1262.94	(-)194.07
2. Developmental Expenditure			
(i) Education	920.05	833.65	(-)86.40
(ii) Medical	488.49	309.60	(-)178.89
(iii) Repairs and maintenance of buildings (including housing)	137.90	39.43	(-)98.47
(iv) Repairs and maintenance of roads and bridges (including local bodies)	123.91	94.50	(-)29.41
(v) Other Developmental Expenditure	1410.26	864.86	(-)545.40
<b>Total of Developmental Expenditure (2)</b>	3080.61	2142.04	(-)938.57
3. Committed Expenditure on Plan Schemes completed by the end of 1978-79	527.10	345.57	(-)181.53
4. Transfer to Funds	4.55	..	(-)4.55
5. Fresh Expenditure &	939.01	237.79	(-)701.22
6. Upgradation of Emoluments <sup>1</sup>			
<b>Total Non-plan expenditure on revenue account (II)</b>	6008.28	3998.34	(-)2019.94
<b>NON-PLAN REVENUE GAP (I-II)</b>	(-)3046.13	(-) 857.33	(+)2188.80

<sup>1</sup>Excludes D.A. and pay increases sanctioned in 1977-78, which is included under different items above.

**APPENDIX II.1**  
**Item wise Reported Expenditure by State Governments in respect of Nature Calamities -1974-75 to 1977-78, against Advance Plan Assistance.**

(Rs. lakhs)

Items					Percentage to total				Advance Plan Assistance Released			
	1974-75	1975-76	1976-77	1977-78	1974-75	1975-76	1976-77	1977-78	1974-75	1975-76	1976-77	1977-78
1	2	3	4	5	6	7	8	9	10	11	12	13
I. Drought												
1. Roads	410.00	25.00	377.00	..	7.06	0.71	3.79	..	..	..	..	..
2. Soil Conservation	858.60	12.00	372.00	..	14.78	0.34	3.74	..	..	..	..	..
3. Irrigation Works	1356.00	..	1886.00	962.00	23.35	..	18.95	5.77	..	..	..	..
4. Drinking Water Works	524.00	..	1728.00	..	9.02	..	17.36	..	..	..	..	..
5. Sinking of Wells	375.00	..	29.50	..	6.46	..	0.30	..	..	..	..	..
6. Afforestation	..	17.29	57.00	..	..	0.49	0.57	..	..	..	..	..
7. Employment generation	1024.00	..	1533.00	..	17.63	..	15.40	..	..	..	..	..
8. Renovation of Tanks	450.00	..	..	..	7.75	..	..	..	..	..	..	..
9. Others	..	21.00	8.19	..	..	0.59	0.08	..	..	..	..	..
<b>TOTAL-I</b>	<b>4997.60</b>	<b>75.29</b>	<b>5990.69</b>	<b>962.00</b>	<b>86.05</b>	<b>2.13</b>	<b>60.19</b>	<b>5.77</b>	<b>4404.00</b>	<b>73.00</b>	<b>3730.00</b>	<b>962.00</b>
II. Floods												
1. Reconstruction replacement of												
(i) Roads and Communications	284.00	1380.00	1115.00	2143.63	4.89	39.03	11.20	12.87	..	..	..	..
(ii) Flood Control/Irrigation Works/Tubewells	422.00	1390.00	1916.65	2371.00	7.27	39.32	19.26	14.23	..	..	..	..
2. Hard Manual Labour	104.00	..	..	..	1.79	..	..	..	..	..	..	..
3. Reconstruction of Buildings/Godowns	..	100.00	30.00	106.00	..	2.83	0.30	0.64	..	..	..	..
4. Drinking Water Supply Schemes	..	..	50.00	16.00	..	..	0.50	0.10	..	..	..	..
5. Electricity Boards	..	35.00	200.00	..	..	0.99	2.01	..	..	..	..	..
6. Resettlement	..	..	60.00	100.00	..	..	0.61	0.60	..	..	..	..
7. Subsidy for Seeds etc. to Farmers	..	..	51.98	188.85	..	..	0.52	1.13	..	..	..	..
8. Village reconstruction programmes	..	100.00	77.00	53.00	..	2.83	0.77	0.32	..	..	..	..
9. Slum Clearance Board	..	..	60.00	..	..	..	0.61	..	..	..	..	..
10. Soil Conservation/Afforestation	..	..	..	53.00	..	..	..	0.32	..	..	..	..
11. Others	..	40.00	..	32.00	..	1.13	..	0.19	..	..	..	..
<b>TOTAL-II</b>	<b>810.00</b>	<b>3045.00</b>	<b>3560.00</b>	<b>5063.48</b>	<b>13.95</b>	<b>86.13</b>	<b>35.78</b>	<b>30.40</b>	<b>584.00</b>	<b>2545.00</b>	<b>3159.50</b>	<b>4998.73</b>
III. Cyclone/Earthquake												
1. Roads and Bridges	..	..	110.00	2260.00	..	..	1.10	13.57	..	..	..	..
2. Irrigation Works	..	25.00	186.00	1327.00	..	0.71	1.87	7.97	..	..	..	..
3. Construction of Buildings/Huts	..	40.00	25.00	2284.72	..	1.13	0.25	13.71	..	..	..	..
4. Electricity Boards	..	350.00	2.00	1300.00	..	9.90	0.02	7.80	..	..	..	..
5. Assistance to Weavers etc.	..	..	75.00	630.00	..	..	0.76	3.78	..	..	..	..
6. Restoration of Water Supply	..	..	3.00	95.00	..	..	0.03	0.57	..	..	..	..
7. Resettlement	..	..	..	1630.00	..	..	..	9.78	..	..	..	..
8. Medical Care etc.	..	..	..	242.71	..	..	..	1.46	..	..	..	..
9. Assistance to Agriculturists	..	..	..	602.50	..	..	..	3.62	..	..	..	..
10. Others	..	..	..	261.00	..	..	..	1.57	..	..	..	..
<b>TOTAL-III</b>	<b>..</b>	<b>415.00</b>	<b>401.00</b>	<b>10632.93</b>	<b>..</b>	<b>11.74</b>	<b>4.03</b>	<b>63.83</b>	<b>..</b>	<b>915.00</b>	<b>401.00</b>	<b>8946.72</b>
<b>GRAND TOTAL</b>	<b>5807.60</b>	<b>3535.29</b>	<b>9952.32</b>	<b>16658.41</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>4988.00</b>	<b>3533.00</b>	<b>7290.50</b>	<b>14907.45</b>

Source: Plan Finance Division-Union Ministry of Finance (Department of Expenditure).

**APPENDIX II.2**  
**Expenditure on famine relief & Natural Calamities**

(Rs. crores)

States	1974-75 (Actuals)		1975-76 (Actuals)		1976-77 (Pre-Actuals)		1977-78 (Estimates)	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1	2	3	4	5	6	7	8	9
1. Andhra Pradesh	..	6.42	..	3.03	..	N.I.	..	N.I.
2. Assam	..	4.17	..	2.15	..	2.48	..	1.45
3. Bihar	..	9.31	..	9.40	..	10.36	..	4.63
4. Gujarat	59.30	12.66	53.07	14.71	4.25	2.59	10.43	2.30
5. Haryana	2.00	4.04	..	1.63	..	1.55	..	1.24
6. Himachal Pradesh	..	0.13	..	1.02	..	0.56	..	0.30
7. Jammu & Kashmir	..	3.09	..	1.35	..	2.29	..	1.97
8. Karnataka	..	2.18	..	2.54	12.24	9.61	15.00	1.75
9. Kerala	0.22	1.49	0.41	2.40	0.02	2.05	0.70	1.60
10. Madhya Pradesh	11.74	5.71	8.82	7.79	18.02	2.44	..	9.00
11. Maharashtra	..	2.41	..	1.09	..	2.16	..	4.44
12. Manipur	..	0.01	..	0.01	..	0.30	..	N.I.
13. Meghalaya	..	0.22	..	0.10	..	0.10	..	0.04
14. Nagaland	..	..	..	..	..	..	..	..
15. Orissa	7.91	3.85	7.55	3.40	5.10	3.66	8.52	3.59
16. Punjab	..	0.30	..	3.35	..	13.14	..	1.52
17. Rajasthan	15.39	7.09	16.25	10.26	..	N.I.	..	N.I.
18. Sikkim	..	..	0.73	..	..	..	..	N.I.
19. Tamil Nadu	..	21.42	..	33.76	..	33.51	..	..
20. Tripura	..	0.09	..	0.42	..	0.10	18.67	13.25
21. Uttar Pradesh	4.70	4.57	7.52	5.31	16.41	10.38	..	N.I.
22. West Bengal	10.00	5.25	..	10.83	..	12.10	..	N.I.
<b>TOTAL</b>	<b>111.26</b>	<b>94.41</b>	<b>94.35</b>	<b>114.55</b>	<b>56.04</b>	<b>109.38</b>	<b>53.32</b>	<b>47.08</b>

Source: Subsidiary Point No. 30.

\*The State Government has not furnished bifurcation of the expenditure into Plan and Non-Plan separately.

N.I. — Not indicated by the State Government.

**APPENDIX III.1**

**D.O. letter No. F. 13(13)-B(S)/78, dated the 20th September, 1978 from Shri K. N. Row, Joint Secretary (Budget), Ministry of Finance, Department of Economic Affairs, to Shri V. B. Eswaran, Member Secretary.**

Please refer to your D.O. letter No. 7FC. 11(2)-Res/77 dated the 16<sup>th</sup> September 1978 regarding additional duties of excise.

2. The Additional Duties of Excise (Goods of Special Importance) Act, 1957 provides for levy of additional excise duties on certain commodities. The duties are levied by agreement with the State Governments in lieu of the sales tax levied by them on those commodities. The Act does not debar the levy of sales tax by a State on any of the commodities covered by it. But such a course is discouraged by virtue of (a) inclusion of these commodities in the list of 'declared goods' and thereby subject them to the restriction specified in Section 15 of the Central Sales Tax Act 1956 i.e. a ceiling of 4% for the levy of sales tax and (b) the proviso in the Second Schedule to the Act which provides for discontinuance of the share of additional duties in the event of levy of any sales tax by a State. In the original Act of 1957, the proviso appeared under each of the three parts of the Second Schedule dealing with one of the commodities covered by the Act. Thus the intention of the Government was to cease payment of additional duties realised from a commodity to a State if that State levied and collected any sales tax on that commodity. By the Amendment made in 1962, the distribution of net proceeds of additional duties, commodity-wise, was discontinued in pursuance of the recommendation of the Third Finance Commission. The wording of the proviso in the Second Schedule in the Amendment Acts of 1962 and 1965, however, later led to an interpretation that no part of the payment of additional duties can be discontinued to a State so long as it did not levy and collect sales tax on all the commodities mentioned in the proviso. Since the intention was to make pro-rata reduction in the payment due to a State if it levied and collected sales tax on any one or more of the commodities covered by the Act, the proviso was reworded when the Act was amended in 1969. In terms of this amendment, the payment of share of additional duties would cease if a State levies sales tax on any of the commodities mentioned in the proviso; at the same time the special order envisaged in the same proviso was intended to regulate suitably the payment due to the States with such reductions as were necessary consequent on the levy of sales tax by that State.

Incidentally, there has so far been no occasion since the introduction of additional duties in 1957, to invoke the above proviso in the Second Schedule.

We hope this clarifies the issue.

### APPENDIX III.2

#### D.O. No. 52/70-Economic dated 10-2-1971 from Shri A. Mitra, Secretary, Planning Commission, New Delhi, addressed to Shri P. Govindan Nair, Secretary, Ministry of Finance, Department of Revenue & Insurance, New Delhi.

I am enclosing for your perusal a copy of the summary record of the meeting of the Committee of the National Development Council held at Vigyan Bhawan on 28th December, 1970, at 10.30 A.M. to discuss replacement of sales tax on sugar, tobacco and mill-made textiles by additional excise duty. As you are aware, the agreed conclusions, as summed up by Deputy Chairman, Planning Commission, on which you may like now to proceed were :

- i. The ad valorem system of additional excise duties be extended to all items except un-manufactured tobacco in respect of which specific rates may continue subject to periodical review and adjustments on the recommendations of Standing Review Committee.
- ii. The incidence of additional excise duties be raised to 10.8 per cent of the value of clearances as soon as possible during the next two or three years.
- iii. While making upward adjustments in basic excise duties in future, the Government of India need not rigidly adhere to, but always keep in view, a ratio of 2:1 between the yield of basic and special excise duties on the one hand and additional excise duties on the other.
- iv. The Ministry of Finance will restructure the rates of additional excise duties with a view to reaching the incidence of 10.8 per cent of the value of clearances of all the three items taken together. While doing so the Ministry of Finance could make differential increases in the rates of additional excise duties on individual items or their components on the basis of their assessment of the burden that different items or components will be able to bear. They will also have the option of making some compensatory adjustments in the rates of basic excise duties if the total incidence on any individual item calls for such adjustment.
- v. A Standing Review Committee be set up with Member (Tariff), Board of Indirect Taxes, Government of India, and Finance Secretaries/Finance Commissioners of all State Governments as Members and Economic Adviser, Planning Commission, as Convenor. The Committee will meet at least once a year to review the working of the new arrangement and make such recommendations as may be necessary for its further improvement.

A separate Order for the appointment of the Standing Review Committee is being issued by the Commission.

### APPENDIX III.3(i)

#### Statement showing incidence of basic duty, etc. and additional excise duty (in lieu of sales tax)

(Rupees in crores)

Year	Value of clearances (Approx.)	BED+SED+RED+AYED	Addl. duty of Excise	Incidence of Basic + Spl. + Reg. + Aux. duty. (%)	Addl. duty (%)
1	2	3	4	5	6
1972-73	1732.83	440.00	135.62	24.39	7.83
1973-74	2007.38	488.85	173.75	24.35	8.66
1974-75	2409.49	553.65	187.89	22.98	7.80
1975-76	3417.77	623.67	223.43	18.25	6.53
1976-77	4061.65	673.74	257.13	16.59	6.33
1977-78 (RBE)	4295.67	693.02	292.76	16.13	6.82
1978-79	(Provl.) N.A.	754.22	325.70		

SOURCE: (i) Directorate of Statistics & Intelligence for Col.2.

(ii) Explanatory Memorandum of Budget Division for Col.3 and Col.4.

NOTE: BED - Basic excise duty.  
SED - Special excise duty.  
RED - Regulatory excise duty.  
AYED - Auxiliary excise duty.

(Received vide D.O. F. No. 333/7/77-TRU, dt. 12-9-78 from Shri G. Sankaran, Commissioner (Tax Research) Department of Revenue, Ministry of Finance, to Member-Secretary, Finance Commission.

### APPENDIX III.3(ii)

#### Statement showing ratio between basic and additional excise duties, 1971-72 to 1978-79

(Rupees in Crores)

Commodity	Basic duty + Spl. duty + Regulatory duty + Auxiliary duty	Additional excise duty	Ratio between Col. 2 & Col. 3
(1)	(2)	(3)	(4)
		<b>1971-72</b>	
Sugar	133.55	33.12	4.03:1
Tobacco	234.19	43.32	5.40:1
Cloth	72.08	29.77	2.42:1
	493.82	106.21	4.14:1

## APPENDIX III.3(ii)—Contd.

1	2	3	4
		<b>1972-73</b>	
Sugar	140.66	36.60	3.84:1
Tobacco	226.37	62.48	3.62:1
Cloth	72.97	36.54	2.00:1
	440.00	135.62	3.24:1
		<b>1973-74</b>	
Sugar	154.60	43.33	3.56:1
Tobacco	244.64	88.95	2.75:1
Cloth	89.61	41.47	2.16:1
	488.85	173.75	2.81:1
		<b>1974-75</b>	
Sugar	153.67	42.20	3.64:1
Tobacco	295.22	99.27	2.97:1
Cloth	104.76	46.42	2.25:1
	553.65	187.89	2.95:1
		<b>1975-76</b>	
Sugar	194.84	46.86	4.16:1
Tobacco	343.50	113.26	3.03:1
Cloth	85.33	63.31	1.35:1
	623.67	223.43	2.79:1
		<b>1976-77</b>	
Sugar	192.73	48.47	3.98:1
Tobacco	388.47	126.35	3.07:1
Cloth	92.54	82.31	1.12:1
	673.74	257.13	2.62:1
		<b>1977-78 (RE)</b>	
Sugar	156.84	53.46	2.93:1
Tobacco	437.23	139.85	3.13:1
Cloth	98.95	99.45	0.99:1
	693.02	292.76	2.37:1
		<b>1978-79 (BE)</b>	
Sugar	154.91	65.07	2.38:1
Tobacco	488.36	148.07	3.30:1
Cloth	110.95	112.56	0.99:1
	754.22	325.70	2.32:1

(Received vide D.O. F. No. 333/7/77-TRU dated 12th September 1978 from Shri G. Sankaran, Commissioner (Tax Research), Department of Revenue, Ministry of Finance to Member Secretary, Finance Commission).

## APPENDIX III.4

**D.O. letter No. 60(34)/75-Eco., dated the 18th September 1978 from Shri Ram N. Lal Director (FR), Yojana Bhavan, New Delhi to Shri R. K. Dar, Joint Secretary, Finance Commission, Vigyan Bhawan Annexe. New Delhi.**

Kindly refer to your D.O. letter No. 7/FC/7(1)-Res/77 of August 8, 1978 regarding the reasons for not convening the meeting of the Review Committee constituted in 1971 for keeping under review the working of the arrangements in respect of the additional excise duties. The Ministry of Finance had requested us in 1975 for convening a meeting of this Committee to discuss the proposal for withdrawal of additional excise duty in lieu of sales tax on art silk fabrics and restoration of the right to levy sales tax on such fabrics to the State Governments. We felt that the meeting of the Committee could not be called for this limited purpose only. The meeting would have provided an opportunity to discuss the wider question of the working of the scheme itself. It was, therefore, considered necessary to prepare a position paper reviewing the working of the entire scheme before convening the meeting of the Review Committee.

2. As the preparation of the position paper took time, it was suggested to the Ministry of Finance that they might themselves take a view in regard to the revision of additional excise duties insofar as the budget proposals for 1976-77 were concerned and the question of convening the meeting of the Review Committee could be considered thereafter.

3. Subsequently, the Government set up the Indirect Taxation Enquiry Committee. The terms of reference of this Committee covered review of the existing structure of indirect taxes of the Centre, States and Local bodies in all its respects. It appears that some of the State Governments had already posed, in their memoranda submitted to this Committee, the question of working of the scheme of additional excise duties. In the circumstances, convening of the meeting of the Review Committee might have involved duplication of work and making of overlapping recommendations by two different bodies. Hence it was decided not to convene the meeting of the Review Committee.

**APPENDIX IV.1(i)**  
**Total Transfer of Resources from Centre to the States, 1951-52 to 1978-79**

(In Rs. crores)

	Share in taxes	Grants	Loans	Total
1	2	3	4	5
<b>First Five-Year Plan</b>				
1951-52	53	32	73	158
1952-53	74	35	112	221
1953-54	72	46	155	273
1954-55	71	70	221	362
1955-56	74	105	238	417
<b>TOTAL</b>	<b>344</b>	<b>288</b>	<b>799</b>	<b>1431</b>
<b>Second Five-Year Plan</b>				
1956-57	79*	84	209	372
1957-58	116*	119	284	519
1958-59	151*	153	284	588
1959-60	157*	195	295	647
1960-61	165*	238	339	742
<b>TOTAL</b>	<b>668</b>	<b>789</b>	<b>1411</b>	<b>2868</b>
<b>Third Five-Year Plan</b>				
1961-62	179	217	452	848
1962-63	224	223	523	970
1963-64	259	231	624	1114
1964-65	258	285	680	1223
<b>TOTAL</b>	<b>1196</b>	<b>1304</b>	<b>3100</b>	<b>5600</b>
<b>Three Annual Plans</b>				
1966-67	373	419	916	1708
1967-68	417	471	869	1757
1968-69	492	499	891	1882
<b>TOTAL</b>	<b>1282</b>	<b>1389</b>	<b>2676</b>	<b>5347</b>
<b>Fourth Five-Year Plan</b>				
1969-70	622	531	1029	2182
1970-71	755	544	1002	2301
1971-72	944	854	1191	2989
1972-73	1067	944	1926	3937
1973-74	1174	958	1560	3692
<b>TOTAL</b>	<b>4562</b>	<b>3831</b>	<b>6708</b>	<b>15101</b>
<b>Fifth Five-Year Plan</b>				
1974-75	1224	1020	1076	3320
1975-76	1599	1219	1274	4092
1976-77	1690	1549	1460	4690
1977-78(RE)	1799	1948	1972	5719
1978-79(BE)	2025	2399	3028@	7452
<b>TOTAL</b>	<b>8337</b>	<b>8135</b>	<b>8810</b>	<b>25282</b>

\*Does not take into account State's share in tax on railway passenger fares; these transfers are shown under 'other grants'.

(@): Includes following loans not taken into account in the Budget estimates for 1978-79:

	(Rs. Crores.)
(i) Loans to cover gap in resources	427
(ii) Loans as advance plan assistance	143
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<b>TOTAL</b>	<b>570</b>
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**APPENDIX IV.1(ii)**  
**Transfers to the States on the basis of the recommendations of the Finance Commission**  
**during 1951-52 — 1978-79**

(Rs. crores)

1	Share in Divisible Taxes & duties				Statutory and other grants			Grand Total	
	Income Tax	Union duties of excise		Estate Duty	Total	Art. 275 grants	Other grants@		Total
		Basic	Addl.						
2	3	4	5	6	7	8	9	10	
<b>1st Five-Year Plan</b>									
1951-52	53	..	..	..	53	1	16	17	70
1952-53	57	17	..	..	74	5	14	19	93
1953-54	57	15	..	..	72	7	14	21	93
1954-55	56	15	..	..	71	7	15	22	93
1955-56	55	17	..	2	74	7	17	24	98
<b>TOTAL</b>	<b>278</b>	<b>64</b>	<b>..</b>	<b>2</b>	<b>344</b>	<b>27</b>	<b>76</b>	<b>103</b>	<b>447</b>
<b>2nd Five-Year Plan</b>									
1956-57	59	18	..	2	79*	8	12	20	99
1957-58	74	29	11	2	116*	36	12	48	164
1958-59	76	33	40	2	151*	36	21	57	208
1959-60	79	36	39	3	157*	36	26	62	219
1960-61	87	37	33	3	165*	37	26	63	228
<b>TOTAL</b>	<b>375</b>	<b>153</b>	<b>128</b>	<b>12</b>	<b>668</b>	<b>153</b>	<b>97</b>	<b>250</b>	<b>918</b>
<b>3rd Five-Year Plan</b>									
1961-62	94	41	40	4	179	40	16	56	235
1962-63	95	79	46	4	224	61	19	80	304
1963-64	119	92	44	4	259	62	20	82	341
1964-65	124	86	41	7	253	65	23	88	346
1965-66	123	100	46	7	276	64	24	88	364
<b>TOTAL</b>	<b>555</b>	<b>398</b>	<b>217</b>	<b>26</b>	<b>1196</b>	<b>292</b>	<b>102</b>	<b>394</b>	<b>1590</b>
<b>Three Annual Plans</b>									
1966-67	137	184	47	5	373	141	28	169	542
1967-68	175	203	32	7	417	141	24	165	582
1968-69	195	241	50	6	492	141	25	166	658
<b>TOTAL</b>	<b>507</b>	<b>628</b>	<b>129</b>	<b>18</b>	<b>1282</b>	<b>423</b>	<b>77</b>	<b>500</b>	<b>1782</b>
<b>4th Five-Year Plan</b>									
1969-70	293	266	56	7	622	153	26	179	801
1970-71	359	318	72	6	755	142	29	171	926
1971-72	462	369	106	7	944	141	27	168	1112
1972-73	492	432	135	8	1067	146	31	177	1244
1973-74	532	465	166	11	1174	131	33	164	1338
<b>TOTAL</b>	<b>2138</b>	<b>1850</b>	<b>535</b>	<b>39</b>	<b>4562</b>	<b>713</b>	<b>146</b>	<b>859</b>	<b>5421</b>
<b>5th Five-Year Plan</b>									
1974-75	512	524	178	10	1224	482	24	506	1730
1975-76	734	646	211	8	1599	503	16	519	2118
1976-77	652	774	254	10	1690	500	16	516	2206
1977-78(RE)	675	812	302	10	1799	583	18	601	2400
1978-79 (BE)	737	961	317	10	2025	672	17	689	2714
<b>TOTAL</b>	<b>3310</b>	<b>3717</b>	<b>1262</b>	<b>48</b>	<b>8337</b>	<b>2740</b>	<b>91</b>	<b>2831</b>	<b>11168</b>

\*Does not take into account States 'share' in tax on railway passenger fares; these transfers are shown under 'Other grants'

@Other grants—The break-up is as shown over leaf: —

## APPENDIX IV.1(ii)—Contd.

(Rs. crores)

Year	Art. 275	Provisos to Art. 275	Art. 278	States' reorganisation grants	Railway Passenger fares Tax/ grant	Wealth tax on agricultural property	Total
1	2	3	4	5	6	7	8
1951-52	2	1	13	..	..	..	16
1952-53	3	2	9	..	..	..	14
1953-54	3	2	9	..	..	..	14
1954-55	3	3	9	..	..	..	15
1955-56	3	5	9	..	..	..	17
1956-57	3	5	..	4	..	..	12
1957-58	3	3	..	1	5	..	12
1958-59	3	6	..	1	11	..	21
1959-60	4	8	..	1	13	..	26
1960-61	..	12	..	..	14	..	26
1961-62	..	4	..	..	12	..	16
1962-63	..	7	..	..	12	..	19
1963-64	..	7	..	..	13	..	20
1964-65	..	10	..	..	13	..	23
1965-66	..	11	..	..	13	..	24
1966-67	..	12	..	..	16	..	28
1967-68	..	8	..	..	16	..	24
1968-69	..	9	..	..	16	..	25
1969-70	..	10	..	..	16	..	26
1970-71	..	10	..	..	16	3	29
1971-72	..	11	..	..	16	..	27
1972-73	..	14	..	..	16	1	31
1973-74	..	16	..	..	16	1	33
1974-75	..	8	..	..	16	..	24
1975-76	..	..	..	..	16	..	16
1976-77	..	..	..	..	16	2	16
1977-78(RE)	..	..	..	..	16	1	18
1978-79(BE)	..	..	..	..	16	..	17

## APPENDIX IV.1(iii)

## Central Transfers to the States for the Plan during 1951-52 to 1978-79

(Rs. crores)

Period / Year	Assistance for State Plans:			Central Centrally sponsored Schemes			Grand Total
	Grants	Loans	Total	Grants	Loans	Total	
1	2	3	4	5	6	7	8
First Five Year Plan							
1951-52	x	x	29	x	x	x	x
1952-53	x	x	35	x	x	x	x
1953-54	x	x	58	x	x	x	x
1954-55	x	x	100	x	x	x	x
1955-56	x	x	128	x	x	x	x
TOTAL	x	x	350	x	x	530	880
Second Five-Year Plan							
1956-57	33	126	159	x	x	x	x
1957-58	40	182	222	x	x	x	x
1958-59	48	161	209	x	x	x	x
1959-60	62	154	216	x	x	x	x
1960-61	71	181	252	x	x	x	x
TOTAL	254	804	1058	x	x	x	x
Third Five Year Plan							
1961-62	x	x	354	20	5	25	379
1962-63	x	x	412	26	4	30	442
1963-64	x	x	457	36	14	50	507
1964-65	x	x	606	44	11	55	661
1965-66	x	x	686	49	14	63	749
TOTAL	x	x	2515	175	48	223	2738
Three Annual Plans							
1966-67	x	x	568	x	x	x	x
1967-68	91	489	580	x	x	x	x
1968-69	124	495	619	x	x	x	x
TOTAL	x	x	1767	x	x	150	1917

## APPENDIX IV.1(iii)—Contd.

1	2	3	4	5	6	7	8
Fourth Five-Year Plan							
1969-70	189	446	635	69	1	70	705
1970-71	200	456	656	66	13	79	735
1971-72	227	498	725	144	18	162	887
1972-73	236	529	765	352	170	522	1287
1973-74	225	529	754	338	25	363	1117
<b>TOTAL</b>	1077	2458	3535	969	227	1196	4731
Fifth Five-Year Plan							
1974-75	269	569	838	197	77	274	1112
1975-76	371	720	1091	252	85	337	1428
1976-77	530	783	1313	340	103	443	1756
1977-78 (RE)	730	1191	1921	484	171	655	2576
1978-79 (BE)	914	1680	2594	685	202	887	3481
<b>TOTAL</b>	2814	4943	7757	1958	638	2596	10353

\* Break-up not available.

## APPENDIX IV.1(iv)

## Central Transfers to the States—Other than those the Finance Commission and the Planning Commission during 1951-52 to 1978-79

(Rs. crores)

	Grants	Loans	Total
First Five-Year Plan			
1951-52	x	x	x
1952-53	x	x	x
1953-54	x	x	x
1954-55	x	x	x
1955-56	x	x	x
<b>TOTAL</b>	<b>x</b>	<b>x</b>	<b>104</b>
Second Five-Year Plan			
1956-57	x	x	x
1957-58	x	x	x
1958-59	x	x	x
1959-60	x	x	x
1960-61	x	x	x
<b>TOTAL</b>	<b>x</b>	<b>x</b>	<b>892</b>
Third Five-Year Plan			
1961-62	x	x	234
1962-63	x	x	224
1963-64	x	x	266
1964-65	x	x	216
1965-66	x	x	332
<b>TOTAL</b>	<b>x</b>	<b>x</b>	<b>1272</b>
Three Annual Plans			
1966-67	x	x	x
1967-68	x	x	x
1968-69	x	x	x
<b>TOTAL</b>	<b>x</b>	<b>x</b>	<b>1648</b>
Fourth Five-Year Plan			
1969-70	94	582	676
1970-71	107	533	640
1971-72	315	675	990
1972-73	179	1227	1406
1973-74	231	1006	1237
<b>TOTAL</b>	<b>926</b>	<b>4023</b>	<b>4949</b>
Fifth Five-Year Plan*			
1974-75	48	430	478
1975-76	77	469	546
1976-77	163	574	737
1977-78 (RE)	133	610	743
1978-79 (BE)	111	1146	1257
<b>TOTAL</b>	<b>532</b>	<b>3229</b>	<b>3761</b>

\*Break-up not available.

\*The details of the grants and loans for the period 1974-75 to 1978-79 are given verleaf.

## APPENDIX IV.1(iv)—Contd.

(Rs. crores)

I. GRANTS	1974-75	1975-76	1976-77	1977-78 (RE)	1978-79 (BE)
1. Relief & Rehabilitation	7	8	8	7	7
2. Improvement of roads and subventions from Central Road Fund.	17	27	31	35	36
3. Incentive Bonus for procurement of food	10	24	90	30	1
4. To Rajasthan to cover additional interest liability on reallocated Beas loans	..	..	9	..	..
5. Relief on account of natural calamities	..	..	..	27	10
6. Education	3	8	10	12	19
7. Non-Plan grant to Sikkim	..	..	3	4	5
8. Police	1	3	4	3	7
9. Others	10	7	8	15	26
<b>TOTAL</b>	<b>48</b>	<b>77</b>	<b>163</b>	<b>133</b>	<b>111</b>
<b>II. LOANS</b>					
1. Small Savings Loans	269	249	293	290	300
2. Ways & Means advances	77	96	150	200	300
3. Short-term loans for fertilizers etc.	55	110	100	100	100
4. Loans to cover gap in resources for the Plan	..	..	..	..	427
5. Others	29	14	31	20	19
<b>TOTAL</b>	<b>430</b>	<b>469</b>	<b>574</b>	<b>610</b>	<b>1146</b>

## APPENDIX IV.2(i)

## Growth of tax revenue in States since 1960-61

(in crores of Rupees)

States	1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78 (RE)	1978-79 (BE)
Column	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Andhra Pradesh	40.18 (100)	69.12 (172)	105.64 (263)	107.02 (266)	136.06 (339)	138.09 (344)	132.41 (330)	201.25 (501)	251.82 (627)	325.55 (810)	342.84 (853)	336.64 (838)	361.91 (901)
2. Assam	12.27 (100)	21.68 (177)	25.00 (204)	31.87 (260)	28.14 (229)	32.54 (265)	31.06 (253)	33.46 (273)	44.43 (362)	59.33 (483)	63.20 (515)	66.09 (538)	70.65 (576)
3. Bihar	31.24 (100)	54.92 (176)	73.93 (237)	77.93 (249)	79.17 (253)	87.54 (280)	105.91 (339)	115.20 (369)	144.18 (461)	186.36 (596)	208.46 (667)	225.59 (722)	225.53 (722)
4. Gujarat	21.08 (100)	50.89 (241)	78.93 (374)	92.94 (441)	108.08 (513)	125.09 (593)	140.97 (669)	151.15 (717)	201.15 (954)	235.99 (1120)	298.19 (1415)	318.39 (1510)	341.38 (1619)
5. Haryana	(a)	(a)	34.72 (100)	37.69 (109)	44.28 (128)	51.51 (148)	59.91 (172)	76.14 (219)	99.12 (285)	116.94 (337)	138.07 (398)	151.62 (437)	170.29 (490)
6. Himachal Pradesh	..	..	..	..	1.52* (18)	8.38 (100)	9.98 (119)	11.00 (131)	13.77 (164)	15.76 (188)	19.02 (227)	20.32 (242)	19.45 (232)
7. Jammu & Kashmir	2.85 (100)	5.23 (184)	9.22 (324)	10.06 (353)	7.10 (249)	7.91 (278)	11.84 (415)	11.76 (413)	13.37 (469)	25.30 (888)	25.62 (899)	28.49 (1000)	30.73 (1078)
8. Karnataka	24.42 (100)	46.48 (190)	78.34 (321)	88.31 (362)	101.74 (417)	113.59 (465)	132.63 (543)	150.39 (616)	198.59 (813)	236.73 (969)	269.25 (1103)	292.38 (1197)	312.15 (1278)
9. Kerala	20.17 (100)	38.71 (192)	56.88 (282)	60.84 (302)	67.98 (337)	74.69 (370)	82.90 (411)	95.46 (473)	123.57 (613)	159.71 (792)	186.49 (925)	198.36 (983)	217.34 (1078)
10. Madhya Pradesh	27.20 (100)	48.95 (180)	69.85 (257)	79.92 (294)	86.59 (318)	94.90 (349)	110.86 (407)	128.35 (472)	172.83 (635)	231.47 (851)	249.07 (916)	265.02 (974)	289.04 (1063)
11. Maharashtra	64.26 (100)	122.42 (191)	187.64 (292)	216.53 (337)	255.56 (398)	274.57 (427)	302.82 (471)	382.31 (595)	497.87 (775)	585.96 (912)	679.97 (1058)	735.75 (1145)	793.75 (1235)
12. Manipur	..	..	..	..	..	0.71 (100)	0.96 (125)	1.00 (130)	1.16 (151)	1.94 (252)	2.05 (266)	2.63 (342)	3.24 (421)
13. Meghalaya	..	..	..	..	0.1 (100)	0.24 (240)	1.23 (1230)	1.55 (1550)	1.95 (1950)	2.18 (2180)	2.48 (2480)	2.58 (2580)	2.82 (2820)
14. Nagaland	..	0.14 (100)	0.19 (136)	0.22 (157)	0.33 (236)	0.51 (364)	0.98 (700)	1.55 (1107)	1.47 (1050)	2.19 (1564)	1.99 (1421)	2.15 (1536)	2.31 (1650)
15. Orissa	8.54 (100)	19.76 (231)	26.05 (305)	28.41 (333)	33.27 (390)	34.70 (406)	39.95 (468)	42.20 (494)	50.53 (591)	68.41 (801)	80.82 (946)	95.03 (1113)	94.29 (1104)
16. Punjab	25.66 (100)	55.91 (218)	55.22 (258)	75.83 (296)	86.02 (335)	92.24 (359)	109.50 (427)	123.14 (480)	151.61 (591)	172.80 (673)	201.98 (787)	220.39 (859)	238.76 (930)
17. Rajasthan	18.12 (100)	35.46 (196)	49.43 (273)	53.80 (297)	60.46 (334)	65.67 (362)	74.90 (413)	90.65 (500)	106.14 (586)	130.80 (722)	151.68 (837)	172.73 (953)	192.80 (1064)
18. Sikkim	..	..	..	..	..	..	..	..	..	1.14 (100)	1.56 (137)	1.48 (130)	1.59 (139)
19. Tamil Nadu	39.80 (100)	83.25 (209)	115.99 (291)	131.59 (331)	148.85 (374)	191.53 (481)	228.65 (575)	273.12 (686)	305.60 (768)	319.09 (802)	346.35 (870)	358.99 (902)	377.50 (948)
20. Tripura	..	..	..	..	..	..	0.66 (367)	0.81 (450)	1.10 (611)	1.76 (978)	2.00 (1111)	2.08 (1155)	2.25 (1250)
21. Uttar Pradesh	57.45 (100)	95.28 (166)	133.58 (233)	141.44 (246)	152.86 (266)	155.71 (271)	177.89 (310)	225.61 (393)	276.04 (480)	393.36 (685)	454.65 (791)	435.42 (758)	436.10 (759)
22. West Bengal	51.53 (100)	94.13 (183)	114.63 (222)	127.83 (248)	128.97 (250)	144.98 (281)	172.38 (335)	189.22 (367)	224.29 (435)	282.96 (549)	316.91 (615)	383.50 (744)	417.45 (810)
<b>TOTAL</b>	<b>414.77 (100)</b>	<b>812.33 (189)</b>	<b>1126.24 (276)</b>	<b>1352.23 (306)</b>	<b>1527.85 (344)</b>	<b>1695.28 (381)</b>	<b>1928.48 (434)</b>	<b>2305.37 (518)</b>	<b>2880.62 (648)</b>	<b>3555.73 (799)</b>	<b>4042.65 (909)</b>	<b>4315.63 (970)</b>	<b>4601.33 (1035)</b>

Included under Punjab

\* Partial year figures.

SORCE:- R.B.I. Bulletins for the years 1960-61-1974-75 and State Budgets for the remaining years.

## APPENDIX IV.2(ii)

Changes in pattern of Taxation in States since 1960-61 (Percentage share of each tax in States' total tax revenue)

States	Year	Land Revenue	Agricultural Income Tax	State excise duty	Sales Tax	Taxes on Transport	Stamps & Registration	Entertainment Tax	Electricity Duties	Other Taxes & duties	Total
1	2	3	4	5	6	7	8	9	10	11	12
1. Andhra Pradesh	1960—61	22	neg.	19	31	9	11	3	neg.	5	100
	1965—66	20	..	20	35	12	9	3	neg.	1	100
	1970—71	15	..	26	37	11	7	3	neg.	1	100
	1975—76	15	..	23	42	9	5	5	neg.	1	100
	1976—77	7	..	28	43	9	6	5	neg.	2	100
	1977—78 (RE)	5	..	28	45	9	6	6	neg.	1	100
2. Assam	1960—61	22	22	15	23	8	4	2	..	4	100
	1965—66	26	13	10	37	5	4	2	neg.	3	100
	1970—71	25	8	9	41	8	5	3	neg.	1	100
	1975—76	12	22	5	46	5	4	3	1	2	100
	1976—77	5	28	6	45	6	4	3	1	2	100
	1977—78 (RE)	5	27	6	45	7	4	3	1	2	100
3. Bihar	1960—61	26	1	17	32	5	11	2	2	4	100
	1965—66	22	neg.	14	38	3	10	3	6	4	100
	1970—71	9	neg.	15	48	7	11	4	6	..	100
	1975—76	12	neg.	14	50	7	9	3	4	1	100
	1976—77	10	neg.	12	54	7	8	4	4	1	100
	1977—78 (RE)	11	neg.	12	54	7	8	3	4	1	100
4. Gujarat	1960—61	20	..	1	49	9	9	3	5	4	100
	1965—66	14	..	1	53	8	7	3	6	8	100
	1970—71	8	..	1	59	15	6	4	5	2	100
	1975—76	4	..	neg	66	13	6	4	6	3	100
	1976—77	3	..	1	67	12	4	4	7	2	100
	1977—78 (RE)	2	..	1	66	13	5	4	7	2	100
5. Haryana	1970—71	3	..	20	39	15	12	3	4	4	100
	1975—76	6	..	18	41	18	8	4	4	1	100
	1976—77	4	..	17	45	17	6	3	5	3	100
	1977—78 (RE)	4	..	16	47	18	6	3	4	2	100
6. Himachal Pradesh	1970—71	8	..	42	25	10	7	7	..	1	100
	1975—76	6	..	38	30	17	6	2	1	..	100
	1976—77	3	..	38	30	17	6	5	1	..	100
	1977—78	4	..	34	34	17	6	4	1	..	100
7. Jammu & Kashmir	1960—61	40	..	24	13	6	10	7	..	..	100
	1965—66	14	..	28	24	16	8	3	2	5	100
	1970—71	6	..	31	35	12	9	4	2	1	100
	1975—76	3	..	26	26	37	3	4	1	neg.	100
	1976—77	3	..	29	26	34	3	4	1	neg.	100
	1977—78	3	..	29	26	34	3	4	1	neg.	100
8. Karnataka	1960—61	18	3	13	32	17	9	3	3	2	100
	1965—66	12	3	9	42	12	10	3	5	4	100
	1970—71	5	2	19	48	11	7	3	4	1	100
	1975—76	3	1	22	50	10	5	4	3	2	100
	1976—77	2	2	19	51	10	4	5	3	4	100
	1977—78	1	2	19	51	10	5	5	2	5	100

## APPENDIX IV.2(ii)—Contd.

1	2	3	4	5	6	7	8	9	10	11	12
9. Kerala	1960--61	7	11	13	44	13	10	1	1	..	100
	1965--66	7	6	13	47	11	11	1	neg.	4	100
	1970--71	2	5	14	55	11	10	1	2	neg.	100
	1975--76	2	5	14	61	7	8	1	2	neg.	100
	1976--77	2	3	17	58	9	8	neg.	3	neg.	100
	1977--78	2	3	18	57	10	8	neg.	2	neg.	100
10. Madhya Pradesh	1960--61	34	neg.	18	25	11	7	2	3	neg.	100
	1965--66	14	..	18	41	6	7	3	3	8	100
	1970--71	8	..	18	47	11	7	3	4	2	100
	1975--76	11	..	15	51	9	6	3	3	2	100
	1976--77	8	..	15	51	14	5	3	3	1	100
	1977--78(RE)	5	..	16	52	15	5	3	3	1	100
11. Maharashtra	1960--61	14	..	1	49	13	9	4	5	5	100
	1965--66	5	neg.	3	58	6	7	5	7	9	100
	1970--71	4	neg.	3	63	10	5	5	7	3	100
	1975--76	3	neg.	6	63	9	3	5	7	6	100
	1976--77	3	neg.	6	65	8	3	4	5	6	100
	1977--78(RE)	3	neg.	7	64	8	3	4	5	6	100
12. Manipur	1970--71	37	..	3	34	9	9	..	..	8	100
	1975--76	17	..	9	49	8	6	10	1	..	100
	1976--77	10	..	14	51	9	6	10	..	..	100
	1977--78 (RE)	13	..	11	54	10	5	8	..	..	100
13. Meghalaya	1970--71	..	..	30	..	20	20	10	..	20	100
	1975--76	2	..	14	55	14	4	8	1	2	100
	1976--77	2	..	15	52	16	4	7	1	2	100
	1977--78(RE)	2	..	16	51	16	4	8	2	2	100
14. Nagaland	1970--71	3	..	18	43	24	..	9	..	3	100
	1975--76	1	..	49	38	5	1	3	..	3	100
	1976--77	2	..	40	42	8	1	4	..	3	100
	1977--78(RE)	2	..	37	46	7	1	4	..	3	100
15. Orissa	1960--61	24	neg.	15	36	12	9	2	neg.	2	100
	1965--66	15	neg.	11	50	9	8	2	4	1	100
	1970--71	5	neg.	13	53	11	8	2	8	..	100
	1975--76	5	neg.	9	55	11	8	2	10	..	100
	1976--77	6	neg.	8	58	10	6	2	10	neg.	100
	1977--78(RE)	3	neg.	8	64	9	6	2	8	neg.	100
16. Punjab	1960--61	16	..	21	28	8	12	2	2	11	100
	1965--66	7	..	24	35	2	12	3	5	12	100
	1970--71	2	..	26	43	11	11	2	4	1	100
	1975--76	2	..	26	42	12	11	4	3	neg.	100
	1976--77	1	..	24	48	11	9	3	4	..	100
	1977--78(R.E)	1	..	26	45	12	8	4	4	..	100
17. Rajasthan	1960--61	30	neg.	22	20	10	5	1	..	4	100
	1965--66	20	neg.	22	40	5	5	2	1	5	100
	1970--71	18	neg.	15	46	13	5	2	1	..	100
	1975--76	12	neg.	15	52	13	4	3	1	neg.	100
	1976--77	8	..	15	56	12	4	3	2	1	100
	1977--78(RE)	4	..	16	58	12	4	3	2	1	100
18. Sikkim	1975--76	3	..	50	20	3	1	1	..	22	100
	1976--77	3	..	51	24	3	neg.	..	..	19	100
	1977--78(RE)	2	..	51	22	3	1	..	..	21	100
19. Tamil Nadu	1960--61	12	3	1	47	17	14	5	neg.	1	100
	1965--66	8	2	1	49	16	12	6	5	1	100
	1970--71	3	1	1	55	..	11	6	6	2	100
	1975--76	4	1	1	65	14	7	6	neg.	2	100
	1976--77	2	1	1	66	14	6	6	2	2	100
	1977--78(RE)	neg.	1	1	68	14	7	6	1	2	100

## APPENDIX IV.2(ii)—Contd.

1	2	3	4	5	6	7	8	9	10	11	12
20. Tripura	1975—76	41	1	10	..	10	19	9	..	10	100
	1976—77	30	2	9	21	11	15	9	..	3	100
	1977—78 (RE)	12	1	9	38	11	17	8	..	4	100
21. Uttar Pradesh	1960—61	37	1	13	20	10	8	3	1	7	100
	1965—66	25	neg.	15	29	5	9	3	1	13	100
	1970—71	14	neg.	16	41	12	10	5	1	1	100
	1975—76	10	neg.	12	53	10	7	5	3	neg.	100
	1976—77	9	..	14	53	10	8	5	1	neg.	100
	1977—78(RE)	7	..	15	53	10	9	5	1	neg.	100
22. West Bengal	1960—61	13	2	12	40	6	9	3	1	7	100
	1965—66	8	1	13	46	6	9	3	1	13	100
	1970—71	3	1	13	53	9	7	5	1	1	100
	1975—76	5	1	9	56	10	7	5	3	neg	100
	1976—77	4	1	8	58	12	7	4	4	2	100
	1977—78(RE)	7	1	8	57	10	6	4	5	2	100
23. ALL STATES	1960—61	21	2	12	35	10	9	3	3	5	100
	1965—66	13	1	11	44	8	9	4	4	6	100
	1970—71	7	1	13	50	11	8	4	4	2	100
	1975—76	7	1	12	54	11	6	4	3	2	100
	1976—77	5	1	12	56	11	6	4	3	2	100
	1977—78 (RE)	4	1	13	56	11	6	4	3	2	100

## APPENDIX IV.3

## Per Capita total Tax Revenue of State Governments and their Local Bodies

(Rs. in crores)

States	Tax Revenue 1975-76 State Governments	Urban Local Bodies Tax Revenue	Total	C.S.O's estimates Population as on 1- 10-75 (in lakhs)	Per capita total tax effort
1	2	3	4	5	6
1. Andhra Pradesh	325.55	22.99	348.54	471.03	74.00
2. Assam	59.53	1.24	60.77	169.16	35.81
3. Bihar	186.36	3.32	189.68	616.68	30.76
4. Gujarat	235.99	25.39	261.38	294.94	88.62
5. Haryana	116.94	7.30	124.24	110.70	112.23
6. Himachal Pradesh	15.76	1.15	16.91	38.06	44.43
7. Jammu & Kashmir	25.30	1.10	26.40	52.14	50.65
8. Karnataka	236.73	23.33	260.06	321.06	81.00
9. Kerala	159.71	7.38	167.09	235.36	70.99
10. Madhya Pradesh	231.47	22.19	253.66	471.12	53.84
11. Maharashtra	585.96	108.99	694.95	552.18	125.86
12. Manipur	1.94	..	..	..	..
13. Meghalaya	2.18	0.14	2.32	11.45	20.26
14. Nagaland	2.19	..	..	..	..
15. Orissa	68.41	2.66	71.07	242.37	29.32
16. Punjab	172.80	16.05	188.85	146.14	129.23
17. Rajasthan	130.80	11.64	142.44	291.68	48.83
18. Sikkim	1.14	..	..	..	..
19. Tamil Nadu	319.09	31.68	350.77	440.10	79.70
20. Tripura	1.76	..	..	17.93	..
21. Uttar Pradesh	393.36	31.20	424.56	959.01	44.27
22. West Bengal	282.96	23.08	306.04	496.99	61.58

**APPENDIX IV.4(i)**  
**Income and expenditure of urban local bodies in 1976-77**

(Rs. lakhs)

Items	Andra Pradesh	Assam	Bihar	Gujarat	Haryana	Himachal Pradesh	Jammu & Kashmir	Karnataka	Kerala	Madhya Pradesh	Maharashtra	Manipur	Meghalaya	Nagaland	Orissa	Punjab	Rajasthan	Sikkim	Tamil Nadu	Tripura	Uttar Pradesh	West Bengal	Total All States
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
<b>I. RECEIPTS</b>																							
1. By way of transfers from State Govt.																							
(a) Assignment of taxes, duties/cesses	225	..	112	NA	9	..	..	..	91	695	565	..	7	..	67	..	..	..	NA	..	..	387	2158
(b) Grants	918	46	590	528	35	35	35	166	59	893	2725	194	..	4	274	106	258	17	NA	18	1046	898	8945
(c) Loans	668	62	314	..	182	..	20	207	..	786	1219	15	..	..	26	132	4	..	NA	..	91	55	3781
<b>TOTAL—1</b>	1811	108	1116	528	226	35	55	373	150	2374	4509	209	7	4	367	238	262	17	NA	18	1137	1340	14884
2. Own receipts																							
(a) Tax revenues	1455	212	523	3507	909	135	243	2033	653	2087	12497	28	18	3	336	1140	1550	1	NA	13	2877	2048	32278
(b) Non-tax revenues	2109	315	7	1130	243	40	11	1164	252	622	7111	7	1	..	237	107	682	1	NA	..	1441	461	15941
(c) Public Borrowings	..	..	..	1097	45	..	..	136	..	28	1582	..	..	..	1	8	..	..	NA	..	19	..	2896
<b>TOTAL—2</b>	3574	527	530	5734	1197	175	254	3333	905	2737	21170	35	19	3	574	1255	2232	2	NA	13	4337	2509	51115
<b>TOTAL—I (RECEIPTS)</b>	5385	635	1646	6262	1423	210	309	3706	1055	5111	25679	244	26	7	941	1493	2494	19	NA	31	5474	3849	65999
<b>II. EXPENDITURE</b>																							
1. General Administration	1680	52	588	523	185	27	25	NA	161	349	875	12	14	1	76	155	269	6	NA	..	171	674	5843
2. Tax collection	71	*	75	393	115	22	*	NA	*	320	876	..	2	1	75	211	222	..	NA	..	296	..	2679
3. Education	426	2	..	1173	24	2	..	64	..	130	3117	257	..	..	123	11	24	..	NA	..	170	277	5800
4. Medical	535	4	20	468	6	1	25	284	409	108	2483	..	..	..	21	30	11	..	NA	..	1269	515	6189
5. Drinking water supply	183	200	259	549	237	28	..	546	76(a)	583	2474	..	2	..	64	154	32	..	NA	..	742	769	6898
6. Sewerage	88	30	130	268	230	33	..	741	..	477	1192	1	..	..	14	160	698	..	NA	..	11	287	4360
7. Roads	566	60	418	269	158	23	..	413	335	689	1933	..	3	..	47	275	99	..	NA	..	804	351	6443
8. Others	1741	113	176	2591	370	39	187	1611	173	1078	8602	..	3	5	498	485	1035	8	NA	62	1940	1219	21936
<b>TOTAL—II (EXPENDITURE)</b>	5290	461	1666	6234	1325	175	237	3659	1154	3734	21552	269	25	7	918	1481	2390	14	NA	62	5403	4092	60148

\*Included under General Administration.

N. A.=Not available.

Source : Information received from the State Governments.

Notes—1. Figures for Karnataka are for 1974-75.

2. Expenditure under 'Others' also includes items for which break-up by services is not available.

3. Figures of expenditures in regard to other municipalities in Gujarat are for 1975-76.

4. In West Bengal; while figures for Calcutta Corporation are for 1976-77 those for other Municipalities are for 1975-76.

**APPENDIX IV.4(ii)**  
**Income and Expenditure of rural local bodies in 1976-77**

(Rs. lakhs)

Items	Andhra Pradesh	Assam	Bihar	Gujarat	Haryana	Himachal Pradesh	Jammu & Kashmir	Karnataka	Kerala	Madhya Pradesh	Maharashtra	Manipur	Meghalaya	Nagaland	Orissa	Punjab	Rajasthan	Sikkim	Tamil Nadu	Tripura	Uttar Pradesh	West Bengal	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
<b>I. RECEIPTS</b>																							
1. By way of transfers from State Govt.—																							
(a) Assignment of Taxes, duties/cesses	537	161	51	1575	122@	3	..	..	321	121	622	NA	19	NA	203	..	53	NA	NA	NA	44	1499	5331
(b) Grants	11017	261	180	13596	62@	83	..	..	130	492	14180	NA	163	NA	2817	239	2458@	NA	NA	NA	509	13229	59416
(c) Loans	745	..	..	..	..	2	..	..	3	..	240	NA	..	NA	2	NA	..	NA	NA	NA	2	101	1272
<b>TOTAL—I</b>	12299	422	231	15171	184	88	..	..	454	613	15042	NA	182	NA	3022	246	2511	NA	NA	NA	555	14829	66019
2. Own receipts—																							
(a) Tax revenues	1200	120	17	1260	NA	56	NA	NA	343	139	1432	NA	59	NA	9	171	105	NA	NA	NA	628	367	5906
(b) Non-tax revenues	152	55	2	166	NA	40	NA	NA	364	..	522	NA	..	NA	87	63	220	NA	NA	NA	230	92	1993
(c) Public Borrowings	8	..	..	50	NA	..	NA	NA	..	..	74	NA	..	NA	..	44	..	NA	NA	NA	..	528	704
<b>TOTAL 2</b>	1360	175	19	1476	NA	96	NA	NA	707	139	2028	NA	59	NA	96	278	325	NA	NA	NA	858	987	8603
<b>TOTAL—I</b>	13659	597	250	16817	184	184	NA	NA	1161	752	17070	NA	241	NA	3118	524	2836	NA	NA	NA	1413	15816	74622
<b>II. EXPENDITURE</b>								NA															
1. General Administration	988	244	33	1236	NA	48	NA	NA	354	..	1364	NA	83	NA	103	193	NA	NA	NA	NA	197	980	5823
2. Tax collection	71	5	4	26	NA	2	NA	NA	..	..	18	NA	3	NA	33	29	NA	NA	NA	NA	37	..	228
3. Education	7362	34	13	6961	NA	11	NA	NA	25	..	7174	NA	117	NA	2259	..	NA	NA	NA	NA	42	6810	30808
4. Medical	296	3	79	501	NA	7	NA	NA	NA	..	761	NA	..	NA	59	..	NA	NA	NA	NA	118	395	2219
5. Drinking Water Supply	568	5	63	120	NA	8	NA	NA	37	..	301	NA	..	NA	256	84	NA	NA	NA	NA	1	10	1453
6. Sewerage	21	..	..	29	NA	..	NA	NA	..	..	37	NA	..	NA	..	..	NA	NA	NA	NA	..	..	87
7. Roads	855	19	58	146	NA	7	NA	NA	213	..	1070	NA	5	NA	107	15	NA	NA	NA	NA	262	..	2757
8. Others	2808	179	246	6314	NA	67	NA	NA	578	490	3169	NA	21	NA	284	185	NA	NA	NA	NA	763	5716	20820
<b>TOTAL—II</b>	12969	489	496	5333	NA	150	NA	NA	1207	490	13894	NA	229	NA	3101	506	NA	NA	NA	NA	1420	13911	64195

NA= Not available.

N.B. -Figures for Bihar are for 1975-76.

Source : Information received from state governments.

### APPENDIX IV.5(i)

## Note received with letter dated 28-9-78 from Town and Country Planning Organisation of the Ministry of Works and Housing

### Study of Municipal Budgetary finances and level of Services:

The term of reference of the Seventh Finance Commission stipulated that in making its recommendations, the Commission shall have to take into consideration, besides other things the requirements of States which are backward in providing level of services in non-developmental sectors, their upgradation to the level either obtaining in more advanced States or to certain threshold standard in different types of urban area.

Further, since powers and utilisation of tax and non-tax resources vary from State to State, it was found essential to assess the resource mobilisation efforts of the urban local bodies themselves.

This study encompassing financial resources of urban local bodies and the level of services provided, was carried out by the Town & Country Planning Organisation on behalf of the Finance Commission and the study covered "standards of services provided by urban local bodies in the different States and the budgetary position of their local bodies".

#### Methodology:

The study of the budgetary position of urban local bodies was conducted on a "universe" basis and the "Level of services" enquiry on a "sample basis". The reference year of study was fixed as 1975-76 as this was the latest year for which "actuals" were available at the time of study.

#### Scope of the Budgetary Study:

The coverage of this study extended to all settlements which had some form of urban local-self government in the year 1976 like municipal corporation, municipalities, notified or town area committees, etc. Urban areas having cantonment Board have been excluded from the scope of this study as, firstly, the finance data was not available at State headquarters, and secondly, their finances and level of services provided are mostly determined by considerations other than local resources.

Though a proforma for assessing budgetary position was circulated to all the State Government departments dealing with urban local bodies, it was thought expedient to collect the relevant budget report of each of the urban local body from the State headquarters since it is a well known fact that (a) budgetary format varies not only from State to State but even within the State and (b) in most of the smaller and medium size urban local bodies, the technical personnel to reclassify the budgetary entries as per standard proforma is virtually non-existent. The data contained in each of the budget report was tabulated by trained staff in the Town & Country Planning Organisation in the standard format.

There were 2474 urban local bodies excepting the cantonment boards functioning in the country during the year 1975-76. In the study it was possible to collect the relevant data from about 80% of the urban local bodies. In case of Uttar Pradesh, the non-reporting urban local bodies were mostly notified area committees which have come to be established after 1971. In the case of Karnataka, no centralised availability of data at the State level was available and effort was made to collect the data from individual local bodies through a proforma with the assistance of the State Government.

#### Limitations of Data:

Though due care was taken to make the data comparable, it was observed that in some of the cases it was not possible to do the same as explained below:

- "Establishment Costs" on various services in some of the budget reports were found to be included in "Establishment — General Administration".
- Since in quite a substantial number of budget reports expenditure on sanitation, drainage and sewerage was clubbed together, hence it was not possible to segregate and present the same separately.
- In very few of the budget reports wherein actuals were not available, revised estimates were taken for compilation purposes.

However, it is felt that the effect of limitations on the data presented is very insignificant.

### Statewise number of Urban Local Bodies in India and their coverage (1975-76)

Sl. No	States	No. of total urban local bodies	No. of reported urban local bodies	% Col. 3 to Col. 2
	1	2	3	4
1.	Andhra Pradesh	84	80	95.24
2.	Assam	59	59	100.00
3.	Bihar	140	107	76.43
4.	Gujarat	57	54	94.74
5.	Haryana	79	71	89.87
6.	Himachal Pradesh	34	29	85.29
7.	Jammu & Kashmir	44	34	77.27
8.	Karnataka	253	106	41.90
9.	Kerala	35	33	94.29
10.	Madhya Pradesh	218	201	92.20
11.	Maharashtra	229	224	97.82
12.	Meghalaya	2	2	100.00
13.	Orissa	92	83	90.22
14.	Punjab	110	102	92.73
15.	Rajasthan	182	173	95.05
16.	Tamil Nadu	106	103	97.17
17.	Uttar Pradesh	634	404	63.72
18.	West Bengal	100	90	90.00
19.	Pondicherry	4	4	100.00
20.	Delhi	2	2	100.00
21.	Goa, Daman & Diu	9	8	88.89
22.	Andaman & Nicobar	1	1	100.00
	TOTAL	2474	1970	79.63

#### Study of level of service

##### Sample-Design:

The coverage of the survey was urban local bodies in India with the exception of cantonment Board. Towns having non-urban local bodies like panchayat/village panchayat and those without any municipality have been excluded from the universe. As the list of universe for the study period

i.e. 1975-76 was not available, basic listing has been done from Census 1971. Up-dating on the status of urban local bodies has been made with respect to corporations. As regards population status and local body status (other than corporation), Census 1971 was taken as the base.

Three levels of stratification have been adopted to enable proper representation of universe in the sample. They are—

- (a) State and Union Territories
- (b) Type of local body.
  - (i) Corporation
  - (ii) Municipality
  - (iii) Other urban local bodies
- (c) Population size
  - (i) 20 lakhs and above
  - (ii) 5 lakhs — 20 lakhs
  - (iii) 1 lakh — 5 lakhs
  - (iv) 50,000 — 1 lakh
  - (v) 20,000 — 50,000
  - (vi) 10,000 — 20,000
  - (vii) Below 10,000.

All the local bodies in the population categories (i) to (iii) and 20% in the size (iv) and 10% each in the size categories (v) to (vii) on random basis from each of final stratum have been selected. Of the 1980 towns which had urban local bodies, 411 samples have been thus drawn. Some reserve samples have also been drawn to deal with in case there were non-response from some selected towns.

A comprehensive questionnaire was drawn up and sent to respective state town planning departments for getting it filled. Since the questionnaire referred to various types of services viz; (a) water supply, (b) sewerage and drainage, (c) roads, (d) medical, (e) electricity, (f) transport etc., which were to be assessed in their respective technical aspects, it was concluded that the only suitable agency which have the technical expertise to fill up the relevant data was the state town planning departments. These questionnaires were filled by their regular trained staff on the field.

#### Limitations

As the field work progressed, changes in the status of local bodies became apparent. Population projections also indicated changes in the population status of certain towns, from one category to another. This created problem in presentation of data and analysis. In case the original 1971 status and population size is maintained, the analysis will not show the nature of exact relationship between population threshold and level of facilities and consequent estimation of gaps in the level of services. Therefore, the latest position of sample local bodies have been taken for analytical purposes, though by this, the statistical design and randomness will be affected. It may be presumed that the cities/towns responded are representative samples of the universe of the particular stratum. The response also has not been uniform for all the services.

#### Methodology adopted in Study of Services:

The study is meant to find out the prevalent levels and establish wherever possible standards of civic services in the urban sector. It is also attempted to express the existing levels of services in terms of expenditure (excluding capital) per day per urban dweller. The analysis has been carried out for each group of urban centres of different population sizes in each states as well as for the country as a whole. The final picture of sample and response on the all-India level is as follows:

#### Sample and Response

	Total	Over 20 lakhs	5—20 lakhs	1—5 lakhs	50000 — 1 lakh	20000 — 30000	10000 — 20000	Below 10000
1	2	3	4	5	6	7	8	9
Universe	1980	4	19	137	203	512	613	492
Sample	411	4	19	137	52	71	72	56
Response	344	2	15	118	46	60	64	39
% age	(83.7)	(50)	(78.9)	(86.1)	(88.5)	(84.5)	(88.9)	(69.6)

In working out the levels of existing services, except in the case of water supply, it is not possible to strike the per capita available level. In the case of expenditure it is found possible to arrive at the per capita expenditure for all the services studied.

#### Water Supply:

Per capita consumption of water in all the responsive urban centres has been arrived at taking the projected population figures for 1975-76. In getting at the average per capita supply for each population size in a given state, the mean value of each group are taken, for, in most of the cases, coefficient of variation is found significantly low in the case of per capita figures than in the total water supply data. Thus the variable, namely, per capita supply is apparently more stable for adoption than the other variables.

An attempt is also made to regroup the urban centres into two large categories namely : (i) Centres with more than a lakh population and (ii) those with less than a lakh population. Finally, for the given state as a whole, weighted representative figure is also worked out. To get these broad groupwise as well as state representative figures, the groupwise means of per capita figures are individually weighed with respect to the aggregate population of the group and totalled for the broad groups, and then the representative per capita figure for the broad group is worked out. To get the state figure for the urban centres as a whole, the said exercise is carried out with respect to all the groups of urban centres. This method is extended in working out the all India representative averages groupwise as well as for India as a whole.

#### Other Services :

Per capita availability of other services such as sewerage, educational and health facilities, roads etc., was found difficult to work out.

#### Per capita expenditure of services :

Exactly similar method as adopted in arriving at the levels water supply has been adopted in working out the representative average per capita expenditure of urban civic services.

**APPENDIX: IV.5(ii)**  
**Financial Structure of Urban Local Bodies (1975-76), Classified According to Size**

(Figures in lakhs)

Size	No.	INCOME						EXPENSE					
		Tax	Non-Tax	Ordy. Grant	Total Ordinary Income	Extra Ordinary Income	Total Income	Gen. Admn.	Collection of Rev.	Public Health	Public Safety	Medical	Water Supply
1	2	3	4	5	6	7	8	9	10	11	12	13	14
I	4	8216.97	2155.49	1178.69	11551.15	1830.45	13381.60	1475.60	515.91	2545.53	689.21	2454.43	233.49
II	16	5861.39	4773.00	1355.17	11990.56	440.09	12430.58	664.95	569.34	1624.46	242.39	581.34	767.83
III	148	12917.41	3161.97	2596.10	18677.09	1775.10	20452.19	1501.47	589.36	3906.75	731.74	527.99	1109.06
IV	220	4333.38	1493.82	347.89	6580.09	453.22	7133.31	795.24	389.45	1617.23	334.41	225.51	630.43
V	596	4302.80	1570.66	1099.94	6973.40	786.60	7760.00	847.70	535.87	1453.27	446.79	236.41	520.62
VI	637	1553.00	534.63	399.75	2487.38	224.73	2712.11	387.79	316.43	513.74	150.15	45.30	124.11
VII	403	450.82	250.37	127.22	828.41	95.72	924.13	167.84	88.98	137.80	58.73	11.39	41.55
VIII	294	325.15	151.65	141.79	618.59	53.39	671.98	122.33	49.40	125.36	29.69	13.48	30.50
TOTAL (including UTs.)	2323	37960.62	14098.59	7747.46	59806.77	5659.30	65465.97	5962.92	3054.74	11924.14	2683.11	4095.85	3457.59
<b>A.P</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	1	1..09*	12.54	205.38*	1378.01	..	1378.01	93.65	50.73	273.34	26.00	..	233.70
III	12	520.14	314.44	281.42	1119.00	228.46	1557.46	49.97	0.32	236.87	34.13	..	144.18
IV	20	428.72	119.97	121.24	669.93	111.54	781.47	32.60	7.58	96.42	26.16	1.99	84.33
V	45	274.40	83.28	91.74	454.42	131.18	585.60	63.69	1.21	90.54	24.22	0.06	51.67
VI	5	12.68	2.90	0.52	16.10	4.48	20.58	3.66	..	4.11	1.00	1.67	1.66
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	83	2299.03	638.13	700.30	3637.46	485.66	4123.12	243.57	59.84	701.68	112.11	3.72	515.54
<b>Assam</b>	I	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	1	65.33	8.29	3.86	77.98	1.50	79.48	11.09	5.17	16.11	7.63	1.58	5.14
IV	4	15.15	22.12	4.85	42.12	4.94	47.09	3.02	3.35	10.86	3.82	0.53	2.90
V	12	23.96	21.19	7.31	52.46	4.92	57.38	5.47	5.34	14.00	4.83	0.47	5.46
VI	21	13.45	22.19	6.47	42.11	3.57	45.68	11.16	2.09	4.47	2.78	0.16	2.03
VII	17	5.44	4.86	3.59	13.89	3.37	17.26	4.08	1.05	1.05	0.78	0.44	0.27
VIII	4	0.15	2.87	0.43	3.45	0.10	3.55	1.13	0.13	0.19	0.02	0.02	0.30
TOTAL	59	123.98	81.52	26.51	232.01	18.40	250.41	35.95	17.13	46.68	19.86	3.20	16.10
<b>Bihar</b>	I	1	80.04	12.27	213.10	305.41	48.26	353.67	24.19	..	74.60	10.29	1.50
II	12	97.72	53.50	86.76	242.98	29.79	272.77	18.05	1.45	78.94	22.12	1.91	15.75
III	11	45.07	16.09	23.35	84.51	10.60	95.11	20.46	0.64	34.36	5.0	1.20	1.11
IV	53	79.81	30.90	39.59	150.30	34.31	184.61	28.54	3.84	46.14	15.33	1.85	12.93
V	34	15.63	29.48	33.04	78.04	21.75	99.87	17.54	1.60	13.47	3.71	0.81	0.45
VI	13	2.58	1.90	10.16	14.84	3.90	18.54	2.83	0.71	1.57	0.65	0.47	0.16
VII	15	10.85	2.85	17.85	31.67	0.51	32.08	3.87	0.80	3.17	1.33	0.07	0.38
TOTAL	129	331.67	151.99	423.86	907.52	149.12	1056.64	115.48	9.04	252.26	58.51	7.81	30.81

## APPENDIX: IV.5(ii) (Contd.)

(Figures in lakhs)

Size	No	EXPENDITURE										Capital Expenditure	Total Expenditure
		Education	Library	Garden	Roads	Transport	Recreation	Com. Institution	Misc.	Repay of Loans	Total Ordinary Expenditure		
		15	16	17	18	19	20	21	22	23	24		
I	4	1488.55	37.74	299.07	1588.30	472.14	34.32	29.29	2081.01	691.47	14832.56	2401.89	17234.45
II	16	67.88	16.63	141.33	693.85	40.22	18.99	0.57	4000.18	930.97	11202.93	1419.63	12622.56
III	148	1547.50	42.33	268.70	1017.16	564.58	24.74	12.05	1893.29	487.80	14225.32	4615.49	18840.81
IV	220	357.95	18.60	89.45	300.45	43.89	31.70	20.40	695.39	260.33	6310.43	1906.92	8217.35
V	596	510.49	28.45	60.31	204.40	8.68	9.83	2.20	856.64	309.56	6131.22	2231.20	5362.42
VI	637	85.72	9.50	22.75	90.29	2.80	6.15	2.30	313.11	86.93	2157.07	510.23	2667.30
VII	408	15.09	3.79	5.61	42.99	0.07	1.71	0.57	115.21	20.55	712.48	123.31	835.79
VIII	294	13.85	0.70	1.25	17.64	..	0.87	0.05	114.03	10.29	531.45	106.08	637.59
TOTAL (INCLUDING UTs)	2393	5626.84	157.74	888.67	4057.08	1132.38	128.31	67.43	10068.86	2997.90	56103.46	1314.75	69418.21
<b>A. P.</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	1	51.97	..	..	536.26	..	..	..	78.37	..	1345.02	..	1345.02
III	12	243.25	8.64	11.65	50.69	12.00	2.15	..	38.03	..	831.87	302.30	1134.17
IV	20	159.03	1.46	2.79	29.55	8.17	0.15	..	13.38	7.80	471.41	374.12	845.53
V	45	118.95	2.00	3.36	24.63	4.14	0.74	..	16.27	1.82	402.32	222.7	626.02
VI	5	..	0.04	0.06	2.24	0.10	..	..	1.95	0.33	16.84	0.89	17.73
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	83	573.20	12.14	17.86	643.37	24.41	3.04	..	148.00	9.95	3068.46	900.01	3968.47
<b>ASSAM</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	1	0.32	0.10	0.64	8.98	5.90	..	..	3.55	3.74	69.95	8.58	78.53
IV	4	0.06	0.11	0.36	3.53	..	..	..	8.12	1.20	37.86	5.50	43.36
V	12	0.10	0.02	1.10	5.07	..	3.25	..	11.97	1.57	58.65	17.72	76.34
VI	21	0.02	0.06	0.37	3.26	..	1.17	..	11.20	0.90	39.67	9.54	49.21
VII	17	0.07	..	0.03	1.12	..	0.05	..	2.17	0.60	11.71	3.55	15.26
VIII	4	..	..	..	0.38	..	..	0.01	0.11	..	2.29	0.81	3.10
TOTAL	59	0.57	0.29	2.50	22.34	5.90	4.47	0.01	37.12	8.01	220.13	45.70	265.83
<b>BIHAR</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	1	54.60	..	0.89	52.14	..	..	..	..	67.97	286.18	33.33	319.51
III	12	0.55	0.64	0.14	18.70	0.25	..	..	13.34	5.69	177.53	43.09	220.62
IV	11	5.55	..	0.22	9.13	2.42	..	..	17.37	18.14	115.68	16.87	132.62
V	53	0.79	0.72	0.33	11.86	0.19	..	..	39.13	5.10	166.75	38.55	205.30
VI	34	0.16	0.17	0.06	7.09	1.46	..	..	7.80	9.70	64.05	46.92	110.97
VII	13	0.40	..	0.19	2.87	..	..	..	2.16	..	12.04	7.92	19.96
VIII	15	0.65	0.02	..	2.10	..	..	..	8.30	0.10	20.79	11.35	32.17
TOTAL	129	62.70	1.55	1.83	103.79	4.32	..	..	88.10	111.65	843.02	198.06	1041.08

## APPENDIX: IV-5 (ii) (Contd.)

(Figures in lakhs)

Size	No	INCOME						EXPENDITURE					
		Tax	Non-Tax	Ordy. Grant	Total Ordy Income	Extra Ordinary Income	Total Income	Gen. Admn.	Collection of Rev.	Public Health	Public Safety	Medical	Water Supply
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>GUJARAT</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	3	1260.11	3870.28	376.46	5506.85	3.32	5510.17	131.37	292.65	239.77	52.55	424.92	27.77
III	7	539.72	99.95	153.36	793.05	45.96	839.02	85.09	13.21	228.94	44.21	13.14	61.82
IV	14	332.49	168.44	85.05	585.98	35.46	621.44	78.55	5.98	88.33	24.13	24.42	36.79
V	31	360.20	120.06	96.75	577.01	17.05	594.06	79.84	3.52	94.79	44.78	25.25	52.18
VI	..	..	..	..	..	..	..	..	..	..	..	..	..
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	2	46.50	16.54	7.68	70.71	..	70.71	10.06	..	13.35	3.53	5.04	6.04
TOTAL	57	2539.03	7275.27	719.30	7533.60	101.79	7635.39	384.91	315.36	665.18	169.20	492.77	184.60
<b>HARYANA</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	2	196.74	53.67	10.02	255.4	2.68	258.12	19.97	22.34	34.88	9.19	34.29	16.03
IV	9	269.02	117.71	36.90	423.63	32.44	456.07	40.73	52.52	103.59	32.37	12.73	61.66
V	16	182.82	98.22	35.23	316.26	23.03	339.38	37.67	39.52	72.82	17.51	0.29	46.15
VI	15	49.66	26.52	1.15	77.33	13.44	90.78	10.00	16.66	16.32	3.87	0.78	.72
VII	20	23.64	16.88	1.20	46.72	10.00	56.72	8.36	11.72	6.76	3.32	0.03	8.68
VIII	17	7.94	5.63	0.79	14.36	2.80	16.76	1.71	2.78	3.91	0.96	0.02	0.16
TOTAL	79	729.82	318.63	85.29	1133.74	84.09	1217.83	118.44	145.61	237.28	67.22	48.14	142.40
<b>H.P.</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	..	..	..	..	..	..	..	..	..	..	..	..	..
IV	1	40.45	24.53	..	64.98	0.31	65.29	5.03	5.45	22.04	0.06	0.11	1.76
V	1	6.19	0.88	..	7.07	..	7.07	0.79	0.88	1.11	0.33	..	0.68
VI	7	44.27	7.52	0.67	52.46	3.23	55.69	7.93	8.82	13.18	4.02	0.15	1.43
VII	18	33.10	8.93	3.62	35.65	3.00	38.65	6.96	6.24	6.51	2.60	0.20	1.64
VIII	7	0.99	0.65	1.96	3.60	2.46	6.06	0.45	0.05	0.35	0.35	..	..
TOTAL	34	115.00	42.51	6.25	163.76	9.00	172.76	21.16	21.44	43.19	7.36	0.46	21.51
<b>J. &amp; K.</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	2	110.31	15.41	4.38	130.10	10.40	140.50	11.11	5.89	62.55	8.22	..	..
IV	..	..	..	..	..	..	..	..	..	..	..	..	..
V	3	..	33.40	..	33.40	2.25	35.65	11.58	..	..	..	..	..
VI	3	..	11.81	0.19	12.00	1.00	13.00	6.76	..	..	..	..	..
VII	29	..	43.99	..	43.99	..	43.99	23.06	..	..	..	..	..
VIII	7	..	7.40	..	7.40	0.09	7.49	4.39	..	..	..	..	..
TOTAL	44	110.31	112.01	4.57	226.80	13.74	240.63	56.90	5.8	62.25	8.22	..	..
<b>KARNATAKA</b>													
II	1	637.00	134.04	7.94	778.98	12.50	791.48	102.57	..	137.02	37.92	14.73	31.65
III	12	770.10	162.03	9.58	941.71	15.11	956.82	124.01	..	165.65	45.84	17.79	38.25
IV	13	248.06	43.95	13.43	305.44	87.69	393.13	46.89	..	45.51	48.61	2.57	22.78
V	58	390.87	101.74	24.49	517.10	61.55	578.65	98.29	..	85.98	56.35	13.17	109.51
VI	98	219.97	52.96	13.25	277.18	10.05	287.23	73.38	..	33.66	32.03	1.90	18.58
VII	49	48.85	20.97	3.45	73.27	1.72	74.99	16.26	..	9.54	12.03	0.24	5.15
VIII	22	27.18	4.28	3.34	34.89	0.90	35.70	9.68	..	7.16	2.79	..	2.82
TOTAL	253	2333.03	519.97	75.48	2928.48	189.52	3118.00	471.08	..	484.52	235.57	50.40	22864

## APPENDIX: IV-5 (ii) (Contd.)

(Rs. In Lakhs)

		EXPENDITURE										Capital Expenditure	Total Expenditure
Size	No.	Education	Library	Garden	Roads	Transport	Recreation	Com. Institution	Misc.	Repay. of Loans	Total Ordinary Expen.		
1	2	15	16	17	18	19	20	21	22	23	24	25	26
<b>GUJARAT</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	3	506.62	14.60	71.12	..	..	0.20	0.20	3306.02	650.27	5718.06	721.15	6439.21
III	7	95.55	..	..	..	4.75	..	..	118.37	47.28	712.36	179.04	891.40
IV	14	67.65	..	0.73	0.40	0.23	0.11	0.11	131.39	17.71	476.53	200.86	677.39
V	31	97.03	0.29	0.26	0.51	..	..	..	113.64	28.97	541.06	135.64	676.70
VI	..	..	..	..	..	..	..	..	..	..	..	..	..
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	2	3.52	..	..	..	..	..	..	6.46	1.94	49.94	10.87	60.81
TOTAL	57	770.37	14.89	72.11	0.91	4.98	0.31	0.31	3675.88	746.17	7497.36	1247.56	8746.51
<b>HARYANA</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	2	6.34	0.81	6.63	3.55	..	..	2.41	..	2.62	159.11	94.40	253.61
IV	9	0.36	7.57	26.36	7.61	..	..	..	0.36	5.93	351.79	51.06	402.85
V	16	0.94	1.15	19.14	11.64	..	..	..	1.80	1.79	250.51	597.46	847.97
VI	15	0.29	0.28	0.51	0.83	..	..	..	1.12	4.23	64.61	14.35	78.96
VII	20	0.02	0.34	0.24	2.47	..	..	..	1.12	0.15	43.23	16.17	59.40
VIII	17	..	..	..	1.24	..	..	..	..	..	9.81	0.74	10.55
TOTAL	79	7.95	10.17	52.88	27.34	..	..	2.41	4.40	14.72	879.06	774.18	1653.24
<b>H.P.</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	..	..	..	..	..	..	..	..	..	..	..	..	..
IV	1	..	..	..	..	..	..	..	1.04	1.04	58.01	1.38	59.39
V	1	..	0.38	2.39	2.71	..	..	..	0.50	..	5.44	0.92	6.36
VI	7	..	0.03	0.33	0.73	..	..	..	14.56	..	52.71	6.46	59.17
VII	18	0.02	0.21	1.37	1.01	..	0.01	..	6.07	0.26	32.60	3.10	35.70
VIII	7	0.06	0.28	0.77	1.06	..	..	..	1.74	..	2.94	0.82	3.76
TOTAL	34	0.08	0.91	4.86	5.51	..	0.01	..	23.91	1.30	151.70	12.68	164.38
<b>J. &amp; K.</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	2	..	0.08	3.63	11.05	..	..	..	32.56	..	135.08	12.91	147.99
IV	..	..	..	..	..	..	..	..	..	..	..	..	..
V	3	..	..	..	..	..	..	..	6.20	..	17.78	..	17.78
VI	3	..	..	..	..	..	..	..	5.35	0.38	12.49	..	12.49
VII	29	..	..	..	..	..	..	..	17.36	..	40.42	1.18	41.60
VIII	7	..	..	..	..	..	..	..	1.83	0.28	6.50	0.13	6.63
TOTAL	..	3.63	11.05	..	..	..	..	..	63.30	0.66	212.27	14.22	226.49
<b>KARNATAKA</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	1	5.97	..	..	..	..	..	..	374.34	51.36	755.56	55.73	811.29
III	12	7.21	..	..	..	..	..	..	452.55	62.08	913.38	68.10	981.48
IV	13	1.37	..	..	..	..	..	..	56.52	10.42	234.67	106.59	341.26
V	58	11.90	..	..	..	..	..	..	145.75	48.98	569.93	78.97	648.90
VI	98	4.38	0.21	..	..	..	..	..	83.45	10.98	258.47	12.72	271.19
VII	49	0.95	..	..	..	..	..	..	22.14	1.21	67.52	3.66	71.18
VIII	22	0.49	..	..	..	..	..	..	4.21	0.26	27.41	0.88	28.29
TOTAL	25	32.27	0.21	..	..	..	..	..	1138.96	185.29	2826.94	326.65	3153.59

## APPENDIX: VI.5(ii)-Contd.

(Rs. In Lakhs)

Size	No.	INCOME						EXPENDITURE					
		Tax	Non-Tax	Ordy. Grant	Total Ordy. Income	Extra Ordinary Income	Total Income	Gen. Admn.	Collection of Rev.	Public Health	Public Safety	Medical	Water Supply
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>KERALA</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	6	158.73	105.52	41.12	609.42	63.51	672.93	149.39	0.60	59.94	42.19	45.88	26.73
IV	7	113.90	41.05	19.55	208.90	63.99	272.89	80.20	6.65	23.20	9.87	30.74	22.53
V	18	112.97	33.89	27.82	174.68	74.02	248.70	47.73	6.39	16.30	13.48	20.56	3.81
VI	3	16.78	6.73	2.65	26.16	13.41	39.57	5.97	0.14	5.65	1.43	0.09	0.19
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	1	1.10	0.52	0.50	2.12	0.17	2.29	0.40	0.16	0.46	0.09	0.05	0.10
TOTAL	35	737.93	188.71	94.64	1021.28	215.10	1236.38	283.69	13.94	105.62	67.06	97.32	53.36
<b>M.P.</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	1	347.26	93.54	40.61	481.41	0.02	481.43	32.24	26.49	79.48	25.87	0.0	41.12
III	9	926.29	173.65	26.69	1126.63	129.45	1256.08	256.18	62.24	164.25	47.20	18.74	87.86
IV	13	246.28	62.36	20.55	329.19	20.39	349.58	16.55	35.75	55.18	21.12	4.47	23.87
V	40	367.43	69.70	22.71	459.84	55.13	514.97	41.57	60.53	89.98	39.07	5.28	20.01
VI	73	232.77	66.08	17.99	316.84	57.99	374.83	37.73	46.37	55.28	21.66	3.44	24.54
VII	52	74.81	20.86	11.77	107.44	14.28	121.72	14.13	14.40	17.90	9.81	0.77	5.28
VIII	29	23.78	6.59	4.70	35.07	12.64	47.71	6.96	5.74	3.58	2.75	0.16	1.00
TOTAL	217	2218.62	492.78	145.02	2856.42	289.90	3146.32	405.36	251.52	465.65	167.48	32.86	212.68
<b>MAHARASHTRA</b>													
I	1	2856.28	1235.70	27.00	4118.98	1525.75	5644.73	393.06	284.43	1159.46	374.78	1837.03	0.0
II	2	839.56	180.75	171.08	1161.39	58.00	1219.39	123.47	103.43	82.21	33.53	46.11	182.61
III	22	4796.06	466.11	1236.32	6498.49	555.87	7054.36	309.73	235.92	735.57	212.46	227.32	343.35
IV	17	1399.55	309.14	348.14	2056.83	0.25	2057.08	122.90	123.40	433.45	41.75	101.36	219.12
V	67	626.90	167.88	423.86	1218.64	5.70	1224.34	97.37	157.82	199.80	54.50	65.53	71.83
VI	84	315.44	80.97	185.45	581.86	6.45	588.31	51.05	84.18	91.44	24.86	24.47	41.46
VII	29	62.89	39.72	36.77	139.38	0.43	139.81	15.37	13.81	16.33	6.35	6.70	8.50
VIII	7	32.72	12.32	26.87	71.91	0.0	71.91	5.09	7.46	7.82	1.54	3.18	6.31
TOTAL	229	10939.40	2492.59	2455.49	15847.48	2152.45	17999.93	1118.04	1010.45	2726.08	749.77	2311.70	873.18
<b>MEGHALAYA</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	1	11.52	2.47	2.15	16.14	2.64	18.78	3.65	1.76	3.63	0.93	0.51	3.86
IV	..	..	..	..	..	..	..	..	..	..	..	..	..
V	1	2.60	0.15	..	2.75	1.51	4.26	1.05	..	2.34	..	..	..
VI	..	..	..	..	..	..	..	..	..	..	..	..	..
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	2	14.12	2.62	2.15	18.89	4.15	23.04	4.70	1.76	5.97	0.93	0.51	3.8
<b>ORISSA</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	4	80.08	26.93	48.56	155.57	23.60	179.17	16.24	9.19	30.68	14.65	2.11	1.39
IV	4	49.70	25.90	26.66	102.26	22.88	125.14	7.08	11.24	30.44	4.15	1.41	0.70
V	24	93.06	34.39	27.31	154.76	107.25	262.01	19.06	19.69	29.43	13.81	0.76	6.25
VI	13	38.31	22.74	24.09	85.14	21.88	107.02	13.19	14.50	24.24	6.03	0.39	3.68
VII	15	1.66	5.72	6.16	15.54	21.42	36.96	5.09	2.27	5.78	1.85	..	0.80
VIII	13	1.42	3.21	2.81	7.44	26.90	34.42	3.47	0.62	1.71	2.18	0.08	1.1
TOTAL	73	265.23	118.89	135.59	520.71	224.01	744.72	64.13	57.51	122.28	42.67	4.75	13.9

## APPENDIX: VI.5(ii)-Contd.

(Rs. In Lakhs)

Size	No.	EXPENDITURE										Capital Expen-diture	Total Expen-diture
		Education	Library	Garden	Roads	Transport	Recreation	Com. Institution	Misc.	Repay. of Loans	Total Ordinary Expen.		
1	2	15	16	17	18	19	20	21	22	23	24	25	26
<b>KERALA</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	6	4.77	..	3.33	62.86	38.30	0.94	5.82	37.58	27.29	505.61	332.30	837.91
IV	7	0.34	..	0.11	2.27	..	4.21	..	10.02	12.63	202.77	102.50	305.27
V	18	3.02	0.04	..	1.41	..	0.88	..	3.10	23.49	140.28	113.81	254.09
VI	3	0.15	..	0.51	0.64	..	0.03	..	0.43	2.24	17.47	24.69	42.16
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	1	0.06	..	..	0.06	..	..	..	0.40	0.04	1.82	0.38	2.20
TOTAL	35	8.34	0.04	3.45	67.24	38.30	6.06	5.82	51.53	65.68	867.95	573.68	1441.63
<b>MADHYA PRADESH</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	1	0.0	0.20	35.41	20.98	17.46	4.94	0.0	20.51	12.70	317.49	38.80	356.29
III	9	40.94	3.60	17.53	12.74	14.69	6.89	0.13	137.67	53.34	924.00	329.72	1253.72
IV	13	20.83	0.49	2.58	16.00	0.67	0.74	0.0	21.84	26.53	246.62	76.04	322.66
V	40	23.54	0.93	4.53	27.05	2.69	2.78	0.0	27.94	30.87	385.77	96.83	482.60
VI	73	8.27	0.96	3.14	16.71	0.78	3.55	0.15	22.45	26.21	271.24	63.45	334.69
VII	52	2.03	0.25	0.41	5.81	0.01	1.31	0.16	9.20	9.16	90.63	19.38	110.01
VIII	29	0.48	0.08	0.55	1.90	0.00	0.35	0.00	2.13	1.58	27.26	10.38	37.64
TOTAL	217	96.09	6.51	64.15	101.19	36.30	20.56	0.44	241.74	160.48	2263.01	634.60	2897.61
<b>MAHARASHTRA</b>													
I	1	195.60	33.48	145.55	1255.83	0.0	8.55	0.0	1772.27	678.05	8138.79	1577.49	9716.28
II	2	203.15	1.04	11.36	68.26	20.34	0.25	0.0	47.23	0.0	922.99	156.09	1079.08
III	22	547.96	13.76	110.06	463.68	458.99	7.04	0.16	698.83	1.71	4433.54	1497.26	5930.80
IV	17	339.84	2.52	33.38	182.57	31.07	21.50	18.79	176.28	0.03	1867.96	309.78	2177.74
V	67	148.00	14.58	7.91	51.91	0.15	0.07	0.0	181.99	1.45	1052.91	140.84	1193.75
VI	84	54.35	3.90	2.58	25.53	0.0	0.14	1.21	95.15	0.19	500.51	94.17	594.68
VII	29	6.52	0.79	0.86	7.51	0.0	0.0	0.28	27.86	0.0	110.88	13.56	124.44
VIII	7	5.00	0.29	0.11	2.94	0.0	0.0	0.04	41.58	0.93	82.31	4.56	86.87
TOTAL	229	1500.42	67.36	311.81	2058.23	510.65	37.55	20.48	3041.89	682.38	17109.89	3793.75	20903.64
<b>MEGHALAYA</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	1	..	..	..	..	..	..	..	0.03	..	17.23	2.89	20.12
IV	..	..	..	..	..	..	..	..	..	..	..	..	..
V	1	..	..	0.02	1.74	1.10	..	..	2.82	..	54.33	1.86	56.19
VI	..	..	..	..	..	..	..	..	..	..	..	..	..
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	2	46.12	..	0.02	1.74	1.10	..	..	2.85	..	71.56	4.75	76.31
<b>ORISSA</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	4	25.01	0.59	2.13	26.73	..	0.03	..	9.86	3.27	141.88	49.84	191.72
IV	4	24.82	0.04	0.38	7.52	1.33	0.65	..	10.53	1.58	101.86	35.11	136.97
V	24	11.86	0.47	0.91	17.21	0.28	0.40	0.05	22.56	7.11	149.85	66.53	216.38
VI	33	2.16	0.34	0.51	7.01	..	0.17	8.04	9.99	4.15	86.80	20.07	106.87
VII	15	9.14	0.11	..	1.34	..	0.02	0.11	1.89	0.39	19.98	2.17	22.15
VIII	13	..	..	0.16	2.11	..	0.01	..	1.38	0.62	13.46	7.27	20.73
TOTAL	93	64.29	1.55	4.49	61.92	1.61	1.28	0.09	56.21	17.12	513.83	180.99	694.82

## APPENDIX: VI.5(ii)-Contd.

(Rs. In Lakhs)

Size	No.	INCOME						EXPENDITURE					
		Tax	Non-Tax	Ordy. Grant	Total Ordy Income	Extra Ordinary Income	Total Income	Gen. Admn.	Collection of Rev.	Public Health	Public Safety	Medical	Water Supply
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>PUNJAB</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	4	762.88	160.48	6.47	920.83	43.28	973.11	38.45	64.48	174.23	72.23	11.32	64.50
IV	9	275.49	59.73	1.93	337.15	37.33	374.48	18.56	45.97	67.53	22.38	2.76	28.51
V	22	291.09	76.32	5.68	373.09	15.53	388.62	43.19	61.41	106.68	18.94	4.64	20.68
VI	32	179.54	40.64	10.04	230.22	14.69	244.91	45.95	50.13	41.57	9.12	2.37	9.28
VII	32	57.57	22.38	9.12	89.07	12.03	101.10	18.86	19.93	19.13	6.49	0.61	5.21
VIII	11	38.16	24.58	1.61	64.35	1.07	65.42	21.69	12.43	11.20	2.51	0.02	7.20
TOTAL	110	1604.73	384.13	34.85	2023.71	123.93	2147.64	186.70	254.35	420.34	131.67	21.72	135.38
<b>RAJASTHAN</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	1	163.31	33.90	..	197.21	3.02	200.23	12.08	10.47	85.55	9.30	..	..
III	7	442.62	115.71	0.61	558.94	34.16	593.10	51.71	39.70	220.64	33.80	4.21	2.52
IV	7	116.52	31.73	0.08	148.33	16.20	164.53	15.66	16.27	58.36	7.21	0.46	4.38
V	39	220.79	63.33	0.39	284.51	18.27	302.78	36.28	46.14	103.43	27.05	1.52	7.18
VI	39	179.86	55.60	0.90	236.36	35.18	271.54	46.28	44.74	76.09	15.53	0.69	3.74
VII	36	37.57	17.60	0.25	55.42	10.84	66.26	13.10	10.88	16.30	3.83	0.30	1.04
VIII	3	3.13	1.47	0.02	4.62	0.90	5.52	1.09	1.91	1.36	1.15	0.02	0.09
TOTAL	182	1163.79	319.35	2.25	1485.39	118.57	1603.96	176.20	169.11	561.73	97.97	9.20	18.95
<b>TAMIL NADU</b>													
I	1	1255.31	267.14	1.92	1524.37	2.46	1526.83	174.77	10.15	396.70	103.79	90.91	112.15
II	1	232.21	162.63	15.45	410.29	49.60	459.89	55.14	..	97.06	4.95	31.89	51.87
III	15	825.36	543.39	69.13	1437.88	286.86	1724.74	158.28	..	273.98	43.60	60.54	192.24
IV	32	476.68	326.49	40.07	843.24	56.15	899.39	202.66	..	188.86	28.34	26.45	79.45
V	50	355.20	258.46	20.44	634.10	125.91	760.01	100.58	..	147.51	28.12	52.04	67.55
VI	4	12.06	8.87	0.19	21.12	5.69	26.81	8.42	..	5.19	0.89	0.43	1.92
VII	3	11.44	5.59	1.57	18.60	3.40	22.00	5.29	..	3.74	1.04	0.39	1.39
VIII	0	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	106	3168.26	1572.57	148.77	4889.60	530.07	5419.67	705.14	10.15	1113.04	210.73	262.55	506.57
<b>UTTAR PRADESH</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	4	1032.72	170.95	275.15	1528.82	209.37	1738.19	51.00	83.78	467.57	34.57	61.57	199.11
III	15	761.46	340.03	233.91	1335.40	134.75	1470.15	41.43	102.27	447.22	38.05	19.52	52.88
IV	30	343.02	162.88	116.61	622.51	12.80	635.37	37.44	63.59	235.08	29.37	6.77	..
V	85	532.21	258.12	179.30	969.53	46.37	1016.00	73.50	122.71	290.18	59.83	36.49	2.33
VI	107	214.11	92.52	93.39	400.02	8.96	408.98	42.82	43.12	122.75	21.94	6.81	3.19
VII	84	84.94	31.87	31.36	148.17	8.20	156.37	27.59	7.88	32.45	8.29	0.78	0.74
VIII	153	102.01	60.69	52.84	215.54	5.26	220.80	48.03	14.92	56.24	8.66	0.50	1.40
TOTAL	478	3120.47	1117.06	982.56	5220.09	425.71	5645.80	321.81	438.27	1651.49	200.94	132.44	259.64
<b>WEST BENGAL</b>													
I	1	1092.41	219.82	647.45	1959.68	..	1959.68	707.82	43.78	303.36	53.51	37.84	121.34
II	1	186.09	2.10	54.00	242.19	56.00	298.19	39.24	..	87.46	7.01	0.62	..
III	16	337.66	29.48	201.48	568.62	27.08	595.70	47.07	20.01	133.24	54.68	12.70	49.03
IV	28	300.40	75.13	103.09	478.62	50.20	528.82	58.31	11.06	108.88	29.99	7.46	23.66
V	34	343.92	83.04	75.23	509.19	44.54	546.73	29.01	5.13	47.62	23.80	8.42	19.01
VI	12	16.79	6.57	9.76	33.12	1.17	34.29	4.42	4.08	6.37	1.28	1.14	2.31
VII	5	1.73	0.52	2.30	4.55	1.49	6.04	1.06	..	0.43	0.18	0.35	..
VIII	3	29.22	2.05	20.39	51.66	..	51.66	4.31	3.40	15.86	1.75	4.32	3.58
TOTAL	100	2308.22	418.71	1113.70	3840.63	180.48	4021.11	891.24	87.46	703.22	172.18	72.85	218.93

## APPENDIX: VI.5(ii)-Contd.

(Rs in Lakhs)

Size	EXPENDITURE											Capital Expenditure	Total Expenditure
	No.	Education	Library	Garden	Roads	Transport	Recreation	Com. Institution	Misc.	Repay. of Loans	Total Ordinary Expen.		
1	2	15	16	17	18	19	20	21	22	23	24	25	26
<b>PUNJAB</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	4	..	2.94	24.32	10.14	..	..	..	20.46	55.66	538.72	335.30	874.02
IV	9	0.26	1.05	5.65	4.76	..	1.17	..	35.56	39.88	274.05	218.46	493.51
V	22	5.82	2.25	3.61	16.26	..	..	0.06	..	15.84	20.96	320.28	70.14
VI	32	2.14	1.17	4.63	14.64	..	0.06	..	5.11	9.29	195.46	43.61	239.07
VII	32	0.49	1.26	0.53	14.82	..	..	..	0.02	5.24	92.61	5.26	97.87
VIII	11	..	0.04	0.15	3.67	..	..	..	0.44	1.38	60.73	3.89	64.62
TOTAL	110	8.71	8.71	38.89	64.30	..	1.23	..	77.43	132.41	1481.84	677.66	2159.50
<b>RAJASTHAN</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	1	0.38	..	0.09	8.65	..	..	..	..	0.32	126.84	20.50	147.34
III	7	0.60	2.13	6.64	29.45	13.48	0.60	..	15.14	420.62	64.15	484.77	..
IV	7	1.16	1.68	3.39	4.67	..	0.01	..	0.63	2.74	116.62	27.45	144.07
V	39	3.76	1.76	3.77	5.34	..	0.02	0.83	..	2.39	238.64	54.75	293.39
VI	89	1.46	1.29	3.28	4.10	0.46	0.14	..	1.58	2.48	262.68	57.21	259.89
VII	36	0.24	0.42	0.56	0.65	..	0.01	..	..	1.48	48.81	14.90	63.71
VIII	3	0.02	0.04	0.05	0.05	..	..	..	..	0.12	5.00	1.24	6.24
TOTAL	182	7.61	7.32	17.78	52.91	13.94	0.78	0.83	2.21	24.67	1159.21	241.20	1400.41
<b>TAMIL NADU</b>													
I	1	88.43	..	15.57	77.06	123.96	5.35	1.57	159.31	13.42	1373.14	61.20	1434.34
II	1	33.74	0.07	2.70	9.56	2.42	..	0.37	14.38	27.09	331.23	22.08	353.31
III	15	289.11	2.72	16.54	64.83	..	0.34	2.81	77.05	127.33	1309.37	474.94	1784.31
IV	32	163.53	2.05	4.25	27.11	..	1.14	1.50	36.23	83.50	845.07	93.53	938.60
V	50	87.45	1.74	3.04	22.45	..	0.69	2.15	2.17	79.32	593.81	140.32	734.13
VI	4	0.89	0.19	0.35	1.65	..	0.01	0.07	0.58	4.07	24.66	1.58	25.24
VII	3	2.17	0.09	0.19	0.65	..	0.08	0.13	0.56	1.39	17.11	2.53	19.64
VIII	0	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	106	665.32	6.86	42.64	203.31	126.38	7.61	8.60	290.28	336.12	4494.40	797.18	5290.85
<b>UTTAR PRADESH</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	4	44.54	0.72	19.76	..	..	13.80	..	100.39	112.89	1189.52	357.89	1547.41
III	15	10.08	2.69	8.09	..	0.60	2.28	0.72	114.49	41.37	881.60	442.37	1323.97
IV	30	3.25	1.23	6.77	..	..	2.13	..	79.43	23.57	488.63	194.73	683.36
V	85	17.14	1.96	7.34	1.36	..	1.09	..	164.15	52.67	834.66	364.67	1199.33
VI	107	9.23	0.68	4.94	5.12	..	0.87	..	44.25	11.41	317.10	104.99	422.09
VII	84	1.38	0.11	0.96	4.41	..	0.22	..	17.95	0.64	103.40	28.08	131.48
VIII	153	2.92	0.20	0.23	3.19	..	0.51	..	41.05	2.93	180.77	42.73	151.50
TOTAL	478	88.52	7.58	48.09	14.08	0.60	20.82	0.72	561.71	249.49	3996.19	1535.45	5531.64
<b>WEST BENGAL</b>													
I	1	103.98	..	..	75.75	272.29	..	27.72	89.69	..	1837.08	165.77	2002.85
II	1	7.11	..	..	..	..	..	..	58.94	8.28	208.66	14.06	222.72
III	16	34.42	0.09	0.34	..	..	..	..	91.89	1.62	445.08	99.87	544.96
IV	28	49.89	0.03	0.09	0.01	..	..	..	85.47	6.92	381.78	75.60	457.38
V	34	32.07	0.03	2.31	1.64	..	..	..	91.98	2.86	263.88	70.78	334.66
VI	12	2.21	..	0.04	..	..	..	..	8.13	0.24	30.20	8.91	39.11
VII	5	0.17	0.03	..	..	..	..	..	1.36	..	3.55	0.58	4.13
VIII	3	2.72	0.16	..	..	..	..	..	4.40	0.09	40.44	10.40	50.44
TOTAL	100	232.57	0.34	2.78	77.40	272.29	..	27.72	431.86	20.01	3210.67	445.58	3656.35

## APPENDIX: VI.5(ii)-Contd.

(Rs in Lakhs)

Size	No.	INCOME						EXPENDITURE					
		Tax	Non-Tax	Ordy. Grant	Total Ordy Income	Extra Ordinary Income	Total Income	Gen. Admn.	Collection of Rev.	Public Health	Public Safety	Medical	Water Supply
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>PONDICHERRY</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	..	..	..	..	..	..	..	..	..	..	..	..	..
IV	1	27.20	11.57	7.63	46.40	1.59	47.99	8.60	..	15.14	..	0.08	0.88
V	1	8.40	1.91	3.50	13.81	4.30	18.11	4.99	1.65	..	..	..	..
VI	..	..	..	..	..	..	..	..	..	..	..	..	..
VII	2	5.75	1.00	0.43	7.18	..	7.18	2.53	0.09	..	0.75	..	0.47
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	4	41.35	14.48	11.56	67.39	5.89	73.28	16.12	1.74	15.14	0.75	0.08	1.35
<b>DELHI</b>													
I	1	3012.97	432.83	502.32	3948.12	302.24	4250.36	199.95	177.55	686.01	157.13	488.65	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	1	12.1884	486.89	174.19	1879.92	130.00	2009.92	110.05	4.82	839.43	0.61	56.43	3.63
IV	..	..	..	..	..	..	..	..	..	..	..	..	..
V	..	..	..	..	..	..	..	..	..	..	..	..	..
VI	..	..	..	..	..	..	..	..	..	..	..	..	..
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	2	4231.81	919.72	676.51	5828.04	432.24	5260.28	310.00	182.37	1525.44	157.74	545.08	3.63
<b>GOA, DAMAN &amp; DIU</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	..	..	..	..	..	..	..	..	..	..	..	..	..
IV	..	..	..	..	..	..	..	..	..	..	..	..	..
V	4	8.25	21.60	18.69	48.54	4.18	52.72	24.30	0.02	4.52	4.14	0.08	0.74
VI	1	0.69	0.53	5.47	1.22	1.79	3.01	1.53	..	..	..	..	..
VII	4	1.85	7.58	..	14.91	1.64	16.55	3.27	..	0.31	0.76	0.12	2.56
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	9	10.79	29.72	24.16	64.67	7.61	72.28	29.10	0.02	4.83	4.90	0.20	3.30
<b>ANDAMAN &amp; NICOBAR</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	..	..	..	..	..	..	..	..	..	..	..	..	..
IV	..	..	..	..	..	..	..	..	..	..	..	..	..
V	1	21.73	7.21	..	28.94	9.50	38.44	3.20	..	10.33	0.70	..	13.65
VI	..	..	..	..	..	..	..	..	..	..	..	..	..
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	1	21.73	7.21	..	28.94	9.50	38.44	3.20	..	10.33	0.70	..	13.65

## APPENDIX: VI.5(ii)-Contd.

(Rs in Lakhs)

Size	No.	EXPENDITURE										Capital Expen- diture	Total Expen- diture
		Education	Library	Garden	Roads	Transport	Recreation	Com. Institution	Misc.	Repay. of Loans	Total Ordinary Expen.		
1	2	15	16	17	18	19	20	21	22	23	24	25	26
<b>PONDICHERRY</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	..	..	..	..	..	..	..	..	..	..	..	..	..
IV	1	..	..	..	..	2.61	..	..	11.22	0.71	39.24	16.34	55.58
V	1	..	..	..	..	..	..	..	0.72	0.21	7.57	3.99	11.56
VI	..	..	..	..	..	..	..	..	..	..	..	..	..
VII	2	..	..	..	0.81	..	0.02	..	1.06	0.03	5.76	0.19	5.95
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	4	..	..	..	0.81	2.61	0.02	..	13.00	0.95	52.57	20.52	73.09
<b>DELHI</b>													
I	1	1197.54	4.26	137.95	279.66	75.89	20.42	..	59.04	..	3484.05	597.53	4081.58
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	1	172.19	6.54	57.01	252.02	14.52	4.47	..	47.03	39.67	1608.42	278.41	1886.83
IV	..	..	..	..	..	..	..	..	..	..	..	..	..
V	..	..	..	..	..	..	..	..	..	..	..	..	..
VI	..	..	..	..	..	..	..	..	..	..	..	..	..
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	2	1369.73	10.80	194.95	531.68	90.41	24.89	..	106.07	39.67	5092.47	875.94	5968.41
<b>GOA, DAMAN &amp; DIU</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	..	..	..	..	..	..	..	..	..	..	..	..	..
IV	..	..	..	..	..	..	..	..	..	..	..	..	..
V	4	..	0.42	2.24	5.33	0.83	..	..	2.47	..	45.09	13.01	58.10
VI	1	..	..	..	0.46	..	..	..	0.01	0.13	2.13	0.67	2.80
VII	4	0.09	0.19	0.26	0.28	..	..	..	4.39	..	12.23	3.87	16.10
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	9	0.09	0.61	2.50	6.07	0.83	..	..	6.87	0.13	59.45	17.55	77.00
<b>ANDAMAN &amp; NICOBAR</b>													
I	..	..	..	..	..	..	..	..	..	..	..	..	..
II	..	..	..	..	..	..	..	..	..	..	..	..	..
III	..	..	..	..	..	..	..	..	..	..	..	..	..
IV	..	..	..	..	..	..	..	..	..	..	..	..	..
V	1	..	..	0.13	..	..	..	..	5.64	..	33.65	1.71	35.36
VI	..	..	..	..	..	..	..	..	..	..	..	..	..
VII	..	..	..	..	..	..	..	..	..	..	..	..	..
VIII	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	1	..	..	0.13	..	..	..	..	5.64	..	33.65	1.71	35.36

## APPENDIX IV.6

**Statewise assessment of income tax (excluding tax on union salaries) for the year 1973-74 to 1976-77.  
(Net of reductions on account of appellate order revision, rectification, etc.)**

(Rs crores)

states (1)	1973-74 (2)	1974-75 (3)	1975-76 (4)	1976-77 (5)	1973-74 to 1976-77 (6)
1. Andhra Pradesh	27.59	32.93	35.32	31.45	127.29
2. Assam	2.40	3.38	3.17	5.33	14.28
3. Bihar	6.39	5.18	8.02	7.14	26.73
4. Gujarat	40.93	49.31	66.09	89.38	245.71
5. Haryana	4.45	6.18	6.97	6.43	24.03
6. Himachal Pradesh	0.88	1.01	0.84	0.89	3.62
7. Jammu & Kashmir	1.06	1.71	2.85	2.85	8.47
8. Karnataka	13.46	22.66	29.59	27.12	92.83
9. Kerala	10.21	14.53	18.92	20.39	64.05
10. Madhya Pradesh	16.74	17.27	18.53	17.89	70.43
11. Maharashtra	65.64	115.47	112.08	122.89	416.08
12. Manipur	0.41	0.57	0.32	0.27	1.57
13. Meghalaya	0.07	0.22	0.21	0.28	0.78
14. Nagaland*	0.14	0.17	0.12	0.24	0.67
15. Orissa	3.11	3.32	3.91	3.98	14.32
16. Punjab	12.63	14.65	16.31	30.33	73.92
17. Rajasthan	3.47	3.20	5.02	1.51	13.20
18. Sikkim	..	..	..	..	..
19. Tamil Nadu	33.91	49.62	54.78	56.26	194.57
20. Tripura	0.16	0.16	0.15	0.23	0.70
21. Uttar Pradesh	22.25	32.61	33.91	31.76	120.53
22. West Bengal	27.36	33.95	38.59	4.97	104.87
TOTAL	293.26	408.10	455.70	461.59	1618.65

\*Figures for Nagaland relate to net collections.

SOURCE : Central Board of Direct Taxes.

## APPENDIX IV.7

**Communications from Ministry of Finance regarding Union excise duty on generation of power**

**1. Letter No. 46(75)PFI/78, dated the 13th Oct., 1978 from Finance Secretary to Member Secretary**

As you are aware, Union Excise Duty of 2 paise per kw/h on electricity generated had been levied with effect from 1-3-1978 as part of the budget proposals for 1978-79. Electricity generated for captive consumption as well as that used in auxiliary plants in the generation stations for the generation of electricity was exempted from this levy. Besides, a rebate of duty had been given in respect of electricity used for agricultural purposes.

2. The rationale behind this levy of excise duty on generation of power was fully explained in the budget speech of the Union Finance Minister. He had observed that the nation has invested heavily in the development of power. The returns from this investment have not been commensurate. It was felt that with the enormous investment in power, there was ample justification for claiming a contribution from those who benefit from these investments.
3. There is no constitutional bar to the levy of Central excise duty on generation of power. However, the States have been pressing for either withdrawal of the levy altogether or for transfer to the States of its net proceeds entirely. We have given careful consideration of the view point expressed by the States at various forums including the National Development Council and the Southern Zonal Council. It has now been decided that the entire non-shareable portion of the net proceeds of Central excise duty on generation of power would be transferred to the States in proportion to the revenues realised from each State on this account. This decision will be effective from 1-4-1979. The decision is being brought to the notice of the Seventh Finance Commission so that it may take into account the implications of this decision while assessing Centre's resources as well as finalizing the scheme of devolution to the States for the quinquennium 1979-84.
4. A statement\* showing Statewise anticipated revenue from Central excise duty on generation of power for the years 1979 to 1984 as furnished by the Central Electricity Authority is enclosed.

**2. Letter No. 46(75)PFI/78, dated 19th Oct., 1978 from Finance Secretary to Member Secretary**

Please refer to my D.O. letter No. 46(75)PFI/78, dated the 13th October, 1978, regarding Union excise duty on generation of power.

2. I would like to clarify that the decision that the entire non-shareable portion of the net proceeds of Central excise duty on generation of power would be transferred with effect from 1-4-1979 to the States in proportion to the revenues realised from each State on this account is subject to the condition that this duty will continue to be levied beyond that date.

**3. Letter No. 46(75)PFI/78, dated October 23, 1978 from Finance Secretary to Member Secretary**

Please refer to my confidential d.o. letter No. 46(75) PFI/78 dated October 13, 1978 conveying the decision of the Government of India that with effect from 1-4-1979, the entire non-shareable portion of the net proceeds of the Central excise duty on generation of power would be transferred to the States in proportion to the revenues realised from each State on this account.

A statement showing Statewise anticipated revenue from this levy for the years 1979-80 to 1983-84, as furnished by the Central Electricity Authority, was also enclosed with my letter.

2. The matter has been examined further in consultation with the Central Electricity Authority and the Department of Power, Ministry of Energy and a fresh statement of estimated revenue Statewise from the levy of Central excise duty on generation of power for

the years 1979-80 to 1983-84 has been worked out which may be taken in substitution of the statement enclosed with my earlier letter of October 13, 1978. The basic premises underlying the present estimates have been spelt out in the explanatory note attached.

**An Explanatory Note on the estimates of net revenue from excise duty on generation of power from each State for the years 1979-80 to 1983-84.**

1. The State-wise estimates of net revenue are based on the estimates of energy availability as contained in the Tenth Annual Power Survey.
2. The 'energy availability' represents net generation by the State Electricity Boards and other State authorities, the State's share in generation of power from jointly owned projects, allocation from Central power stations and net generation by private licensees located within the State.
3. The revenue from D.V.C. has been allocated between West Bengal and Bihar in the ratio adopted in the Tenth Annual Power Survey.
4. (i) The Power available from Singrauli Power Station and Narora Atomic Power Plant has been allocated according to the shares decided by the Government of India. The share reserved by the Government of India for allocation at a later date has been shown as energy available in Uttar Pradesh.  
(ii) The power available from Tarapur Atomic Power Station has been allocated equally between Maharashtra and Gujarat.  
(iii) The entire power available from Rajasthan Atomic Power Plant Unit I and II has been shown as energy available in Rajasthan.  
(iv) The power available from Ist Unit of Kalpakkam Atomic Power Plant has been allocated equally among Tamil Nadu, Karnataka and Andhra Pradesh, while the entire power from the IInd Unit has been allocated to Tamil Nadu.  
(v) As regards the Central hydro projects the share allocated to each State has been included under that State.
5. The estimates of net revenue have been worked out by deducting the rebate towards the estimated agricultural consumption as assessed by the Tenth Annual Power Survey.
6. The energy availability shown for Pondicherry and Dadra and Nagar Haveli have been shown as energy available in Tamil Nadu and Gujarat respectively, as these Union Territories do not have generation of their own.
7. The actual share of each State will be based on collection of revenue on account of excise duty on generation of power and not on the basis of accrual.

\* Statement showing revenue from each State as a percentage of the total revenue from excise duty on generation from 1979-80 to 1983-84

S. No.	Name of the State	1979-80		1980-81		1981-82		1982-83		1983-84		Net Revenue 1979-80 to 1983-84	% to total revenue
		Net revenue	% to total revenue										
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Haryana	6.1992	3.21	6.8524	3.20	6.8944	2.90	7.3394	2.91	7.7772	3.00	35.0626	3.03
2.	Himachal Pradesh	1.5066	0.78	1.5522	0.73	1.7086	0.72	1.8122	0.72	1.8604	0.72	8.4500	0.73
3.	Jammu and Kashmir	1.7352	0.90	1.7014	0.79	1.8656	0.70	2.1682	0.86	2.8022	1.07	10.2728	0.87
4.	Punjab	11.3898	5.89	11.8792	5.55	12.1470	5.11	12.6038	4.99	13.1796	5.06	61.1994	5.29
5.	Rajasthan	7.6678	3.97	7.7444	3.62	8.4406	3.55	8.5634	3.51	9.0054	3.45	41.4216	3.58
6.	Uttar Pradesh	23.7236	12.28	28.5250	12.39	27.1212	11.40	29.0172	11.49	30.9089	11.87	137.2959	11.86
7.	Gujarat	14.806	7.67	16.0473	7.50	18.4783	7.77	18.8766	7.48	19.0840	7.32	87.2925	7.54
8.	Madhya Pradesh	10.5700	5.47	12.5332	5.86	14.5842	6.13	15.3522	6.08	15.5816	5.98	68.6212	5.93
9.	Maharashtra	25.6047	13.26	28.5170	13.32	32.5736	13.70	35.9031	14.22	37.6955	14.48	160.2939	13.84
10.	Andhra Pradesh	15.0326	7.80	18.6418	8.70	21.7734	9.16	22.5088	8.92	22.3292	8.57	100.3558	8.66
11.	Karnataka	13.6164	7.05	15.4812	7.23	16.8978	7.11	16.8886	6.69	16.8222	6.46	79.7062	6.88
12.	Kerala	8.1154	4.20	8.0572	3.76	8.3986	3.54	9.0385	3.59	9.4184	3.61	43.0381	3.72
13.	Tamil Nadu	13.9972	7.25	15.5662	7.27	16.4998	6.94	16.7778	6.64	16.6156	6.38	79.4566	6.86
14.	Bihar	13.2734	6.08	14.2482	5.66	16.1862	6.81	16.5240	6.54	17.2758	6.63	77.5126	6.69
15.	West Bengal	15.4529	8.35	18.0694	8.44	21.1665	8.91	23.7998	9.42	25.2158	9.67	104.7044	9.04
16.	Orissa	7.1490	3.69	7.5874	3.54	8.9422	3.76	10.1132	4.00	10.1134	3.88	43.9052	3.79
17.	Assam	1.3361	0.70	1.9596	0.90	3.2478	1.37	3.7512	1.48	3.6776	1.40	14.0223	1.21
18.	Meghalaya	0.5676	0.30	0.5658	0.26	0.5644	0.24	0.5630	0.22	0.5616	0.22	2.8224	0.24
19.	Manipur	0.0152	0.007	0.1104	0.05	0.1672	0.07	0.1996	0.08	0.2284	0.09	0.7208	0.06
20.	Nagaland	0.1332	0.06	0.1566	0.07	0.1908	0.08	0.2196	0.08	0.2502	0.09	0.9504	0.06
21.	Tripura	0.0557	0.003	0.0954	0.004	0.1126	0.04	0.1318	0.05	0.1453	0.05	0.5518	0.05
	TOTAL ALL INDIA	193.0639		213.9113		237.9598		252.1520		260.5483		1157.4563	

Source: Ministry of Finance.

**APPENDIX IV.8**  
**Variations in Total (Plan + Non-Plan) Expenditure (Budget)**

Sl. No.	States	(Rs. in lakhs)		Per Capita Expenditure (Rupees)	
		Average Annual Expenditure (Total)		1961-64	1974-77
		1961-64	1974-77		
1	Andhra Pradesh	15579	71192	43.28	152.77
2	Assam	6213	21937	50.93	129.04
3	Bihar	12794	56577	27.51	92.75
4	Gujarat	10530	55654	51.12	191.25
5	Haryana	..	..	..	..
6	Karnataka	12204	57812	51.71	182.37
7	Kerala	8051	41594	47.64	178.52
8	Madhya Pradesh	12190	52918	39.48	110.56
9	Maharashtra	20022	112329	50.56	205.73
10	Orissa	8802	34393	50.30	143.90
11	Punjab	11608	40007	104.58	275.91
12	Rajasthan	9596	46041	47.50	160.42
13	Tamil Nadu	16131	70790	47.87	162.36
14	Uttar Pradesh	21092	117014	28.62	123.30
15	West Bengal	15792	66604	45.25	135.93

**APPENDIX IV.9**

**Note on the Methodology adopted for estimation of persons below poverty line in States - 1970-71.**

This note explains the methodology and data base utilised for the estimation of persons below the poverty line in the Indian States in 1970-71. The following steps constitute the methodology.

- (a) Choosing the cut-off point — the all India poverty line.
- (b) Conversion of the all-India poverty line into State-specific poverty lines.
- (c) Adjusting the State-specific poverty lines to 1970-71 prices.
- (d) Addition of per capita public expenditure to arrive at the “augmented poverty line”.
- (e) Calculation of the percentage of persons below the augmented poverty line in each State by linear interpolation in the relevant interval; and
- (f) Calculation of the number of persons below the augmented poverty line in each State and the poverty percentage.

2. These steps are explained below.

**(a) Choosing the All-India Poverty Line.** —For the measurement of the incidence of poverty in India two cut-off points have been accepted for a long time; the Dandekar-Rath (DR) norm of Rs. 15 as per capita monthly consumption expenditure for rural areas and Rs. 22.5 for urban areas (in 1960-61 prices); and the Planning Commission (PC) norm of Rs. 18.9 for rural and Rs. 25 for urban areas (1960-61 prices). For the present calculations the Dandekar-Rath norm has been adopted.

**(b) State Specific Poverty Lines.** —In order to convert the all-India rural and urban poverty norms into State-specific poverty norms (at 1960-61 prices) State price indices are needed. For converting the rural all-India norm, the State index of rural consumer prices in 1960-61 prepared by Bardhan<sup>12</sup> on the basis of the study “Between States Variation in Consumer Prices” by Chatterjee and Bhattacharya<sup>13</sup> has been utilised. In this study Chatterjee and Bhattacharya had constructed indices of consumer prices for the rural areas of different States by fractile groups, based on the N.S.S. 18th Round data.

For converting the urban all-India norm, no State relative price index is available. The three-year (1961-63) average of the working-class consumer price index has been utilised.

The State-specific poverty lines are shown in Cols. 2 and 3 in Table.

**(c) Adjusting the State-specific poverty lines to 1970-71 Prices.** —In order to compute rural State poverty lines in the prices of 1970-71 the consumer price index number for agricultural labour (CPIAL) has been utilised.

For the urban lines the consumer price index number for the working class (CPIWC) has been used. Both these official index numbers (Annexure II) have been taken from the monthly publication, Indian Labour Journal, of the Labour Bureau, Ministry of Labour. The CPIWC is not directly available State-wise. The Labour Bureau constructs this index for 50 Centres (Listed in Annexure VI) in different States. In order to compute State-wise CPIWC from the 50 Centres index numbers, a weighting diagram (Annexure-VI) was obtained from the NSSO. This gives the Centre-wise weights in the new series.

State-specific poverty lines in 1970-71 prices are shown in Cols. 4 and 5 of Table 1.

**(d) Augmented Poverty Lines.** —The NSS data only covers household consumer expenditure. In order to get a more inclusive measure of welfare or deprivation an estimate of the benefit of public expenditure has been added to the private consumer expenditure norm for calculating “the augmented poverty line” (Cols. 6 and 7 of Table 1). To the per capita per monthly private consumer expenditure norm is added the per capita monthly public expenditure by each State Government under the following Heads of expenditure in 1970-71:

- (i) Health and Family Planning;
- (ii) Water supply and sanitation;
- (iii) Education;
- (iv) Administration of Police, Jails and Courts;
- (v) Roads; and
- (vi) Social Welfare.

<sup>12</sup> Bardhan, Pranab K., “On the Incidence of Poverty in Rural India in the Sixties” in Poverty and Income Distribution in India (ED.) by Srinivasan T. N. and Bardhan P. K. (1974).

<sup>13</sup> Chatterjee G. S. and Bhattacharya, N., “Between States Variation in Consumer Prices and Per Capita Household Consumption in Rural India” in Poverty and Income Distribution in India (Ed.) by Srinivasan T. N. and Bardhan P. K. (1974).

The data (Annexure III) on public expenditure by each State Government were obtained from the Combined Revenue and Finance Accounts for 1970-71. Since the distribution of this public expenditure as between different expenditure classes is not available, the actual public expenditure per capita monthly was added to the actual private monthly per capita expenditure of each class for each State. To the norm, i.e. the State specific poverty lines, the maximum per capita monthly public expenditure for any State in India in 1970-71 was added. This modified State-specific norm is named the "Augmented Poverty Line".

(e) **Interpolation of the Poverty Ratio.**—Data provided in the NSS report No. 269 on consumer expenditure for 1970-71 (NSS 25th Round — July 1970 to June 1971) have been used for calculating the State-wise rural and urban poverty ratios by the method of linear interpolation.

Thus if:

$Y$  = Cumulative percentage of persons at the cut-off point ( $x$ ) i.e. augmented poverty line;

$y_1$  = cumulative percentage of persons at the lower limit of the expenditure class in which the cut-off point ( $x$ ) falls;

$y_2$  = Cumulative percentage of persons at the upper limit of the expenditure class in which the cut-off point ( $x$ ) falls;

$x$  = Cut-off point i.e. the augmented poverty line;

$x_1$  = Lower limit of the expenditure class in which  $x$  falls; and

$x_2$  = Upper limit of the expenditure class in which  $x$  falls,

then  $Y = y_1 + \frac{y_2 - y_1}{x_2 - x_1} (X - X_1)$

(f) **Poverty Percentage.**—After estimating the State-wise rural and urban poverty ratios with reference to augmented poverty lines, the total number of persons below the augmented poverty line in each State (vide Cols. 10, 11 and 12) were calculated by applying the ratios to the 1971 Census population data (Annexure V). The "Poverty Percentage" (as shown in Col. 14 of Table I) is the percentage of the number of persons below the augmented poverty line in a State to the total number of persons below the augmented poverty line in all States.

(g) Since all the required data for calculating the number of persons below the augmented poverty line were not available for the following States, their poverty ratios were assumed to be the same as for the similarly situated States for which data were available.

States	Assumed Poverty Ratios		
	Rural	Urban	
1. Himachal Pradesh	33.95	22.66	(for Assam)
2. Jammu & Kashmir	33.95	22.66	"
3. Manipur	33.95	22.66	"
4. Meghalaya	33.95	22.66	"
5. Nagaland	33.95	22.66	"
6. Sikkim	33.95	22.66	"
7. Tripura	70.82	36.30	(for West Bengal)

TABLE I

Stepwise Data base for derivation of Poverty Percentage (Statewise) — 1970-71

Sl. No.	States	State Specific Poverty Line				Augmented Poverty Lines (APL) 1970-		Percentage Population below APL 1970-		Number of Persons below APL		Total Number of persons below APL Rural + Urban Col.10+Col.11	Ratio of all persons below APL (%)	Poverty %	rank
		1960-61		1970-71		1970-71		1970-71							
		Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1.	Andhra Pradesh	15.50	22.87	26.51	42.92	30.58	47.09	45.63	57.14	16,016,212	4,801,204	20,817,416	47.85	7.52	7
2.	Assam	16.31	22.63	33.09	40.30	37.26	44.47	33.95	22.66	4,527,548	292,138	4,819,686	32.95	1.74	13
3.	Bihar	15.89	22.93	32.55	42.14	36.72	46.31	64.78	57.53	32,556,029	3,241,221	36,097,250	64.06	13.03	2
4.	Gujarat	16.89	21.87	29.06	39.37	33.23	43.54	44.21	46.61	8,488,751	3,494,119	11,982,870	44.88	4.33	11
5.	Haryana	15.90	22.01	30.85	42.65	35.02	46.82	29.43	45.36	2,432,051	804,214	3,236,265	32.24	1.17	14
6.	Karnataka	15.60	22.64	29.33	41.42	33.50	45.59	48.85	51.29	10,833,425	3,652,921	14,486,346	49.44	5.23	9
7.	Kerala	16.10	22.32	34.45	43.78	38.62	47.95	51.82	64.44	11,053,988	2,233,780	13,287,768	62.25	4.80	10
8.	Madhya Pradesh	14.10	23.22	27.92	43.94	32.09	48.11	56.99	60.15	19,872,043	4,081,037	23,953,080	47.50	8.65	5
9.	Maharashtra	16.01	21.79	30.72	39.71	34.89	43.88	46.67	38.07	16,194,967	5,981,258	22,176,225	43.99	8.01	6
10.	Orissa	14.51	22.09	30.74	41.15	34.19	45.32	69.18	49.20	13,904,640	907,934	14,812,574	67.50	5.35	8
11.	Punjab	15.90	22.27	30.85	42.57	35.02	46.74	17.47	34.94	1,805,504	1,123,733	2,929,237	21.62	1.06	15
12.	Rajasthan	14.70	22.46	25.43	41.83	29.60	46.00	41.84	51.28	8,879,304	2,330,941	11,210,245	43.50	4.05	12
13.	Tamil Nadu	16.40	22.22	28.54	38.05	32.71	42.22	61.32	59.29	17,619,893	7,390,400	25,010,293	60.71	9.03	4
14.	Uttar Pradesh	14.51	22.25	26.54	42.70	30.71	46.87	48.08	64.88	36,472,413	8,037,721	44,510,134	50.38	16.07	1
15.	West Bengal	14.11	22.25	37.29	40.34	41.46	44.51	70.82	36.30	23,614,913	3,981,033	27,595,946	62.28	9.96	3
TOTAL—ALL INDIA		15.00	22.50	28.80	41.40					100.00 (15 States)					
Annexure I		Annexure II		Annexure III		Derived from Annexure iv		Derived from Annexure V				Derived from Annexure V		Derived from	
						Rand IV-U						Col. 12		Col.12	
												of this table		of this table	
												Col. 5 of Annexure V			

## APPENDIX IV.9—Contd.

## ANNEXURE I:

## State Relative Price Indices for Rural and Urban Price levels in 1960-61

S.No.	State	Index of Consumer Price for the rural Poor in each State with all India average Price for the same Group as 100 (1960-61)	State Relative Urban Price index for Industrial Workers with All India Average as 100*
1	Andhra Pradesh	102.4	101.65
2	Assam	108.6	100.58
3	Bihar	105.5	97.93
4	Gujarat	119.9	97.20
5	Haryana	106.0	97.82
6	Karnataka	104.1	100.63
7	Kerala	107.6	99.19
8	Madhya Pradesh	93.8	103.22
9	Maharashtra	106.5	96.84
10	Orissa	96.8	97.78
11	Punjab	106.0	99.07
12	Rajasthan	98.0	99.83
13	Tamil Nadu	109.3	98.76
14	Uttar Pradesh	96.4	99.88
15	West Bengal	120.3	98.91
	ALL INDIA	100.0	100.00

SOURCE: Poverty and Income Distribution in India (Ed)—1974 by T. N. Srinivasan, T. K. Bardhan. Article on "On the incidence of poverty in Rural India in the Sixties" by Pranab K. BARDHAN, Page 277, Table 3, Col. 2.

\*Derived from the Statewise average of Index Numbers for three years 1961-63 as shown in Annexure.

## ANNEXURE II:

## Consumer Price Index Numbers

S.No.	State	CPI of Agricultural Labourer* (Base: 1960-61=100) 1970-71	CPI of Working Classes** (Base 1960=100)				
			1961	1962	1963	Average 1961-63	1971
1	Andhra Pradesh	171	104.54	108.48	113.29	108.77	187.69
2	Assam	203	102.64	106.31	113.91	107.62	178.10
3	Bihar	206	101.76	103.92	108.67	104.78	191.30
4	Gujarat	173	102.00	104.00	105.99	104.00	180.03
5	Haryana	194	102.00	104.00	108.00	104.67	193.00
6	Karnataka	188	104.24	107.52	111.25	107.67	192.94
7	Kerala	214	103.13	106.25	109.00	106.13	196.13
8	Madhya Pradesh	198	106.28	110.98	114.09	110.45	189.23
9	Maharashtra	192	100.91	104.38	105.56	103.62	182.26
10	Orissa	212	98.76	101.29	113.81	104.62	187.05
11	Punjab	194	102.00	106.00	110.00	106.00	191.00
12	Rajasthan	173	105.41	107.82	107.22	106.82	186.22
13	Tamil Nadu	174	103.25	106.55	107.21	105.67	171.26
14	Uttar Pradesh	183	101.71	106.36	109.53	105.80	191.92
15	West Bengal	206	100.82	105.42	112.04	105.83	181.29
	ALL INDIA	192	104.00	107.00	110.00	107.00	184.00

\* SOURCE: Indian Labour Journal, Labour Bureau, Ministry of Labour, Government of India, Aug., 1977 Vol. 18, No. 8, Table B. 1. 2.2.

\*\* Calculated from the Centrewise index numbers given in the above-mentioned reference Table B. 1. 2. and weighting diagram for the Centres obtained from NSS office.

APPENDIX IV.9—Concl'd  
ANNEXURE III

Statewise public Expenditure (Revenue + Capital) on selected items of expenditure—1970-71

Sl. No.	States	Total Education	Total Medical Public* Health & Family Planning	Total social security	Administration of Justice, Jail & Police	Roads	Total Col. 2 to Col. 6	Per Capita Public Expenditure:	
								Annual	Per month
	1	2	3	4	5	6	7	8	9
1	Andhra Pradesh	620,502	308,747	92,051	186,716	89,907	1,297,923	29.84	2.49
2	Assam	251,421	92,512	..	108,051	136,748	588,732	40.26	3.36
3	Bihar	484,781	234,120	42,256	208,370	134,013	1,103,540	19.58	1.63
4	Gujarat	423,634	272,935	..	162,635	203,249	1,062,453	39.80	3.32
5	Haryana	185,314	93,775	..	48,966	102,484	430,539	42.90	3.58
6	Karnataka	537,870	234,825	22,475	119,614	136,394	1,051,178	35.88	2.99
7	Kerala	601,179	222,127	39,226	98,502	94,759	1,055,793	49.46	4.12
8	Madhya Pradesh	494,727	269,656	99,319	194,837	118,672	1,177,211	28.26	2.36
9	Maharashtra	981,089	491,065	..	380,581	134,426	1,987,161	39.42	3.29
10	Orissa	236,433	144,384	..	91,711	62,450	534,978	24.38	2.03
11	Punjab	301,168	123,263	..	100,613	95,811	620,855	45.82	3.82
12	Rajasthan	415,858	272,841	19,703	129,100	68,593	906,095	35.17	2.93
13	Tamil Nadu	725,408	335,103	65,554	205,769	93,001	1,424,835	34.58	2.88
14	Uttar Pradesh	753,696	410,833	..	328,931	222,631	1,716,091	19.43	1.62
15	West Bengal	646,232	308,104	3,205	292,750	104,139	1,354,430	30.57	2.55

\*Including Water Supply and Sanitation.

SOURCE: Combined Revenue and Finance Accounts 1970-71.

NOTE: —Figures in Cols. 2 to 7 in Rs. '000 and in Col. 8 and 9 in Rs. only.

ANNEXURE IV-R

Cumulative Percentage Distribution of Estimated Number of persons by monthly per capita Expenditure Classes in Rural Areas—  
1970-71 (N.S.S. 25th Round)

States	Below											75 and above		
	8	11	13	15	18	21	24	28	34	43	55			75
1. Andhra Pradesh	0.24	0.71	2.64	5.56	12.31	20.21	31.51	45.09	62.11	78.65	89.49	96.8	3.20	100.00
2. Assam	..	0.06	0.09	0.46	1.27	2.97	6.8	15.65	34.26	64.51	87.86	97.76	2.24	100.00
3. Bihar	0.39	2.17	4.52	7.38	14.85	24.14	33.64	45.68	62.81	79.11	90	97.01	2.99	100.00
4. Gujarat	..	0.48	2.73	4.23	7.83	18.07	24.63	37.33	58.95	74.31	85.41	95.08	4.92	100.00
5. Haryana	..	0.17	0.43	0.59	4.56	8.41	15.11	20.65	35.96	54.74	71.51	87.23	13.47	100.00
6. Himachal Pradesh	..	..	..	1.22	1.22	3.87	4.06	10.87	23.73	46.85	70.87	86.53	13.47	100.00
7. Jammu & Kashmir	0.01	0.01	0.02	0.4	1.91	5.21	10.18	19.56	35.92	58.23	79.36	93.22	6.78	100.00
8. Karnataka	0.06	0.89	2.31	5.51	11.25	19.14	29.17	40.88	59.92	75.93	87.59	95.64	4.36	100.00
9. Kerala	0.74	2.66	4.71	8.46	16.46	26.18	36.22	48.72	61	75.79	85.75	94.03	5.97	100.00
10. Madhya Pradesh	0.45	2.38	5.9	10.15	20.41	29.24	40.75	52.86	67.18	79.96	89.01	95.68	4.32	100.00
11. Maharashtra	0.12	0.48	1.51	3.66	8.2	16.72	23.77	36.74	53.29	74.04	89.05	97.15	2.85	100.00
12. Manipur	..	..	..	..	..	..	..	..	..	..	..	..	..	..
13. Meghalaya	..	..	..	..	..	..	..	..	..	..	..	..	..	..
14. Nagaland	..	..	..	..	..	..	..	..	..	..	..	..	..	..
15. Orissa	1.44	5.03	10.03	15.68	25.09	34.8	45.97	57.3	74.43	85.99	92.68	98.28	1.72	100.00
16. Punjab	..	..	0.18	0.29	1.32	3.39	5.57	9.13	24.77	42.77	57.36	80.54	19.46	100.00
17. Rajasthan	0.74	4.06	7.17	11.41	19.33	27.42	35.97	44.76	61	75.56	86.32	94.5	5.5	100.00
18. Sikkim	..	..	..	..	..	..	..	..	..	..	..	..	..	..
19. Tamil Nadu	0.63	2.03	4.65	9.9	18.03	29.46	41.68	56.73	71.78	85	93.24	97.61	2.39	100.00
20. Tripura	..	..	..	..	..	..	..	..	..	..	..	..	..	..
21. Uttar Pradesh	0.12	0.87	2.72	5.52	12.93	22.12	32.35	45.02	61.53	78.34	89.3	96.34	3.66	100.00
22. West Bengal	0.07	1.17	2.72	5.65	13.18	21.81	31.12	43.16	59.87	76.41	87.99	95.82	2.74	100.00
TOTAL—ALL INDIA	0.3	1.50	3.55	6.53	13.18	21.81	31.12	43.16	59.87	76.41	87.99	95.82	4.18	100.00

SOURCE: —N.S.S. 25th Round—July, 1970 to June 1971—Report No. 269.

## APPENDIX IV.9—Concl'd.

## ANNEXURE IV-U

Cumulative Percentage Distribution of Estimated Number of Persons by monthly per capita Expenditure classes in Urban Areas —  
(1970-71) NSS 25th Round

Sl. No.	States	BELOW											75 & above	All classes	
		8	11	13	15	18	21	24	28	34	43	55			75
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Andhra Pradesh	0.20	0.43	1.03	1.53	4.09	7.97	12.44	21.39	35.72	54.68	73.11	87.37	12.63	100.00
2	Assam	0.04	0.04	0.04	0.04	0.08	0.08	0.27	2.24	10.59	26.24	49.77	74.72	25.28	100.00
3	Bihar	0.12	0.44	0.71	1.65	4.36	8.71	13.99	23.71	40.44	55.64	70.63	84.66	15.34	100.00
4	Gujarat	..	0.22	0.22	0.22	0.77	3.22	8.64	16.62	31.12	53.54	74.46	90.78	9.22	100.00
5	Haryana	..	..	..	1.38	3.45	7.60	10.09	19.07	26.88	44.98	63.71	81.76	18.24	100.00
6	Himachal Pradesh	..	..	..	..	..	..	..	..	..	..	..	..	..	..
7	Jammu & Kashmir	..	..	..	..	..	..	..	..	..	..	..	..	..	..
8	Karnataka	..	0.09	0.34	1.39	3.01	6.67	13.80	22.79	38.53	51.88	70.72	86.81	13.19	100.00
9	Kerala	0.23	1.52	3.07	8.51	13.68	19.48	26.13	36.05	50.55	63.56	76.30	86.29	13.71	100.00
10	Madhya Pradesh	0.13	0.61	1.45	2.97	6.60	10.4	16.00	24.30	39.98	58.08	72.27	85.02	14.98	100.00
11	Maharashtra	0.11	0.16	0.29	0.72	1.00	5.44	9.37	16.28	26.81	42.37	57.45	73.60	26.4	100.00
12	Manipur	..	..	..	..	..	..	..	..	..	..	..	..	..	..
13	Meghalaya	..	..	..	..	..	..	..	..	..	..	..	..	..	..
14	Nagaland	..	..	..	..	..	..	..	..	..	..	..	..	..	..
15	Orissa	..	..	0.33	1.29	2.78	6.05	10.17	21.26	33.63	48.70	69.26	82.30	17.7	100.00
16	Punjab	..	..	..	..	0.51	0.81	3.51	7.16	16.07	35.11	53.69	73.20	26.8	100.00
17	Rajasthan	..	0.70	1.69	1.97	4.94	9.38	13.77	22.62	33.81	51.17	70.66	82.65	17.35	100.00
18	Sikkim	..	..	..	..	..	..	..	..	..	..	..	..	..	..
19	Tamil Nadu	0.06	0.22	1.07	2.60	7.17	14.24	22.01	32.92	50.98	64.98	78.31	87.76	12.23	100.00
20	Tripura	..	..	..	..	..	..	..	..	..	..	..	..	..	..
21	Uttar Pradesh	0.06	0.38	1.38	2.82	7.41	13.93	22.18	31.81	45.44	62.23	76.37	88.34	11.66	100.00
22	West Bengal	..	0.27	0.49	1.12	2.44	4.95	7.25	13.73	24.21	39.49	57.30	75.39	24.61	100.00
	TOTAL ALL INDIA	0.07	0.32	0.84	1.86	4.49	8.77	14.12	22.62	36.31	52.60	68.82	83.01	16.99	100.00

SOURCE: NSS 25th Round—July, 1970 to June 1971—Report No. 269.

ANNEXURE V  
Population (1971 Census)

S. No.	States	Rural	Urban	Total (R+U)
	1	2	3	4
1.	Andhra Pradesh	35,100,181	8,402,527	43,502,708
2.	Assam	13,335,930	1,289,222	14,625,152
3.	Bihar	50,719,403	5,633,966	56,353,369
4.	Gujarat	19,200,975	7,496,500	26,697,475
5.	Haryana	8,263,849	1,772,959	10,036,808
6.	Karnataka	22,176,921	7,122,093	29,299,014
7.	Kerala	17,880,926	3,466,449	21,347,375
8.	Madhya Pradesh	34,869,352	6,784,767	41,654,119
9.	Maharashtra	34,701,024	15,711,211	50,412,235
10.	Orissa	20,099,220	1,845,395	21,944,615
11.	Punjab	10,334,881	3,216,179	13,551,060
12.	Rajasthan	21,222,045	4,543,761	25,765,806
13.	Tamil Nadu	28,734,334	12,464,834	41,199,168
14.	Uttar Pradesh	75,952,548	12,388,596	88,341,144
15.	West Bengal	33,344,978	10,967,033	44,312,011

SOURCE: Statistical Abstract, India, 1974.

## APPENDIX IV.9—Concl'd.

## ANNEXURE VI

Percentage Group Weights in the New Series of All-India Consumer Price Index for Industrial Workers (Base: 1960=100) Centre-wise.

States	S. No.	Centre	Percentage Weight						All Groups Combined
			Food	Pan, Supari, Tobacco and Intoxicants	Fuel and Light	Housing	Clothing, Bedding & Footwear	Miscellaneous	
1		2	3	4	5	6	7	8	9
Andhra Pradesh	1.	Gudur	0.23	0.01	0.02	0.01	0.03	0.04	0.34
	2.	Guntur	0.97	0.06	0.08	0.05	0.16	0.16	1.48
	3.	Hyderabad	1.28	0.13	0.11	0.17	0.15	0.33	2.17
Assam	4.	Digboi	1.42	0.12	0.16	0.17	0.19	0.26	2.32
	5.	Doom Dooma	0.85	0.11	0.08	0.06	0.10	0.07	1.27
	6.	Labac	0.65	0.06	0.08	0.05	0.13	0.04	1.01
	7.	Mariani	0.85	0.13	0.09	0.05	0.08	0.06	1.26
Bihar	8.	Rangapara	0.86	0.11	0.05	0.04	0.07	0.08	1.21
	9.	Jamshedpur	1.58	0.10	0.09	0.26	0.27	0.44	2.74
	10.	Jharia	1.26	0.13	0.09	0.13	0.15	0.17	1.93
	11.	Kodarma	0.43	0.03	0.05	0.03	0.05	0.03	0.62
Gujarat	12.	Monghyr	1.53	0.07	0.13	0.13	0.16	0.28	2.30
	13.	Noamundi	0.51	0.05	0.09	0.05	0.07	0.07	0.84
	14.	Ahmedabad	2.49	0.20	0.26	0.21	0.38	0.63	4.17
J. & K.	15.	Bhavnagar	2.61	0.22	0.24	0.24	0.32	0.59	4.22
	16.	Srinagar	0.12	0.00	0.02	0.01	0.01	0.02	0.18
Kerala	17.	Alleppey	0.80	0.05	0.06	0.07	0.07	0.18	1.23
	18.	Alwaye	1.16	0.09	0.09	0.11	0.18	0.39	2.02
	19.	Mundakayam	1.74	0.13	0.14	0.12	0.22	0.38	2.73
M. P.	20.	Balaghat	0.55	0.11	0.06	0.05	0.12	0.08	0.97
	21.	Bhopal	0.61	0.09	0.07	0.09	0.09	0.14	1.09
	22.	Gwalior	0.66	0.04	0.07	0.05	0.16	0.18	1.16
	23.	Indore	0.64	0.07	0.07	0.06	0.12	0.16	1.12
Tamil Nadu	24.	Coimbatore	1.44	0.08	0.16	0.17	0.19	0.39	2.43
	25.	Coonoor	1.06	0.07	0.15	0.09	0.19	0.26	1.82
	26.	Madras	1.58	0.06	0.16	0.22	0.17	0.43	2.62
	27.	Madurai	1.60	0.06	0.16	0.17	0.25	0.48	2.72
Maharashtra	28.	Bombay	4.84	0.41	0.43	0.39	0.80	1.61	8.48
	29.	Nagpur	2.57	0.17	0.25	0.30	0.49	0.71	4.49
	30.	Sholapur	2.04	0.11	0.23	0.16	0.29	0.40	3.23
Karnataka	31.	Ammathi	0.55	0.05	0.06	0.04	0.06	0.09	0.85
	32.	Bangalore	2.47	0.16	0.32	0.37	0.36	0.61	4.29
	33.	Chikmagalur	0.45	0.04	0.05	0.03	0.06	0.08	0.71
	34.	Kolar Gold	0.63	0.04	0.07	0.05	0.11	0.14	1.04
Orissa	35.	Barbil	0.24	0.04	0.03	0.03	0.02	0.03	0.39
	36.	Sambalpur	0.14	0.03	0.02	0.02	0.01	0.02	0.24
Punjab	37.	Amritsar	0.74	0.03	0.07	0.07	0.12	0.25	1.28
Haryana	38.	Yamunanagar	0.70	0.02	0.05	0.09	0.10	0.19	1.15
Rajasthan	39.	Ajmer	0.50	0.04	0.05	0.05	0.11	0.18	0.93
	40.	Jaipur	0.35	0.03	0.04	0.04	0.08	0.10	0.64
U. P.	41.	Kanpur	0.96	0.06	0.10	0.12	0.20	0.32	1.76
	42.	Sharanpur	1.28	0.11	0.11	0.15	0.32	0.41	2.38
	43.	Varanasi	1.30	0.05	0.12	0.14	0.16	0.22	1.99
West Bengal	44.	Asansol	2.40	0.16	0.15	0.25	0.22	0.34	3.52
	45.	Calcutta	3.89	0.35	0.29	0.52	0.38	0.79	6.22
	46.	Darjeeling	0.39	0.02	0.05	0.04	0.05	0.03	0.58
	47.	Howrah	1.83	0.14	0.15	0.25	0.16	0.36	2.89
	48.	Jalpaiguri	1.18	0.14	0.13	0.08	0.10	0.11	1.74
Delhi	49.	Raniganj	1.21	0.17	0.09	0.12	0.09	0.11	1.79
	50.	Delhi	0.78	0.04	0.08	0.09	0.17	0.28	1.44
		All Centres combined	60.92	4.79	5.77	6.26	8.54	13.72	100.00

SOURCE: Labour Bureau.

## APPENDIX V.1

## Statewise Capital Expenditure Provisions allowed for Stamps and Registration and Treasury and Accounts

Stamps and Registration		(Rs. lakhs)
		Capital
<b>BIHAR</b>		
Construction and Expansion of the record rooms		50.00
Total : Bihar		50.00
Treasury & Accounts Administration		
<b>HIMACHAL PRADESH</b>		
Buildings for treasuries/sub-treasuries including the new treasuries to be opened		30.00
Total : Himachal Pradesh		30.00
<b>MADHYA PRADESH</b>		
1. Construction of Pensioners' sheds and Distt. Treasuries		7.00
2. Construction of new buildings for sub-treasuries		9.00
3. Expansion of existing treasury buildings		10.00
Total : Madhya Pradesh		26.00
<b>RAJASTHAN</b>		
Construction of new treasuries/sub-treasuries buildings		100.00
Total : Rajasthan		100.00
<b>TRIPURA</b>		
Construction of new sub-treasury buildings		5.00
Total : Tripura		5.00
<b>UTTAR PRADESH</b>		
Construction of office-buildings for treasuries/sub-treasuries and pension payment offices		375.00
Total : Uttar Pradesh		375.00
Total Treasury & Accounts		536.00
<b>GRAND TOTAL</b>		<b>586.00</b>

## APPENDIX V.2(i)

## Institution, Disposal and Pendency of cases in Lower Criminal Courts during 1-1-1976 to 30-6-1977 (annual average)

States	Institution	Disposal	% age o. Col. 3:2	Pendency		
				Total as on 30-6-77	% age to Institution Col. 5:2	% age to Disposal Col. 5:3
1	2	3	4	5	6	7
1. Andhra Pradesh	409280	389931	95	74815	18	19
2. Assam	104279	87403	84	104220	100	119
3. Bihar	211341	222457	105	472802	224	212
4. Gujarat	1237462	1203824	97	427936	35	36
5. Haryana	48393	38987	81	35295	73	91
6. Himachal Pradesh	16965	17077	101	15755	93	92
7. Jammu & Kashmir	82615	80322	97	55522	67	69
8. Karnataka	307455	296332	96	70626	23	24
9. Kerala	183549	186610	102	56922	31	31
10. Madhya Pradesh	349205	393341	113	254347	73	65
11. Maharashtra	1317331	1286079	98	668488	51	52
12. Manipur	9442	4755	50	21070	223	443
13. Meghalaya	..	..	..	..	..	..
14. Nagaland	..	..	..	..	..	..
15. Orissa	129395	137571	106	138042	107	100
16. Punjab	67036	58075	87	50536	75	87
17. Rajasthan	197683	188829	96	247624	125	131
18. Sikkim	..	..	..	..	..	..
19. Tamil Nadu	1501921	1474077	98	121470	8	8
20. Tripura	16647	17561	105	16788	101	96
21. Uttar Pradesh	854225	785403	92	581009	68	74
22. West Bengal	674879	593764	88	694310	103	117
TOTAL	7719107	7462398	97	4107577	53	55

**APPENDIX V.2(ii)**  
**Institution, Disposal and Pendency of cases in Higher Criminal Courts during 1-1-1976 to 30-6-1977 (annual average)**

States	Institution**	Disposal	Percentage of Col. 3:2	Pendency		
				Total as on 30-6-77	Percentage to Institution Col. 5:2	Percentage to Disposal Col. 5:3
1	2	3	4	5	6	7
1. Andhra Pradesh	7617	7703	101	2150	28	28
2. Assam	2408	1970	82	2831	118	144
3. Bihar	20996	18489	88	31365	149	170
4. Gujarat	5121	5206	102	1484	29	29
5. Haryana	3873	3141	81	2445	63	78
6. Himachal Pradesh	1035	956	92	731	71	76
7. Jammu & Kashmir	1431	1269	88	1144	85	90
8. Karnataka	3534	3654	103	1691	48	46
9. Kerala	4799	4256	89	2040	43	48
10. Madhya Pradesh	17330	17170	99	7511	43	44
11. Maharashtra	13183	12972	98	6148	47	47
12. Manipur	301	350	116	92	31	26
13. Meghalaya	..	..	..	..	..	..
14. Nagaland	..	..	..	..	..	..
15. Orissa	3934	3208	82	3723	95	116
16. Punjab	8247	8452	102	4205	51	50
17. Rajasthan	11440	9666	84	8416	74	87
18. Sikkim	..	..	..	..	..	..
19. Tamil Nadu	9962	9554	96	2453	25	26
20. Tripura	684	766	111	338	49	44
21. Uttar Pradesh	43927	38947	89	42411	97	109
22. West Bengal	7420	6953	94	3806	51	55
TOTAL	167155	154686	93	124984	75	81

\*\* Total consists of original cases, Revision, appeal.

**APPENDIX V.2(iii)**  
**Institution, Disposal and Pendency of cases in Lower Civil Courts during 1-1-1976 to 30-6-1977 (annual average)**

States	Institution	Disposal	Percentage of Col. 3:2	Pendency		
				Total as on 30-6-77	Percentage to Institution Col. 5:2	Percentage to Disposal Col. 5:3
1	2	3	4	5	6	7
1. Andhra Pradesh	517649	502139	97	215092	42	43
2. Assam	13434	13646	102	14552	108	107
3. Bihar	77365	92996	120	148552	192	160
4. Gujarat	93682	87232	93	127465	136	146
5. Haryana	33675	33443	99	25482	76	76
6. Himachal Pradesh	11105	11663	105	16604	150	142
7. Jammu & Kashmir	..	..	..	..	..	..
8. Karnataka	73738	53729	73	185387	251	345
9. Kerala	167637	167940	100	87523	52	52
10. Madhya Pradesh	87727	85983	98	102921	117	120
11. Maharashtra	195786	179063	91	359713	184	201
12. Manipur	847	748	88	525	62	70
13. Meghalaya	..	..	..	..	..	..
14. Nagaland	..	..	..	..	..	..
15. Orissa	25306	25320	100	22602	89	89
16. Punjab	70805	62686	89	54443	77	87
17. Rajasthan	42232	40640	96	72683	172	179
18. Sikkim	..	..	..	..	..	..
19. Tamil Nadu	384210	384249	100	180775	47	47
20. Tripura	1893	1298	69	3175	168	245
21. Uttar Pradesh	241230	242279	100	219404	91	91
22. West Bengal	93014	81142	87	188962	203	233
TOTAL	2131343	2066196	97	2025865	95	98

## APPENDIX V.2(iv)

## Institution, Disposal and Pendency of cases in Higher Civil Courts during 1-1-76 to 30-6-77 (annual average)

States	Institution	Disposal	Percentage of Col. 3:2	Pendency		
				Total as on 30-6-77	Percentage to Institution Col. 5:2	Percentage to Disposal Col. 5.3
1	2	3	4	5	6	7
1. Andhra Pradesh	12158	10563	87	13730	113	130
2. Assam	1515	1394	92	1900	126	137
3. Bihar	10979	12572	115	13840	126	110
4. Gujarat	5166	4958	96	6963	135	140
5. Harayana	5757	4932	86	5697	99	116
6. Himachal Pradesh	1457	1225	84	1665	114	136
7. Jammu & Kashmir	..	..	..	..	..	..
8. Karnataka	9943	10916	110	15230	153	140
9. Kerala	12670	13870	109	12869	102	93
10. Madhya Pradesh	13695	12935	94	13229	97	102
11. Maharashtra	11438	11613	102	20098	176	173
12. Manipur	63	84	133	38	60	45
13. Meghalaya	..	..	..	..	..	..
14. Nagaland	..	..	..	..	..	..
15. Orissa	3124	2997	90	2986	96	107
16. Punjab	9153	9656	105	8090	88	84
17. Rajasthan	7025	6379	91	8070	115	127
18. Sikkim	..	..	..	..	..	..
19. Tamil Nadu	18669	15528	83	16061	86	103
20. Tripura	191	264	138	252	132	95
21. Uttar Pradesh	64516	58889	91	36070	56	61
22. West Bengal	12436	12805	103	8909	72	70
TOTAL	199955	191380	96	185705	93	97

## APPENDIX V.3

## Norms of provisions per court

		Rs.
1.	Appellate/Sessions Court	
	(a) 1 Presiding Officer, 1 Stenotypist, 4 Clerks and 3 peons/bailiff (annual cost)	66000
	(b) Library (annually)	3000
	(c) Stationery and other office expenses @ 5% of (a)	3300
	TOTAL	72300
	or say	72000
2.	Magisterial/original Courts	
	(a) 1 Presiding Officer, 3 Clerks and 3 peons/bailiff (annual cost)	37000
	(b) Library (annually)	1000
	(c) Stationery and other office expenses @ 5% of (a)	1850
	TOTAL	39850
	or say	40000
3.	Growth rate of 5% per annum on revenue expenditure.	
4.	Rs. 30000 per court, as non-recurring cost at the time of setting up of a new court, including Rs. 5000 for the courts' library.	

## APPENDIX V.4

## Area and cost of construction Norms adopted for providing Judicial administration buildings

Item	Area norm (sq. ft.)	Cost of construction (Rs. lakhs)
1	2	3
1. Higher Courts	2500	1.25
2. In case of new Judgeships (inclusive of lock-up/Bar/library, etc.)	1000	2.00
3. Lower Court	1800	0.90
4. Lock-up	300	0.12
5. Bar/Library		
(a) District courts	1500	0.60
(b) Outlying area	500	0.20
6. Waiting hall/litigants shed/toilets	625	0.25
7. Residential building for higher officers	..	0.80
8. Residential building for lower courts officers	..	0.50

**APPENDIX V.5**  
**Statewise upgradation provisions for judicial administration during 1979—84**

(Rs. lakhs)

States	Items	Revenue Expenditure	Capital Expenditure	Total
1	2	3	4	5
1. Andhra Pradesh	1. Addl. Courts (a) Higher Courts 4 (b) Lower Courts 15	54.77	..	54.77
	2. Court Buildings	..	18.50	18.50
	3. Residential accommodation	..	10.70	10.70
	TOTAL	54.77	29.20	83.97
2. Assam	1. Addl. Courts (a) Higher courts 2 (b) Lower courts 40	108.96	..	108.96
	2. Court buildings	..	38.50	38.50
	3. Residential accommodation	..	21.60	21.60
	TOTAL	108.96	60.10	169.06
3. Bihar	1. Additional Courts (a) Higher Courts 34 (b) Lower Courts 99	373.43	..	373.43
	2. Court buildings	..	131.60	131.60
	3. Residential accommodation	..	76.70	76.70
	TOTAL	373.43	208.30	581.73
4. Gujarat		..	..	..
5. Haryana		..	..	..
6. Himachal Pradesh	1. Addl. Courts (a) Higher courts - (b) Lower courts 2	5.02	..	5.02
	2. Court Buildings	..	1.80	1.80
	3. Residential accommodation	..	1.00	1.00
	TOTAL	5.02	2.80	7.82
7. Jammu & Kashmir	1. Addl. Courts (a) Higher courts 2 (b) Lower courts -	5.02	..	5.02
	2. Court Buildings	..	1.80	1.80
	3. Residential Buildings	..	1.00	1.00
	TOTAL	5.02	2.80	7.82
8. Karnataka		..	..	..
9. Kerala	1. Addl. Courts (a) Higher Courts 2 (b) Lower Courts —	8.56	..	8.56
	2. Court buildings	..	2.50	2.50
	3. Residential accommodation	..	1.60	1.60
	TOTAL	8.56	4.10	12.66
10. Madhya Pradesh	1. Addl. Courts (a) Higher Courts 3 (b) Lower Courts 4	22.88	..	22.88
	2. Court Buildings	..	8.55	8.55
	3. Residential buildings	..	4.40	4.40
	TOTAL	22.88	12.95	35.83
11. Maharashtra		..	..	..

## APPENDIX V.5—Concl'd.

Statewise upgradation provisions for judicial administration during 1979—84

(Rs. lakhs)

States	Items	Revenue Expenditure	Capital Expenditure	Total
1	2	3	4	5
12. Manipur	1. Addl. Courts: (a) Higher Courts — (b) Lower Courts 7	17.57	..	17.57
	2. Court Buildings	..	6.30	6.30
	3. Residential accommodation	..	3.50	3.50
	TOTAL	17.57	9.80	27.37
13. Meghalaya		..	..	..
14. Nagaland	Court buildings for 700 village courts @ Rs. 10000/- each	..	70.00	70.00
	TOTAL	..	70.00	70.00
15. Orissa	1. Addl. Courts: (a) Higher Courts 9 (b) Lower Courts 12	68.64	..	68.64
	2. Court buildings	..	22.05	22.05
	3. Residential accommodation	..	13.20	13.20
	TOTAL	68.64	35.25	103.89
16. Punjab		..	..	..
17. Rajasthan	1. Addl. Courts: (a) Higher Courts 9 (b) Lower Courts 39	136.41	..	136.41
	2. Court Buildings	..	46.35	46.35
	3. Residential accommodation	..	26.70	26.70
	TOTAL	136.41	73.05	209.46
18. Sikkim		..	..	..
19. Tamil Nadu	1. Addl. Courts: (a) Higher Courts — (b) Lower Courts 4	10.04	..	10.04
	2. Court buildings	..	3.60	3.60
	3. Residential accommodation	..	2.00	2.00
	TOTAL	10.04	5.60	15.64
20. Tripura	1. Addl. Courts: (a) Higher Courts 7 (b) Lower Courts 5	42.51	..	42.51
	2. Court buildings	..	13.25	13.25
	3. Residential accommodation	..	8.10	8.10
	TOTAL	42.51	21.35	63.86
21. Uttar Pradesh	1. Addl. Courts: (a) Higher Courts 48 (b) Lower Courts 84	374.58	..	374.58
	2. Court buildings	..	136.80	136.80
	3. Residential accommodation	..	80.40	80.40
	TOTAL	374.58	217.20	591.78
22. West Bengal	1. Addl. Courts: (a) Higher Courts 10 (b) Lower Courts 97	262.26	..	262.26
	2. Court buildings	..	99.80	99.80
	3. Residential accommodation	..	56.50	56.50
	TOTAL	262.26	156.30	418.56
	GRAND TOTAL	1490.65	908.80	2399.45

## APPENDIX V.6

Comparative costs of Revenue (Head of Account 229), Field (Heads of Account 229 plus 253) and General Administration (Heads of Account 229, 252, 253, 276, 296) (a) per capita (on 1-3-1976 population) as projected by Registrar General, (b) per hectare net sown area, (c) per district, (d) per square km. (1976-77 Finance Accounts) - (In Rs.)

States	(a) Per capita			(b) Per hectare	
	Revenue	Field (Revenue District) Administration	General Administration (field + Sectt. services)	Field Adm. Expenditure	General Administration
1	2	3	4	5	6
<b>I. Larger States</b>					
1. Andhra Pradesh	0.62	4.28	6.14	17.97	21.55
2. Assam	1.42	2.26	3.37	16.08	23.99
3. Bihar	1.13	1.95	2.57	14.83	19.53
4. Gujarat	0.71	2.16	3.31	8.29	12.68
5. Haryana	1.53	2.98	4.57	9.66	14.83
6. Karnataka	2.08	3.53	4.30	11.29	13.78
7. Kerala	1.92	3.00	4.27	32.84	46.78
8. Madhya Pradesh	1.91	3.53	3.97	9.28	10.46
9. Maharashtra	1.15	4.02	5.27	12.53	16.40
10. Orissa	2.32	3.68	5.41	16.07	23.61
11. Punjab	1.66	3.53	5.10	12.93	18.67
12. Rajasthan	2.29	3.87	4.62	8.38	10.02
13. Tamil Nadu	0.88	4.21	5.24	34.07	42.37
14. Uttar Pradesh	2.06	2.99	3.62	17.17	20.76
15. West Bengal	2.14	2.91	3.84	23.30	30.69
<b>II. Other States</b>					
1. Himachal Pradesh	3.52	7.28	10.50	52.39	75.55
2. Jammu & Kashmir	2.40	3.88	6.16	30.52	48.40
3. Manipur	1.62	4.47	8.33	41.43	77.14
4. Meghalaya	0.59	2.69	8.99	19.51	65.24
5. Nagaland	3.65	31.59	51.43	177.08	289.29
6. Sikkim	2.52	2.52	13.87	..	..
7. Tripura	3.53	6.57	9.24	51.25	72.08

## APPENDIX V.6—Contd.

States	(c) Per district (in Rs. lakhs)						
	District			Expenditure on revenue admn. per district	Expenditure on District Admn. per district	Expenditure on field admn. per district	Expenditure on Gen. Admn. per district
	(a) No.	(b) Average area ('000 sq. km.)	(c) Population (in lakhs)				
1	7	8	9	10	11	12	13
<b>I. Larger States</b>							
1. Andhra Pradesh	21	13.2	20.7	14.33	84.00	98.33	117.95
2. Assam	10	7.9	14.6	25.60	15.30	40.90	61.00
3. Bihar	31	5.6	18.2	23.10	16.81	39.91	52.58
4. Gujarat	19	10.3	14.1	11.37	23.26	34.63	53.00
5. Haryana	11	4.0	9.1	15.91	15.00	30.91	47.45
6. Karnataka	19	10.1	15.4	36.11	25.16	61.27	74.74
7. Kerala	11	3.5	19.4	42.18	23.73	65.91	93.91
8. Madhya Pradesh	46	9.6	9.1	20.24	17.13	37.37	42.09
9. Maharashtra	26	11.8	19.4	25.08	62.69	87.77	114.85
10. Orissa	13	12.0	16.9	44.54	26.15	70.69	103.85
11. Punjab	12	4.2	11.3	20.67	23.42	44.09	63.67
12. Rajasthan	26	13.2	9.9	26.62	18.38	45.00	53.77
13. Tamil Nadu	15	8.7	27.5	26.20	99.93	126.13	156.87
14. Uttar Pradesh	54	5.5	16.4	37.54	17.02	54.56	65.96
15. West Bengal	16	5.5	27.7	68.69	24.81	93.50	123.13
TOTAL—I	330	..	..	28.59	30.65	59.24	75.81
<b>II. Other States</b>							
1. Himachal Pradesh	12	4.6	2.9	11.50	12.25	23.75	34.25
2. Jammu and Kashmir	10	13.8	4.6	13.00	8.00	21.00	33.30
3. Manipur	5	4.5	2.1	4.20	7.40	11.60	21.60
4. Meghalaya	4	5.6	2.5	1.75	6.25	8.00	26.75
5. Nagaland	3	5.5	1.7	7.67	58.67	66.33	108.00
6. Sikkim	4	1.8	0.5	1.50	..	1.50	8.25
7. Tripura	3	3.5	5.2	22.00	19.00	41.00	57.67
TOTAL—II	41	..	..	9.54	12.73	22.27	36.32
GRAND TOTAL	371	..	..	26.49	28.67	55.16	71.45

## APPENDIX V.6—Contd.

States		(d) Per Sq. Km.				
		Area total '000 Sq. Kms.	Expenditure Per Sq. Km. on revenue Admn.	Per Sq. Km. Expenditure on District Admn. (Rs.)	Per Sq. Km. Expenditure on Field Admn. (Rs.)	Per Sq. Km. Expenditure in Gen. Admn. (Rs.)
1		14	15	16	17	18
<b>I. Larger States</b>						
1.	Andhra Pradesh	277	109	637	746	894
2.	Assam	79	324	194	518	772
3.	Bihar	174	411	299	710	937
4.	Gujarat	196	110	226	336	514
5.	Haryana	44	397	375	772	1186
6.	Karnataka	192	357	249	606	740
7.	Kerala	39	1190	669	1859	2640
8.	Madhya Pradesh	443	210	178	388	437
9.	Maharashtra	308	212	529	741	969
10.	Orissa	156	371	218	589	865
11.	Punjab	50	496	562	1058	1528
12.	Rajasthan	342	202	140	342	409
13.	Tamil Nadu	130	302	1153	1455	1810
14.	Uttar Pradesh	294	689	313	1002	1212
15.	West Bengal	88	1249	451	1700	2239
<b>TOTAL — I</b>		<b>2812</b>	<b>336</b>	<b>360</b>	<b>695</b>	<b>890</b>
<b>II. Other States</b>						
1.	Himachal Pradesh	56	246	263	509	734
2.	Jammu & Kashmir	222	59	36	95	150
3.	Manipur	22	96	168	264	491
4.	Meghalaya	22	32	114	146	485
5.	Nagaland	17	135	1035	1170	1906
6.	Sikkim	N.A.	..	..	..	..
7.	Tripura	10	660	570	1230	1730
<b>TOTAL — II</b>		<b>349</b>	<b>112</b>	<b>150</b>	<b>262</b>	<b>427</b>
<b>GRAND TOTAL</b>		<b>3161</b>	<b>311</b>	<b>337</b>	<b>647</b>	<b>339</b>

## APPENDIX V.7

## Statewise provisions for upgradation of Revenue, District, and tribal administration during 1979-84

(Rs. Lakhs)

Sl. No.	States	Items	Revenue	Capital	Total
1	2	3	4	5	6
1.	Andhra Pradesh	1. For construction of administrative buildings/staff quarters in 54 Talukas added recently	..	250	250
		2. <i>In Tribal areas</i> —			
		(a) Compensatory allowance	165	..	165
		(b) Residential buildings	..	56	56
		Total Andhra Pradesh	165	306	471
2.	Assam	1. For addition of 2 districts and 5 Sub Divisions	..	470	470
		2. <i>In Tribal areas</i> —			
		(a) Compensatory allowance	146	..	146
		(b) Residential buildings	..	152	152
		Total Assam	146	622	768
3.	Bihar	1. For providing vehicles to all Anchal Adhikari (but without provision for drivers and maintenance cost)	263	..	263
		2. Construction of buildings in Divisions/Districts/Sub divisions created since 1972	..	1000	1000
		3. <i>In Tribal areas</i> —			
		(a) Compensatory allowance	621	..	621
		(b) Residential buildings	..	112	112
		Total Bihar	884	1112	1996
4.	Gujarat		..	..	..
5.	Haryana		..	..	..
6.	Himachal Pradesh	1. Setting up of Sub record offices and sub copying agencies.	40	..	40
		<i>In Tribal areas</i> —			
		(a) Compensatory allowance	20	..	20
		(b) Residential accommodation	..	24	24
		Total Himachal Pradesh	60	24	84
7.	Jammu & Kashmir	1. Agrarian Reforms organisations	50	..	50
		2. Construction of office-cum-residence complexes in block centres and in focal points (excluding District headquarters.)	..	200	200
		Total Jammu & Kashmir	50	200	250
8.	Karnataka		..	..	..
9.	Kerala	<i>In Tribal areas</i> —			
		(a) Compensatory allowance	20	..	20
		(b) Residential Buildings	..	40	40
		Total Kerala	20	40	60
10.	Madhya Pradesh	1. Delimitation of Tehsil and Sub-divisions	40	260	300
		2. Construction of Collectorate buildings at Raisen, Shajapur & Datia and Tehsil buildings in Bagli, Kukhsi, and Jatara	..	84	84
		3. Recurring and Non-recurring costs in connection with new sub-divisions/tehsils	60	..	60
		4. <i>In Tribal areas</i> —			
		(a) Compensatory allowance	1056	..	1056
		(b) Residential buildings	..	336	336
		Total Madhya Pradesh	1156	680	1836

## APPENDIX V.7—Contd.

Sl. No.	States	Items	Revenue	Capital	Total
11.	Maharashtra		..	..	..
12.	Manipur	1. For construction of residential and non-residential buildings in 5 Hill districts	..	500	500
		2. <i>In Tribal areas</i> —			
		(a) Compensatory allowance	74	..	74
		(b) Residential buildings	..	40	40
		Total Manipur	74	540	614
13.	Meghalaya	Construction of buildings in places other than the State Capital	..	150	150
14.	Nagaland	1. Addition of 4 new sub-divisions	50	..	50
		2. Construction of buildings in 4 new sub-divisions	..	24	24
		Total Nagaland	50	24	74
15.	Orissa	1. Provision of 250 Revenue Inspectors	150	..	150
		2. Reorganisation of Districts & sub-divisions	40	260	300
		3. <i>In Tribal areas</i> —			
		(a) Compensatory allowance	603	..	603
		(b) Residential buildings	..	184	184
		Total Orissa	793	444	1237
16.	Punjab		..	..	..
17.	Rajasthan	1. Creation of additional tehsils	50	..	50
		2. Construction of administrative and residential buildings in new tehsils	..	350	350
		3. <i>In Tribal areas</i> —			
		(a) Compensatory allowance	150	..	150
		(b) Residential buildings	..	40	40
		Total Rajasthan	200	390	590
18.	Sikkim		..	..	..
19.	Tamil Nadu	<i>In Tribal areas</i> —			
		(a) Compensatory allowance	22	..	22
		(b) Residential buildings	..	72	72
		Total Tamil Nadu	22	72	94
20.	Tripura	<i>In Tribal areas</i> —			
		(a) Compensatory allowance	95	..	95
		(b) Residential buildings	..	24	24
		Total Tripura	95	24	119
21.	Uttar Pradesh	1. Completion of decentralisation of administration in 147 sub-divisions— costs of administrative & residential buildings.	..	2000	2000
		2. Recurring and non-recurring expenditure relating to above	150	..	150
		3. <i>In Tribal areas</i> —			
		(a) Compensatory allowance	1	..	1
		(b) Residential buildings	..	16	16
		Total Uttar Pradesh	151	2016	2167
22.	West Bengal	<i>In Tribal areas</i> —			
		(a) Compensatory allowance	98	..	98
		(b) Residential buildings	..	96	96
		Total West Bengal	98	96	194
<b>GRAND TOTAL</b>			3964	6740	10704

## APPENDIX V.8(i)

## Number of Police Stations and population per Police Station in Metropolitan, Urban, Semi Urban and Rural Areas.

Sl. No.	States	Metropolitan Areas		Urban Areas		Semi Urban Areas		Rural Areas	
		No. of Police Station	Population	No. of Police Station	Population	No. of Police Station	Population	No. of Police Station	Population
	1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh	41	43876	97	80194	72	83166	660	86137
2.	Assam	..	..	49*	214155	22	NA.	55	NA
3.	Bihar	679*	..	122	385700	73	80000	484	71000
4.	Gujarat	17	102000	24	75000	169	23000	155	124000
5.	Haryana	118*	..	16	91020	..	..	96	107894
6.	Himachal Pradesh	..	..	..	..	20	77711	44	43323
7.	Jammu & Kashmir	..	..	..	..	..	..	..	..
8.	Karnataka	39	47840	48	37783	..	..	565	52040
9.	Kerala	..	..	87	154880	34	72358	172	70897
10.	Madhya Pradesh	13	49334	58	43854	227	22606 Urban pop. only	574	69472
11.	Maharashtra	69	346634	234	162050	133	72854	230	57857
12.	Manipur	..	..	3	..	41	24381	..	..
13.	Meghalaya	..	..	3	60755	..	..	14	55273
14.	Nagaland	..	..	..	..	..	..	17	30400
15.	Orissa	319	68882	8	82680	78	87673	233	62118
16.	Punjab	..	..	50	110000	40	75000	101	50000
17.	Rajasthan	563	48071	89	119255	144	55537	303	37393
18.	Sikkim	..	..	1	60000	11	20000	..	..
19.	Tamil Nadu	74	52000	94	..	78	47566	557	45435
20.	Tripura	..	..	2	53199	9	80000	approx. 21	35452
21.	Uttar Pradesh	..	..	..	..	..	..	..	..
22.	West Bengal	32	187500	70	204942	86	166244	179	136043

\*Assam - including 10 GRP

Source: Information received from State Governments

\*Bihar - including 40 GRP

\*Haryana - including 6 GRP

## APPENDIX V.8(ii)

## Basic crime statistics and trends (1974, 1975, 1976)

	States	Cognisable Crime 1974		Cognisable Crime 1975		Cognisable Crime 1976	
		Total number of fresh reports	Crime per lakh of population	Total number of fresh reports	Crime per lakh of population	Total number of fresh reports	Crime per lakh of population
	1	2	3	4	5	6	7
1.	Andhra Pradesh (1-4-76)	55601	121	57105	123	445033	94
2.	Assam (1-4-77)	36238	221	36077	212	37989\$	217
3.	Bihar (June, 78)	101100	169	99135	163	99353	160
4.	Gujarat (1-4-78)	55829	196	54872	189	55761	187
5.	Haryana (1-4-77)	10194	95	9596	88	9875	88
6.	Himachal Pradesh	3783	102	3450	91	5733	151
7.	J. & K. (77-78)	8693	174	10419	204	18423	348
8.	Karnataka (1977)	49023	158	49491	156	49684	153
9.	Kerala (1-4-1977)	43124	189	36022	155	31650	134
10.	M. P. (Dec. 1977)	127302	281	121211	274	117619	247
11.	Maharashtra expansion (75-77)	144432	270	141980	260	133386	239
12.	Manipur	2820	256	3102	259	2957	227
13.	Meghalaya	1566	142	1619	147	2186	182
14.	Nagaland	1088	181	910	152	@1314	219
15.	Orissa	32207	138	34511	144	37104	152
16.	Punjab	12878	91	12360	85	15335	104
17.	Rajasthan	51102	183	50984	178	50842	172
18.	Sikkim	N.A.	..	336	168	378	171
19.	Tamil Nadu	79862	186	74909	172	75841	171
20.	Tripura	2373	140	2026	113	N.A.	..
21.	Uttar Pradesh	244284	262	230901	243	198890	206
22.	West Bengal	86600	181	86514	177	86450	172
	<b>TOTAL</b>	<b>1150099</b>	<b>199</b>	<b>1123530</b>	<b>191</b>	<b>1075098</b>	<b>179</b>

Source: Bureau of Police Research and Development (Annual Crime Report 1974,1975 and Quarterly Reports for 1960).

\$Based on the average of I &amp; II Quarter of 1975.

@Based on the average of I, II &amp; III Quarter of 1975.

**APPENDIX V.8(iii)**  
**Strength of civil police, district armed reserve, armed police and home guards**

	States	Total	Civil	Distt. Armed Reserve	SPL/Reserved/MIL Police	Home Guards	
						Permanent Staff	Volunteers
	1	2	3	4	5	6	7
1.	Andhra Pradesh (1-4-76)	47017	29234	11021	6762	6086	39625
2.	Assam (1-4-77)	31406	15020	N.A.	16386	463	N.A.
3.	Bihar (June '78)	57164*	27835	16357	12636	1249	71180WF 10023
4.	Gujarat (1-4-78)	43594	35042	included in civil	8552	24981 (Combined)	
5.	Haryana (1-4-77)	16280	10755	included in civil	5525	476	10445
6.	Himachal Pradesh	7401	5162	2239@	..	203	6017
7.	Jammu & Kashmir (77-78)	13514	10736	included in civil?	2778	1777	..
8.	Karnataka (1977)	36148	24512	8733	2903	N.A.	..
9.	Kerala (1-4-77)	24522*	13077	6051	4156	N.A.	..
10.	Madhya Pradesh (Dec. '77)	56943+	37605	included in civil	17436\$	762	17000
11.	Maharashtra (M)	84506	49487	24195	10824	N.A.	46455
12.	Manipur	6258	2854	included in armed	3404	182	..
13.	Meghalaya	4566	2129	included in armed	2437	97	..
14.	Nagaland	8258	2890	..	5368 Village Guards	3500	N.A.
15.	Orissa (1-4-77)	27652	14712	5663	7277	N.A.	11634
16.	Punjab (1-4-77)	26662	16214	4593	5855	1378	31006
17.	Rajasthan (1-4-77)	43228	27781	8484	6963	760	14100
18.	Sikkim (1978)	1456	1047	included in civil	409	672	N.A.
19.	Tamil Nadu (1-4-77)	49272	31531	13110	4631	N.A.	24347
20.	Tripura (1-4-78)	5515	2727	1080	1708	25	..
21.	Uttar Pradesh (Dec. 77)	111648	67266	included in armed	44382\$	4021	123207
						45577 Village chowkidar	
22.	West Bengal (1977)	72225	45510	included in civil	26715	3400	..
	<b>ALL STATES</b>	<b>775235</b>	<b>473056</b>	<b>101526</b>	<b>197107</b>	<b>96506</b>	<b>405669</b>

\*Bihar—including prosecution 336  
Kerala—including Ministerial 1308  
M.P.—including Ministerial 1902  
\*\*WF—Women Force  
@ No regular distribution

\$ M.P.—excluding India Res. 2920  
U.P.—excluding Border Police 1905  
SOURCE: Information received from State Governments.

**APPENDIX V.8(iv)**  
**Population per Policeman (1976) and Population per Policeman adjusted for Crime rates**

Sl. No.	States	Population as on 1-3-76 (00)	Police Force		Actual Population per Policeman		Population per Policeman adjusted for crime rates	
			Civil	Civil & DAR*	Civil	Civil & DAR*	Civil	Civil & DAR*
	1	2	3(a)	3(b)	4(a)	4(b)	5(a)	5(b)
1.	Andhra Pradesh	474351	29234	40255	1623	1178	860	624
2.	Assam	175257	15020	15020	1167	1167	1412	1412
3.	Bihar	621673	27835	44192	2233	1407	1987	1252
4.	Gujarat	297612	35042	35042	849	849	883	883
5.	Haryana	111726	10755	10755	1039	1039	509	509
6.	Himachal Pradesh	38378	5162	7401	743	519	624	436
7.	Jammu & Kashmir	52708	10736	10736	491	491	953	953
8.	Karnataka	323712	24512	33245	1321	974	1123	828
9.	Kerala	237309	13007	19058	1824	1245	1368	934
10.	Madhya Pradesh	475922	37605	37605	1266	1266	1747	1747
11.	Maharashtra	556595	49487	73682	1125	755	1508	1012
12.	Manipur	12574	2854	2854	441	441	560	560
13.	Meghalaya	11578	2129	2129	544	544	555	555
14.	Nagaland	6098	2890	2890	211	211	257	257
15.	Orissa	244529	14712	20375	1662	1200	1413	1020
16.	Punjab	147194	16214	20807	908	707	527	410
17.	Rajasthan	294900	27781	36265	1062	813	1020	780
18.	Sikkim	2332	1047	1047	223	223	237	237
19.	Tamil Nadu	442703	31531	44641	1404	992	1348	952
20.	Tripura	18158	2727	3807	666	477	N.A.	N.A.
21.	Uttar Pradesh	966291	67266	67266	1437	1437	1653	1653
22.	West Bengal	501892	45510	45510	1103	1103	1069	1069
	<b>TOTAL</b>	<b>6013492</b>	<b>473056</b>	<b>574582</b>	<b>1271</b>	<b>1047</b>	<b>..</b>	<b>..</b>

Notes for Appendix V.8(iv):

- SOURCE: Col. 2 from Registrar General's figures as on 1-3-76.
- \*DAR=District Armed Reserve.

**APPENDIX V.8(v)**  
**No. of Policemen per 1000 I.P.C. Crimes (1976)**

Sl. No.	States	Police force		Total cognisable crime (fresh reports during year)	No. of Policemen per 1000 crimes		Percentage of cases pending investigation	Percentage conviction Total decisions by courts
		Civil	Civil + DAR**		Civil	Civil + DAR**		
	(1)	2(a)	2(b)	(3)	4(a)	4(b)	(5)	(6)
1.	Andhra Pradesh	29234	40255	44503	657	904	15	79
2.	Assam	15020	15020	37989*	395	395	73	34
3.	Bihar	27835	44192	99353	280	445	57	45
4.	Gujarat	35042	35042	55761	628	628	16	57
5.	Haryana	10755	10755	9875	1089	1089	36	62
6.	Himachal Pradesh	5162	7401	5733	900	1291	50	64
7.	Jammu & Kashmir	10736	10736	18423	583	583	73	38
8.	Karnataka	24512	33245	49684	493	669	22	61
9.	Kerala	13007	19058	31650	411	602	21	34
10.	Madhya Pradesh	37605	37605	117619	320	320	8	69
11.	Maharashtra	49487	73682	133386	371	552	24	27
12.	Manipur	2854	2854	2957	965	965	152	49
13.	Meghalaya	2129	2129	2186	973	973	34	87
14.	Nagaland	2890	2890	1314@	2199	2199	105	43
15.	Orissa	14712	20375	37104	397	549	50	43
16.	Punjab	16214	20807	15335	1057	1357	43	54
17.	Rajasthan	27781	36265	50842	546	713	14	43
18.	Sikkim	1047	1047	378	2770	2770	N.A.	N.A.
19.	Tamil Nadu	31531	44641	75666	417	590	15	82
20.	Tripura	2727	3807	N.A.	..	..	49	46
21.	Uttar Pradesh	67266	67266	198890	338	338	20	55
22.	West Bengal	45510	45510	86450	525	525	48	47
	<b>TOTAL</b>	<b>473056</b>	<b>574582</b>	<b>1075098</b>	<b>440</b>	<b>534</b>	<b>27</b>	<b>63</b>

SOURCE: Col. 3—Crime Report 1975.

Cols. 5 & 6 Material received from Bureau of Police Research and Development, M.H.A.

\*\*DAR = District Armed Reserves.

Based on the average of I. & II. Quarters of 1975.

@Based on the average of I, II & III Quarters of 1975.

**APPENDIX V.9(i)**  
**Amount invested in police housing during 1956-57 to 1977-78**

(Rs. lakhs)

Sl. No.	States	Central Assistance	State's Own Resources	Total	Percentage distribution of total investment
	1	2	3	4	5
1.	Andhra Pradesh	635.00	623.44	1258.44	7.87
2.	Assam	266.14	391.09	657.23	4.11
3.	Bihar	366.44	376.43	742.87	4.64
4.	Gujarat	323.52	809.26	1132.78	7.08
5.	Haryana (67-68 to 77-78)	89.50	108.78	198.28	1.24
6.	Himachal Pradesh (71-72 to 77-78)	72.60	49.43	122.12	0.76
7.	Jammu & Kashmir	278.91	N.A.	278.91	1.74
8.	Karnataka	406.67	796.97	1203.64	7.53
9.	Kerala	354.81	383.40	738.21	4.62
10.	Madhya Pradesh	520.58	128.06	648.64	4.06
11.	Maharashtra	634.55	1833.64	2467.99	15.43
12.	Manipur (71-72 to 77-78)	19.80	50.48	70.28	0.44
13.	Meghalaya (72-73 to 77-78)	39.88	12.76	52.64	0.33
14.	Nagaland (69-70 to 77-78)	27.61	177.14	204.75	1.28
15.	Orissa	371.00	177.00	548.00	3.43
16.	Punjab	253.18	264.94	518.12	3.24
17.	Rajasthan	405.28	15.00	420.28	2.63
18.	Sikkim	14.31	N.A.	14.31	0.09
19.	Tamil Nadu	536.66	506.80	1043.46	6.52
20.	Tripura	39.33	16.91	56.24	0.35
21.	Uttar Pradesh	680.00	1566.50	2246.50	14.05
22.	West Bengal	764.80	604.51	1369.31	8.56
	<b>TOTAL</b>	<b>7100.46</b>	<b>8892.54</b>	<b>15993.00</b>	<b>100.00</b>

Source: Information received from the state Government.

**APPENDIX V.9(ii)**  
**Achievement and balance of requirement for police housing**

Sl. No.	States	Non-gazetted police strength	No. (out of Col. 2) provided housing upto 77-78 end	Percentage of Col. 3 to Col. 2	No. Still requiring housing (2—3)	Break-up of Col. 5(B)		Col. 7 as Percentage of Col. 5
						Upper Subordinates	Lower Subordinates	
	1	2	3	4	5	6	7	8
1.	Andhra Pradesh	45,584	14,908	32.7	30,676	2,608	28,068	91.5
2.	Assam	29,187	8,382	28.7	20,805	3,200	17,605	84.6
3.	Bihar	55,163	23,345	42.3	31,818	4,655	27,163	85.4
4.	Gujarat	43,044	31,730	73.7	11,314	728	10,586	93.6
5.	Haryana	16,075	7,148	44.5	8,927	1,040	7,887	88.4
6.	Himachal Pradesh	7,292	2,669	36.6	4,623	198	4,425	95.7
7.	Jammu & Kashmir	13,373	554	4.1	12,819(A)	641	12,178	95.0
8.	Karnataka	34,247	17,796	52.0	16,451	1,224	15,227	92.6
9.	Kerala	21,719	9,414	43.3	12,305	1,172	11,133	90.5
10.	Madhya Pradesh	57,294	31,755	55.4	25,539	1,316	24,223	94.9
11.	Maharashtra	82,570	43,507	52.7	39,063	2,489	36,574	93.7
12.	Manipur	6,330	683	10.8	5,647	133	5,514	97.6
13.	Meghalaya	4,592	1,115	24.3	3,477	536	2,941	84.6
14.	Nagaland	8,387	2,069	24.7	6,318	431	5,887	93.2
15.	Orissa	26,026	15,367	59.0	10,659	4,253	6,406	60.1
16.	Punjab	27,137	13,831	51.0	13,306	1,377	11,929	89.7
17.	Rajasthan	40,770	22,895	56.2	17,875	2,103	15,772	88.2
18.	Sikkim	1,048	99	9.4	949(A)	47	902	95.0
19.	Tamil Nadu	41,388	17,637	42.6	23,751	1,931	21,820	91.9
20.	Tripura	5,640	1,790	31.7	3,850	591	3,259	84.7
21.	Uttar Pradesh	106,549	70,268	66.0	36,281	3,084	33,197	91.5
22.	West Bengal	66,474	16,734	25.2	49,740	8,227	41,513	83.5
	<b>TOTAL</b>	<b>739,889</b>	<b>353,696</b>	<b>47.8</b>	<b>386,193</b>	<b>41,984</b>	<b>344,209</b>	<b>89.1</b>

(A) As furnished by Home Ministry. State Govt. has not furnished any information.

(B) The break-up is on pro-rata basis on total strength of Upper &amp; Lower Sub-ordinates in the force.

**APPENDIX V.9(iii)**  
**Estimates of costs of reaching housing satisfaction level and costs on norm of 58.2%**

States	Non-Gazetted Police Strength	Present level of Satisfaction (derived)	Housing units Required on norm of 58.2% of satisfaction level						Costs on norm of 58.2% of satisfaction level			
			Total Requirement	Balance (4—3)	Upper Subord. Qrs.	Lower Subord. Total No.	Qrs for 14% of Lower Subord.	Barracks for 86% of Lower Subord.	Upper Subord. @2500 0/-	Lower Subord. @2500 0/-	Barracks @66 00/-	Total Costal-Termative (8+9+10)
1	2	3	4	5	6	7(a)	7(b)	7(c)	8	9	10	11
Andhra Pradesh	45584	14908	26530	11622	988	10634	1489	9145	247	372	604	1223
Assam	29187	8382	16987	8605	1324	7281	1019	6262	331	255	405	991
Bihar	55163	23345	32105	8760	1282	7478	1047	6431	320	262	424	1006
Gujarat	43044	31730	25052	..	..	..	..	..	..	..	..	..
Haryana	16075	7148	9356	2208	257	1951	273	1678	..	..	..	..
Himachal Pradesh	7292	2669	4244	1575	67	1508	211	1297	17	53	86	156
Jammu & Kashmir	13373	554	7783	7229	361	6868	962	5906	90	240	390	720
Karnataka	34247	17796	19932	2136	159	1977	277	1700	..	..	..	..
Kerala	21719	9454	12640	3226	307	2919	409	2510	77	102	166	345
Madhya Pradesh	57294	31755	33345	1590	82	1508	211	1297	20	53	86	159
Maharashtra	82570	43507	48056	4549	290	4259	596	3663	..	..	..	..
Manipur	6330	683	3684	3001	71	2930	410	2520	18	102	166	286
Meghalaya	4592	1115	2673	1558	240	1318	185	1133	60	46	75	181
Nagaland	8387	2069	4881	2812	192	2620	367	2253	48	92	149	289
Orissa	26026	15367	15147	..	..	..	..	..	..	..	..	..
Punjab	27137	13831	15794	1963	203	1760	246	1514	..	..	..	..
Rajasthan	40770	22895	23728	833	98	735	103	632	24	26	42	92
Sikkim	1048	99	610	511	25	486	68	418	6	17	28	51
Tamil Nadu	41388	17637	24088	6451	524	5927	830	5097	131	208	336	675
Tripura	5640	1790	3282	1492	229	1263	177	1086	57	44	72	173
Uttar Pradesh	106549	70268	62012	..	..	..	..	..	..	..	..	..
West Bengal	66474	16734	38688	21954	3631	18323	2565	15758	158	641	1040	1839
<b>TOTAL</b>	<b>739889</b>	<b>353696</b>	<b>430017</b>	<b>92075</b>	<b>10330</b>	<b>81745</b>	<b>11445</b>	<b>70300</b>	<b>1604</b>	<b>2513</b>	<b>4069</b>	<b>1886</b>

Sources for Col.2: Ministry of Home Affairs (cross checked with material received by the commission)

**APPENDIX V.10(i)**  
**Provisions of revenue expenditure for upgradation of Police in 1979—84.**

(Rs. lakhs)

Sl. No.	States	Reassessed figure 1970-79 including upgraded emoluments	Per capita expenditure (Rs.)	Total provisions made during 1979-84							Grand Total
				Revenue							
				1979-80	1980-81	1981-82	1982-83	1983-84	Total	Capital	
1	2	3	4	5	6	7	8	9	10	11	
1.	Andhra Pradesh	3804	7.70	..	..	..	..	..	..	1223	1223
2.	Assam	1976	10.60	44	46	48	51	54	243	991	1234
3.	Bihar	3609	5.71	400	420	442	464	487	2213**	1006	3219
4.	Gujarat	3403	10.95	..	..	..	..	..	..	..	..
5.	Haryana	1132	9.69	..	..	..	..	..	..	..	..
6.	Himachal Pradesh	569	14.25	90	94	99	184	109	496**	156	652
7.	Jammu & Kashmir	883	14.47	145	152	160	167	176	880	720	1520
8.	Karnataka	2409	7.16	..	..	..	..	..	..	..	..
9.	Kerala	2053	8.33	..	..	..	..	..	..	345	345
10.	Madhya Pradesh	3599	7.23	651	684	718	754	792	3599	159	3750
11.	Maharashtra	6930	12.00	..	..	..	..	..	..	..	..
12.	Manipur	958	71.60	..	..	..	..	..	..	286	206
13.	Meghalaya	333	27.25	..	..	..	..	..	..	281	201*
14.	Nagaland	814	125.23	..	..	..	..	..	..	289	209
15.	Orissa	1702	6.67	261	274	288	302	318	1443	..	1443
16.	Punjab	1738	11.40	..	..	..	..	..	..	..	..
17.	Rajasthan	2511	8.09	166	174	183	192	281	916	92	1008
18.	Sikkim	86	35.54	..	..	..	..	..	..	51	51
19.	Tamil Nadu	3420	7.53	88	84	89	92	98	443**	675	1118
20.	Tripura	337	17.48	..	..	..	..	..	..	173	173
21.	Uttar Pradesh	6720	6.71	1216	1277	1340	1400	1479	6720	..	6720
22.	West Bengal	5456	10.39	..	..	..	..	..	..	1839	1839
	<b>TOTAL</b>	<b>54450</b>	<b>8.28</b>	<b>3053</b>	<b>3205</b>	<b>3367</b>	<b>3534</b>	<b>3714</b>	<b>16873</b>	<b>8286</b>	<b>25159</b>

\* Includes Rs. 100 lakhs headquarters for Armed Police.

\*\* Restricted to State's demands.

**APPENDIX V.10(ii)**  
**Upgradation provisions for police administration 1979—84**

(Rs. lakhs)

State	Items	Revenue	Capital	Total
1	2	3	4	5
1.Andhra Pradesh	Residential accommodation per norm	..	1223	1223
	Total	..	1223	1223
2.Assam	1. Strengthening of Police Admn.	243	..	243
	2. Res. accommodation per norm	..	991	991
	Total	243	991	1234
3.Bihar	1. Strengthening of Police Admn.	2213 <sup>(1)</sup>	..	2213
	2. Res. accommodation per norm	..	1006	1006
	Total	2213	1006	3219
4.Gujarat		..	..	..
5.Haryana		..	..	..
6.Himachal Pradesh	1. Strengthening of Police Admn.	496 <sup>(1)</sup>	..	496
	2. Res. accommodation per norm	..	156	156
	Total	496	156	652
7.Jammu & Kashmir	1. Strengthening of Police Admn.	800	..	800
	2. Res. accommodation per norm	..	720	720
	Total	800	720	1520
8.Karnataka		..	..	..
9.Kerala	1. Res. accommodation per norm	..	345	345
	Total	..	345	345

## APPENDIX V.10(ii)—Contd.

10. Madhya Pradesh	1. Strengthening of Police Admn.	3599	..	3599
	2. Res. accommodation per norm	..	159	159
	Total	3599	159	3758
11. Maharashtra		..	..	..
12. Manipur	1. Res. accommodation per norm	..	286	286
	Total	..	286	286
13. Meghalaya	1. Res. accommodation per norm	..	281(2)	281
	Total	..	281	281
14. Nagaland	1. Res. accommodation per norm	..	289	289
	Total	..	289	289
15. Orissa	1. Strengthening of Police Admn.	1443	..	1443
	Total	1443	..	1443
16. Punjab		..	..	..
17. Rajasthan	1. Strengthening of Police Admn.	916	..	916
	2. Res. accommodation per norm	..	92	92
	Total	916	92	1008
18. Sikkim	1. Res. accommodation per norm	..	51	51
	Total	..	51	51
19. Tamil Nadu	1. Strengthening of Police Admn.	443(1)	..	443
	2. Res. accommodation per norm	..	675	675
	Total	443	675	1118
20. Tripura	1. Res. accommodation per norm	..	173	173
	Total	..	173	173
21. Uttar Pradesh	1. Strengthening of Police Admn.	6720	..	6720
	Total	6720	..	6720
22. West Bengal	1. Res. accommodation per norm	..	1839	1839
	Total	..	1839	1839
ALL STATES		16873	8286	25159

(1) Restricted to State's own demands in the cases of Bihar, HP and Tamil Nadu.

(2) Includes Rs. 100 lakhs earmarked for armed police battalion headquarters in Meghalaya.

Res.—Residential.

APPENDIX V 11(i)  
Statewise Capacity in Jails—Central/District/Sub-jails etc.

State	Central Jails		District Jails		Sub-jails		Open Camp Jails		Other Jails		Total All Jails	
	No.	Capacity	No. of Dist.	Capacity	No.	Capacity	No.	Capacity	No.	Capacity	No.	Capacity
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Andhra Pradesh	6	3739	9/21	1859	127	3412	..	..	3	460	145	9470
2. Assam	..	..	15/10	4523	2	113	1	100	1	366	19	5102
3. Bihar	7	7612	28/31	6964	25	2506	..	..	2	4288	65	21370
4. Gujarat	2	2449	5/19	1267	12	1142	2	60	1	114	22	5032
5. Haryana	1	986	5/11	1666	12	459	..	..	..	..	18	3111
6. Himachal Pradesh	1	148	1/12	58	7	242	1	116	..	..	10	564
7. Jammu & Kashmir	2	760	-/10	..	7	433	..	..	..	..	9	1193
8. Karnataka	4	2983	16/19	1970	78	1328	1	95	2	395	101	6771
9. Kerala	3	2780	1/11	350	32	1737	1	200	1	98	38	5165
10. Madhya Pradesh	6	5449	23/40	4310	33	2461	2	150	2	408	66	12778
11. Maharashtra	7	9562	33/25	6406	..	..	2	66	3	326	45	16360
12. Manipur	1	500	-/5	..	1	77	..	..	..	..	2	577
13. Meghalaya	..	..	2/4	495	..	..	..	..	..	..	2	495
14. Nagaland	1	500	3/3	166	5	75	..	..	..	..	9	741
15. Orissa	4	1534	9/13	1933	47	2072	..	..	5	562	65	6101
16. Punjab	3	2935	6/12	2371	14	902	1	200	1	330	25	6738
17. Rajasthan	5	3672	21/26	2598	56	1245	6	..	..	..	88	7515
18. Sikkim	1	30	-/14	..	..	..	..	..	..	..	1	30
19. Tamil Nadu	8	10746	-/15	..	119	3446	2	142	5	1221	134	15555
20. Tripura	1	275	5-/3	..	9	264	..	..	..	..	10	539
21. Uttar Pradesh	6	8217	1/54	18901	3	731	2	2758	3	974	65	31581(2)
22. West Bengal	5	10499	11/16	5334	31	1597	..	..	6	2807	53	20237(1)

SOURCE: State Govt. Replies to the Commission, checked with Department

¹Social Welfare data.

(1)—Calendar year (2)—in 1976

( ) Blank indicated lack of category-wise information.

**APPENDIX V.11(ii)**  
**Average jail population in States**

	States	Average jail population 1974-75	Average jail population in 1976-77
	1	2	3
I.	Larger States		
1.	Andhra Pradesh	9784	10581
2.	Assam	8030	6671
3.	Bihar	36600	36268
4.	Gujarat	4547	3719
5.	Haryana	3032	3216
6.	Karnataka	4836	5425
7.	Kerala	3699	4905
8.	Madhya Pradesh	16766	19274
9.	Maharashtra	19114	18005
10.	Orissa	9750	11045
11.	Punjab	7656	7691
12.	Rajasthan	5739	7212
13.	Tamil Nadu	24736	25552
14.	Uttar Pradesh	36051	40586
15.	West Bengal	24657	22962
	TOTAL OF I	214997	223112
II.	Other States		
1.	Himachal Pradesh	681	442
2.	Jammu & Kashmir	191	258
3.	Manipur	317	436
4.	Meghalaya	512	471
5.	Nagaland	560	550
6.	Sikkim	NA	NA
7.	Tripura	615	631
	TOTAL OF II	2876	2788
	GRAND TOTAL	217873	225900

**APPENDIX V.11(iii)**  
**Statewise comparison of jail capacity, population and proportion of undertrials**

Sl. No.	States	Capacity of Jail	Jail Population as on				Undertrials as on				Percentage of undertrials to jail Population as on			
			1-1-75	1-4-77	1-1-78	1-7-78	1-1-75	1-4-77	1-1-78	1-7-78	1-1-75	1-4-77	1-1-78	1-7-78
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Andhra Pradesh	9470	8437	10026	5853	5224	2272	4133	1400	1351	27	41	24	26
2.	Assam	5102	8263	5775	6185	5698	5831	3912	4342	3888	71	68	70	68
3.	Bihar	21370	35225	27742	27784	24337	29980	22613	23328	19584	83	82	84	80
4.	Gujarat	5032	4025	3946	N.A.	N.A.	1877	1634	N.A.	N.A.	47	41	N.A.	N.A.
5.	Haryana	3111	2872	2828	2229	2257	1145	N.A.	1121	1198	90	N.A.	50	53
6.	Himachal Pradesh	564	272	307	400	400	171	N.A.	205	205	63	N.A.	51	51
7.	Jammu & Kashmir	1193	723	816	N.A.	N.A.	364	420	N.A.	N.A.	50	52	N.A.	N.A.
8.	Karnataka	6771	6095	5564*	5014	4810	2103	2395*	2218	2070	35	43*	44	43
9.	Kerala	5165	3559	3526	3499	3466	1089	1136	1290	1283	30	32	37	37
10.	Madhya Pradesh	12778	16643	15940	15281	13877	5991	5564	6075	6056	36	35	40	44
11.	Maharashtra	16501	19100	17400	23705	15571	8187	6209	7728	4718	43	36	33	30
12.	Manipur	557	325	354	389	360	218	224	252	201	67	63	65	56
13.	Meghalaya	495	612	394	407	411	493	N.A.	240	259	81	N.A.	59	63
14.	Nagaland	741	499	535	399	416	199	287	183	168	40	54	46	40
15.	Orissa	6101	9165	9235	N.A.	N.A.	5937	5486	N.A.	N.A.	65	59	N.A.	N.A.
16.	Punjab	6738	8531	6702	6763	6637	3839	1570	2178	2128	45	23	32	32
17.	Rajasthan	7515	5903	6551	6287	6016	2436	2922	3175	3035	41	45	50	50
18.	Sikkim	30	110	53	58	54	83(B)	34	47	35	75(B)	64	81	65
19.	Tamil Nadu	15555	24709	27232	1876	20000	14238	11750	N.A.	N.A.	58	43	N.A.	N.A.
20.	Tripura	539	598	483	350	416	466	328	217	270	78	68	62	65
21.	Uttar Pradesh	31581	35432	32015	22669	33865	22642	19706	17437	27640	64	62	77	82
22.	West Bengal	20237	24703	21626	13799(@)	12519(+)	15331	11101	9393(@)	8340(+)	62	51	68(@)	67(+)
	ALL STATES	177146	216911	199050	159247	156334	124892	101430	80829	82429	58	51	51	53

\*as on 1.1-77 § as on 5-10-78 (B) using 25-6-75 Ratio @ as on 28-12-77 (+) as on 28-6-78

**APPENDIX V.11(iv)**  
**Statewise Total and per prisoner Expenditure in 1976-77**

States	Direct Expenditure on prisoners (Rs. lakhs)				Total expenditure on Jail Head 256	Jail population daily average in 1976-77	Expenditure Per prisoner (in rupees)				Total expenditure on Head 256
	Diet	Other items	Establishment	Total			Diet	Other items	Establishment	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I. Larger States											
1. Andhra Pradesh	94.9	16.0	88.2	199.1	243.3	10581	2.46	0.41	2.28	5.15	6.30
2. Assam	100.0	..	30.1	130.1	137.5	6671	4.11	..	1.23	5.34	5.65
3. Bihar	347.8	44.5	137.2	529.5	612.7	36268	2.63	0.34	1.03	4.00	4.63
4. Gujarat	40.9	N.A.	50.8	107.7	125.6	4609	2.79	NA	3.61	6.40	7.47
5. Haryana	NA	NA	NA	70.7	103.3	3216	NA	NA	NA	6.02	8.80
6. Karnataka	52.8	..	54.1	116.9	141.4	5425	2.67	..	3.24	5.91	7.14
7. Kerala	49.8	NA	71.8	121.6	139.7	4905	2.78	NA	4.01	6.79	7.80
8. Madhya Pradesh	NA	NA	NA	332.2	369.0	19274	NA	NA	NA	4.72	5.25
9. Maharashtra	100.0	NA	253.0	353.0	459.0	18005	1.52	NA	3.85	5.37	6.98
10. Orissa	86.7	10.5	64.1	161.3	187.1	11045	2.15	0.26	1.59	4.00	4.64
11. Punjab	62.7	24.4	86.9	174.0	220.3	7691	2.23	0.87	3.10	6.20	7.85
12. Rajasthan	84.1	1.0	96.4	181.5	201.2	7212	3.19	0.04	3.66	5.89	7.64
13. Tamil Nadu	175.8	16.7	139.8	333.3	456.4	25552	1.90	0.18	1.50	3.58	4.89
14. Uttar Pradesh	NA	NA	NA	557.7	645.0	40586	NA	NA	NA	3.77	4.35
15. West Bengal	184.3	132.9	142.1	459.3	505.6	22962	2.20	1.58	1.70	5.48	6.03
TOTAL OF I	1386.0	246.0	1234.5	3827.9	4547.1						
II. Other States											
1. Himachal Pradesh	NA	NA	15.8	15.8	17.3	442	NA	NA	..	9.81	10.75
2. Jammu & Kashmir	NA	15.7	14.2	29.9	31.1	258	NA	16.70	15.11	31.81	33.09
3. Manipur	NA	NA	NA	NA	8.9	436	NA	NA	NA	NA	5.60
4. Meghalaya	2.1	NA	6.0	8.1	14.1	471	1.22	NA	3.49	4.71	8.20
5. Nagaland	NA	NA	NA	30.8	44.0	550	NA	NA	NA	15.32	21.89
6. Sikkim	NA	NA	NA	NA	1.1	NA	NA	NA	NA	NA	NA
7. Tripura	NA	NA	NA	NA	18.4	631	NA	NA	NA	NA	8.00
TOTAL OF II	2.1	15.7	36.0	84.6	134.9						
GRAND TOTAL	1388.9	261.7	1270.5	3912.5	4682.0						

**APPENDIX V.12**  
**Annual Provisions of additional expenditure on prisoners during 1979—84**

States	Total expdr. required on norm of Rs. 6 per prisoner per day (Rs. lakhs)	Level of Expdr. in 1976-77 Accounts	During 1979-84 (Rs. lakhs)					Total 1979-84
			1979-80	1980-81	1981-82	1982-83	1983-84	
1	2	3	4	5	6	7	8	9
I. Larger States								
1. Andhra Pradesh	232	199	33	35	36	38	40	182
2. Assam	146	130	..	..	..	..	..	..
3. Bihar	794	529	37	39	41	43	45	205
4. Gujarat	101	108	..	..	..	..	..	..
5. Haryana	70	71	..	..	..	..	..	..
6. Karnataka	119	117	..	..	..	..	..	..
7. Kerala	108	122	..	..	..	..	..	..
8. Madhya Pradesh	422	332	90	94	99	104	109	496
9. Maharashtra	394	353	40	42	44	46	49	221
10. Orissa	242	161	..	..	..	..	..	..
11. Punjab	168	174	..	..	..	..	..	..
12. Rajasthan	159	182	..	..	..	..	..	..
13. Tamil Nadu	559	333	114	120	126	132	139	631
14. Uttar Pradesh	889	558	195	205	215	226	237	1078
15. West Bengal	503	459	..	..	..	..	..	..
TOTAL OF I	4906	3828	509	535	561	589	619	2813
II. Other States								
1. Himachal Pradesh	10	16	..	..	..	..	..	..
2. Jammu & Kashmir	6	30	..	..	..	..	..	..
3. Manipur	9	NA	..	..	..	..	..	..
4. Meghalaya	10	8	..	..	..	..	..	..
5. Nagaland	12	31	..	..	..	..	..	..
6. Sikkim	NA	NA	..	..	..	..	..	..
7. Tripura	14	18	..	..	..	..	..	..
TOTAL OF II	61	103	..	..	..	..	..	..
GRAND TOTAL (I+II)	4967	3931	509	535	561	589	619	2813

**APPENDIX V.13**  
**Provisions for additional jail accommodation**

Sl. No.	State	Additional jail capacity provided for (1) (Nos.)	Amount provided (2) (Rs. lakhs)
	1	2	3
1.	Madhya Pradesh	1040	166(3)
2.	Manipur	125	68
3.	Meghalaya	100	55
4.	Orissa	1380	221
5.	Sikkim	25	14
6.	Tamil Nadu	4445	712
	<b>TOTAL</b>	<b>7115</b>	<b>1236</b>

(1) Net of number of undertrials in jail in excess of 40%.

(2) 50% by way of new jails at average cost of Rs. 25,000 per prisoner capacity, and balance 50% through extensions/additions in existing jails at average cost of Rs. 7,000 per prisoner capacity; for hill states, higher scale of expenditure is provided for.

(3) Restricted amount asked for by the State Govt.

**APPENDIX V.14**  
**Upgradation provisions for Jails Administration in the States during 1979—84**

*(Rs. lakhs)*

Sl. No.	State	Item	Revenue	Capital	Total
	(1)	(2)	(3)	(4)	(5)
1.	Andhra Pradesh	1. Expenditure on prisoners	182	..	182
		Total	182	..	182
2.	Assam		..	..	..
3.	Bihar	1. Expenditure on prisoners	205	..	205
		2. Amenities for prisoners (water supply, sanitary facilities, latrines)	..	250	250
		Total	205	250	455
4.	Gujarat		..	..	..
5.	Haryana		..	..	..
6.	Himachal Pradesh		..	..	..
7.	Jammu & Kashmir	1. Amenities for prisoners	..	50	50
		Total	..	50	50
8.	Karnataka		..	..	..
9.	Kerala		..	..	..
10.	Madhya Pradesh	1. Expenditure on prisoners	496	..	496
		2. Amenities for prisoners (water supply, hospitalisation)	..	40	40
		3. For additional jail capacity	..	166	166
		Total	496	206	702
11.	Maharashtra		..	..	..
12.	Manipur	1. New jails/sub-jails, and separate blocks for females, lunatics.	..	68	68
		Total	..	68	68
13.	Meghalaya	1. New jails/sub-jails	..	55	55
		Total	..	55	55
14.	Nagaland		..	..	..
15.	Orissa	1. Expenditure on prisoners	221*	..	221
		2. For additional jail capacity and improved sanitary facilities.	..	221	221
		Total	221	221	442
16.	Punjab		..	..	..
17.	Rajasthan	1. Amenities for prisoners—latrines	..	7	7
		2. Construction of Juveniles Reformatory	..	15	15
		Total	..	22	22
18.	Sikkim	1. New jail/sub-jail	..	14	14
		Total	..	14	14
19.	Tamil Nadu	1. Expenditure on prisoners	631	..	631
		2. Amenities for prisoners—water supply latrines, fans ventilation.	..	150	150
		3. For additional jail capacity	..	712	712
		Total	631	862	1493
20.	Tripura	1. Expenditure on prisoners	1078*	..	1078
21.	Uttar Pradesh	2. Amenities for prisoners—modernised sanitation water supply, electrification of barracks	..	270	270
		Total	1078	270	1348
22.	West Bengal		..	..	..
	<b>GRAND TOTAL</b>		<b>2813</b>	<b>2018</b>	<b>4831</b>

\*Restricted to State's demand.

**APPENDIX V.15**  
**Summary statement of upgradation provisions of States (Total and Sectorwise)**

(Rs. lakhs)

States	Judicial Administration							Revenue, District and Tribal Administration					Police Administration				
	Revenue					Capital	Total	Revenue			Capital	Total	Revenue			Capital	Total
	1979-80	1980-81	1981-82	Growth rate	Total 1979-84			1979-80	Growth rate	Total 1979-84			1979-84	Growth rate	Total 1979-84		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. Andhra Pradesh	14.58	9.32	9.79	5%	54.77	29.20	83.97	30	5%	165	306	471	..	5%	..	1223	1223
2. Assam	30.04	18.31	19.23	5%	108.96	60.10	169.06	26	5%	146	622	768	44	5%	243	991	1234
3. Bihar	74.50	79.00	69.76	5%	373.43	208.30	581.73	160	5%	884	1112	1996	400	5%	2213	1006	3219
4. Himachal Pradesh	1.40	0.84	0.88	5%	5.02	2.80	7.82	11	5%	60	24	84	90	5%	496	156	652
5. Jammu & Kashmir	1.40	0.84	0.88	5%	5.02	2.80	7.82	9	5%	50	200	250	145	5%	800	720	1520
6. Kerala	2.04	1.51	1.59	5%	8.56	4.10	12.66	4	5%	20	40	60	..	..	..	345	345
7. Madhya Pradesh	5.86	3.95	4.15	5%	22.88	12.95	35.83	209	5%	1156	680	1836	651	5%	3599	159	3758
8. Manipur	4.90	2.94	3.10	5%	17.57	9.80	27.37	13	5%	74	540	614	..	..	..	286	286
9. Meghalaya	..	..	..	..	..	..	..	..	..	..	150	150	..	..	..	281	281
10. Nagaland	..	..	..	..	..	70.00	70.00	9	5%	50	24	74	..	..	..	289	289
11. Orissa	17.58	11.84	12.44	5%	68.64	35.25	103.89	144	5%	793	444	1237	261	5%	1443	..	1443
12. Rajasthan	36.48	23.18	24.35	5%	136.41	73.05	209.46	36	5%	200	390	590	166	5%	916	92	1008
13. Sikkim	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	51	51
14. Tamil Nadu	2.80	1.68	1.76	5%	10.04	5.60	15.64	4	5%	22	72	94	80	5%	443	575	1118
15. Tripura	10.64	7.39	7.76	5%	42.51	21.35	63.86	17	5%	95	24	119	..	..	..	173	173
16. Uttar Pradesh	53.88	89.61	73.30	5%	374.58	217.20	591.78	1	..	151	2016	2167	1216	5%	6720	..	6720
17. West Bengal	43.80	62.02	49.64	5%	262.26	156.30	418.56	18	5%	98	96	194	..	..	..	1839	1839
TOTAL	299.90	312.43	278.63		1490.65	908.80	2399.45	591	..	3964	6740	10704	3053	..	16873	8286	25159

## APPENDIX V.15—Concl'd.

Sl. No.	States	Jail Administration					Capital Stamps and registration and Treasury Administration	Grand total			
		Revenue			Capital 1979-84	Total 1979-84		Revenue		Capital 1979-84	Total 1979-84
		1979-80	Growth rate	Total 1979-84				1979-80	1979-84		
1	19	20	21	22	23	24	25	26	27	28	
1. Andhra Pradesh	33	5%	182	..	182	..	77.58	401.77	1558.20	1959.97	
2. Assam	..	..	..	..	..	..	100.04	497.96	1673.10	2171.06	
3. Bihar	37	5%	205	250	455	50*	671.50	3675.43	2626.30	6301.73	
4. Himachal Pradesh	..	..	..	..	..	30	102.40	561.02	212.80	773.82	
5. Jammu & Kashmir	..	..	..	50	50	..	155.40	855.02	972.80	1827.82	
6. Kerala	..	..	..	..	..	..	6.04	88.56	389.10	417.66	
7. Madhya Pradesh	90	5%	496	206	702	26	955.86	5273.88	1083.95	6357.83	
8. Manipur	..	..	..	68	68	..	17.90	91.57	903.80	995.37	
9. Meghalaya	..	..	..	55	55	..	..	..	486.00	486.00	
10. Nagaland	..	..	..	..	..	..	9.00	50.00	383.00	433.00	
11. Orissa	40	5%	221	221	442	..	462.58	2525.64	700.25	3225.89	
12. Rajasthan	..	..	..	22	22	100	238.48	1252.41	677.05	1929.46	
13. Sikkim	..	..	..	14	14	..	..	..	65.00	65.00	
14. Tamil Nadu	114	5%	631	862	1493	..	200.80	1106.94	1614.60	2720.64	
15. Tripura	..	..	..	..	..	5	27.64	137.51	223.35	360.86	
16. Uttar Pradesh	195	5%	1078	270	1348	375	1465.80	8323.58	2878.20	11201.78	
17. West Bengal	..	..	..	..	..	..	61.80	360.26	2091.30	2451.56	
TOTAL	509	5%	2813	2018	4831	586	4552.90	25140.65	18538.80	43679.45	

\* Stamps and Registration

**APPENDIX VI.1**  
**Summarised list of heads in Capital Account**

**I — CONSOLIDATED FUND**

- A** — Capital Account of General Services.  
**B** — Capital Account of Social and Community Services.  
**C** — Capital Account of Economic Services—  
 (a) General Economic Services.  
 (b) Agriculture and Allied Services.  
 (c) Industry and Minerals.  
 (d) Water and Power Development.  
 (e) Transport and Communications.  
**E** — Public Debt—  
 (603) Internal debt of the State Government.  
 (604) Loans and advances from the Central Government.  
**F** — Loans and Advances—  
 (677 to 695) Loans for social and community services.  
 (698 to 700) Loans for General Economic Services.  
 (705 to 715) Loans for agriculture and allied purposes.  
 (720 to 744) Loans for other Economic Services.  
 9766 to 767) Loans to Government servants and Miscellaneous loans.  
**G** — Inter-State Settlement.

**H** — Transfer to Contingency Fund.**II — CONTINGENCY FUND**

(800) Contingency Fund.

**III — PUBLIC ACCOUNT****I** — Small Savings, Provident Funds etc.**J** — Reserve Funds—

(815 &amp; 826) Depreciation/Renewal Reserve Funds.

(821 &amp; 835) General and other Reserve Funds.

(822) Sinking Fund.

(823) Famine Relief Fund.

(825) State Roads and Bridges Fund.

(829) Development and Welfare Fund.

**K** — Deposits and Advances—

(836 and 843) Civil Deposits.

(836 and 847) Deposits of Local Funds.

(842 and 848) Other Deposits.

(850) Civil Advances.

**L** — Suspense and Miscellaneous.**M** — Remittances.**N** — Cash Balance.

**APPENDIX VI.2**  
**Non-Plan Capital gap 1979—84**

*(In crores of Rs.)*

Sl. No.	State	Capital receipts				Capital Disbursements					Non-Plan gap on capital accounts (6—11)
		Recoveries of loans and advances	Compensation Bonds-net of repayments	Inter-State Settlement (net)	Total Receipts (3+4+5)	Loan repayment to Centre	Loan repayments to others	Compensation Bonds-payment for Zamindari abolition	Non-Plan Loans & advances to Government Servants	Total (7+8+9+10)	
1	2	3	4	5	6	7	8	9	10	11	12
1.	Andhra Pradesh	93.48	..	..	93.48	317.29	15.02	0.60	32.53	365.44	(—)271.96
2.	Assam	37.39	0.04	0.62	38.05*	165.74	2.10	..	20.82	188.66*	(—)150.61
3.	Bihar	99.27	3.35	..	102.62	383.08	6.44	10.00	30.00	429.52	(—)326.90
4.	Gujarat	114.88	(—)1.00	..	113.88	171.26	14.57	..	69.88	255.71	(—)141.83
5.	Haryana	13.93	..	..	13.93	91.44	7.15	..	2.65	101.24	(—)87.31
6.	Himachal Pradesh	8.10	..	..	8.10	38.64	1.75	..	2.81	43.20	(—)35.10
7.	Jammu & Kashmir	19.11	..	..	19.11	193.57	1.00	..	6.16	200.73	(—)181.62
8.	Karnataka	130.84	..	..	130.84	204.77	17.87	..	52.25	274.89	(—)144.05
9.	Kerala	51.10	(—)0.09	..	51.01	177.38	12.72	..	18.05	208.15	(—)157.14
10.	Madhya Pradesh	86.03	..	..	86.03	262.50	18.68	..	50.00	331.18	(—)245.15
11.	Maharashtra	177.90	..	..	177.90	304.50	18.19	..	18.35	341.04	(—)163.14
12.	Manipur	4.31	..	..	4.31	16.58	0.50	..	1.95	19.03	(—)14.72
13.	Meghalaya	0.96	(—)0.71	..	0.25	6.70	0.38	..	0.18	7.26	(—)7.01
14.	Nagaland	3.98	..	..	3.98	18.59	0.31	..	1.07	19.97	(—)15.99
15.	Orissa	26.37	..	..	26.37	180.65	12.80	0.39	8.00	201.84	(—)175.47
16.	Punjab	46.17	..	..	46.17	172.74	9.26	..	2.42	184.42	(—)138.25
17.	Rajasthan	35.06	(—)0.82	..	34.24	283.20	14.36	5.83	10.85	314.24	(—)280.00
18.	Sikkim	1.61	..	..	1.61	1.75	0.03	..	0.61	2.39	(—)0.78
19.	Tamil Nadu	168.09	..	..	168.09	229.21	19.71	(—)3.15	68.45	314.22	(—)146.13
20.	Tripura	4.33	..	..	4.33	12.45	0.07	..	..	12.52	(—)8.19
21.	Uttar Pradesh	95.16	0.07	..	95.23	686.47	15.77	(—)19.73	6.25	688.76	(—)593.53
22.	West Bengal	238.50	7.30	..	245.80	403.16	16.94	23.25	29.75	473.10	(—)227.30
	<b>TOTAL</b>	<b>1456.57</b>	<b>8.85</b>	<b>(—)0.09</b>	<b>1465.33</b>	<b>4321.67</b>	<b>205.62</b>	<b>17.19</b>	<b>433.03</b>	<b>4977.51</b>	<b>(—)3512.18</b>

\*Excludes Rs. 20.00 crores as non-plan loan from the centre and equivalent amount of non-plan capital outlay on construction of a new capital for the State.

**APPENDIX VI.3**  
**States' estimated debt position: end of 1978-79**

(In crores of Rs.)

	Andhra Pradesh	Assam	Bihar	Gujarat	Haryana	Himachal Pradesh	Jammu & Kashmir	Karnataka	Kerala	Madhya Pradesh	Maharashtra	Manipur
	1	2	3	4	5	6	7	8	9	10	11	12
<b>I. Internal debt(603)</b>												
(a) Market Loans	229.26	74.69	133.94	190.41	89.33	10.23	17.03	168.61	103.87	105.99	282.87	12.66
(b) Compensation Bonds	..	0.09	22.72	2.17	..	..	..	10.01	2.21	..	4.15	..
(c) Ways & Means Advance from RBI	..	..	..	..	..	..	..	..	..	..	..	..
(d) Other Loans	43.23	5.18	17.24	36.95	27.23	5.54	32.53	41.51	19.39	37.72	93.77	1.57
<b>Total—Internal debt</b>	<b>272.49</b>	<b>79.96</b>	<b>173.90</b>	<b>229.53</b>	<b>116.56</b>	<b>15.77</b>	<b>49.56</b>	<b>220.13</b>	<b>125.47</b>	<b>143.71</b>	<b>380.79</b>	<b>14.23</b>
<b>II. Loans from Central Government</b>	<b>1050.74</b>	<b>597.29</b>	<b>1187.13</b>	<b>521.19</b>	<b>303.81</b>	<b>150.50</b>	<b>611.82</b>	<b>676.93</b>	<b>534.50</b>	<b>711.35</b>	<b>977.81</b>	<b>57.35</b>
<b>III. Unfunded debt</b>	<b>58.48</b>	<b>23.79</b>	<b>129.25</b>	<b>97.44</b>	<b>97.60</b>	<b>31.21</b>	<b>38.68</b>	<b>83.53</b>	<b>143.49</b>	<b>283.12</b>	<b>297.69</b>	<b>3.72</b>
<b>TOTAL-DEBT</b>	<b>1391.71</b>	<b>701.04</b>	<b>1490.28</b>	<b>848.16</b>	<b>517.97</b>	<b>197.48</b>	<b>700.06</b>	<b>980.59</b>	<b>803.46</b>	<b>1138.18</b>	<b>1656.29</b>	<b>75.30</b>

## APPENDIX VI.3—Contd.

	Meghalaya	Nagaland	Orissa	Punjab	Rajasthan	Sikkim	Tamil Nadu	Tripura	Uttar Pradesh	West Bengal	Total
	13	14	15	16	17	18	19	20	21	22	23
<b>I. Internal debt(603)</b>											
(a) Market Loans	10.98	18.28	121.48	79.44	176.22	..	270.18	8.27	315.37	152.86	2571.97
(b) Compensation Bonds	0.01	..	..	..	0.82	..	4.41	..	31.70	4.13	82.42
(c) Ways & Means Advance from RBI	..	..	..	..	..	..	48.04	4.67	67.01	50.22	693.60
(d) Other Loans	1.25	3.43	33.46	83.17	10.34	0.15	322.63	12.94	414.08	207.21	3347.99
<b>Total—Internal debt</b>	<b>12.24</b>	<b>21.71</b>	<b>154.94</b>	<b>162.61</b>	<b>217.38</b>	<b>0.15</b>	<b>754.20</b>	<b>39.58</b>	<b>1823.93</b>	<b>1341.70</b>	<b>13462.84</b>
<b>II. Loans from Central Government</b>	<b>24.11</b>	<b>40.36</b>	<b>705.84</b>	<b>380.10</b>	<b>966.69</b>	<b>5.91</b>	<b>754.20</b>	<b>39.58</b>	<b>1823.93</b>	<b>1341.70</b>	<b>13462.84</b>
<b>III. Unfunded debt</b>	<b>5.30</b>	<b>8.13</b>	<b>80.06</b>	<b>63.47</b>	<b>81.38</b>	<b>0.33</b>	<b>86.96</b>	<b>8.96</b>	<b>252.75</b>	<b>88.90</b>	<b>1974.24</b>
<b>TOTAL DEBT</b>	<b>41.65</b>	<b>70.20</b>	<b>940.84</b>	<b>606.18</b>	<b>1265.45</b>	<b>6.39</b>	<b>1163.79</b>	<b>61.48</b>	<b>2490.76</b>	<b>1637.81</b>	<b>18785.07</b>

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## ANNEXURE I

**Provision of the Constitution having a bearing on the work of the Finance Commission****Article 268 — Duties levied by the Union but collected and appropriated by the States.**

- (1) Such stamp duties and such duties of excise on medicinal and toilet preparations as are mentioned in the Union List shall be levied by the Government of India but shall be collected—
- (a) in the case where such duties are leviable within any Union territory, by the Government of India, and
  - (b) in other cases, by the States within which such duties are respectively leviable.
- (2) The proceeds in any financial year of any such duty leviable within any State shall not form part of the Consolidated Fund of India, but shall be assigned to that State.

**Article 269 — Taxes levied and collected by the Union but assigned to the States.**

- (1) The following duties and taxes shall be levied and collected by the Government of India but shall be assigned to the States in the manner provided in clause (2), namely :—
- (a) duties in respect of succession to property other than agricultural land ;
  - (b) estate duty in respect of property other than agricultural land ;
  - (c) terminal taxes on goods or passengers carried by railway, sea or air ;
  - (d) taxes on railway fares and freights ;
  - (e) taxes other than stamp duties on transactions in stock exchanges and futures markets ;
  - (f) taxes on the sale or purchase of newspapers and on advertisements published therein ;
  - (g) taxes on the sale or purchase of goods other than newspapers, where such sale or purchase takes place in the course of inter-State trade or commerce.

- (2) The net proceeds in any financial year of any such duty or tax, except in so far as those proceeds represent proceeds attributable to Union territories, shall not form part of the Consolidated Fund of India, but shall be assigned to the States within which that duty or tax is leviable in that year, and shall be distributed among those States in accordance with such principles of distribution as may be formulated by Parliament by law.
- (3) Parliament may by law formulate principles for determining when a sale or purchase of goods takes place in the course of inter-State trade or commerce.

**Article 270 — Taxes levied and collected by the Union and distributed between the Union and the States.**

- (1) Taxes on income other than agricultural income shall be levied and collected by the Government of India and distributed between the Union and the States in the manner provided in clause (2).
- (2) Such percentage, as may be prescribed, of the net proceeds in any financial year of any such tax, except in so far as those proceeds represent proceeds attributable to Union territories or to taxes payable in respect of Union emoluments, shall not form part of the Consolidated Fund of India, but shall be assigned to the States within which that tax is leviable in that year, and shall be distributed among those States in such manner and from such time as may be prescribed.
- (3) For the purposes of clause (2), in each financial year such percentage as may be prescribed of so much of the net proceeds of taxes on income as does not represent the net proceeds of taxes payable in respect of Union emoluments shall be deemed to represent proceeds attributable to Union territories.
- (4) In this article—
- (a) "taxes on income" does not include a corporation tax ;
  - b) "prescribed" means—
    - (i) until a Finance Commission has been constituted, prescribed by the President by Order, and
    - (ii) after a Finance Commission has been constituted prescribed by the President by Order after considering the recommendations of the Finance Commission ;
  - (c) "Union emoluments" includes all emoluments and pensions payable out of the Consolidated Fund of India in respect of which income-tax is chargeable.

**Article 271 — Surcharge on certain duties and taxes for purposes of the Union.**

Notwithstanding anything in articles 269 and 270, Parliament may at any time increase any of the duties or taxes referred to in those articles by a surcharge for purposes of the Union and the whole proceeds of any such surcharge shall form part of the Consolidated Fund of India.

**Article 272 — Taxes which are levied and collected by the Union and may be distributed between the Union and the States.**

Union duties of excise other than such duties of excise on medicinal and toilet preparations as are mentioned in the Union List shall be levied and collected by the Government of India, but, if Parliament by law so provides, there shall be paid out of the Consolidated Fund of India to the States to which the law imposing the duty extends sums equivalent to the whole or any part of the net proceeds of that duty, and those sums shall be distributed among those States in accordance with such principles of distribution as may be formulated by such law.

**Article 274 — Prior recommendation of President required to Bills affecting taxation in which States are interested.**

- (1) No Bill or amendment which imposes or varies any tax or duty in which States are interested, or which varies the meaning of the expression "agricultural income" as defined for the purposes of the enactments relating to Indian income-tax, or which affects the principles on which under any of the foregoing provisions of this Chapter moneys are or may be distributable to States, or which imposes any such surcharge for the purposes of the Union as is mentioned in the foregoing provisions of this Chapter, shall be introduced or moved in either House of Parliament except on the recommendations of the President.
- (2) In this article, the expression "tax or duty in which States are interested" means—
- (a) a tax or duty the whole or part of the net proceeds whereof are assigned to any State ; or
  - (b) a tax or duty by reference to the net proceeds whereof sums are for the time being payable out of the Consolidated Fund of India to any State.

**Article 275 - Grants from the Union to certain States.**

- 1) Such sums as Parliament may by law provide shall be charged on the Consolidated Fund of India in each year as grants-in-aid of the revenues of such States as Parliament may determine to be in need of assistance, and different sums may be fixed for different States  
 Provided that there shall be paid out of the Consolidated Fund of India as grants-in-aid of the revenues of the State of Assam sums Capital and and recurring equivalent to-
  - a) the average excess of expenditure over the revenues during the two years immediately preceding the commencement of this Constitution in respect of the administration of the tribal areas specified in Part A of the table appended to paragraph 20 of the Sixth Schedule; and
  - (b) the cost of such schemes of development as may be undertaken by that State with the approval of the Government of India for the purpose of raising the level of administration of the said areas to that of the administration of the rest of the areas of that State.
- 2) Until provision is made by Parliament under clause (1), the powers conferred on Parliament under that clause shall be exercisable by the President by order and any order made by the President under this clause shall have effect subject to any provision so made by Parliament :  
 Provided that after a Finance Commission has been constituted no order shall be made under this clause by the President except after considering the recommendations of the Finance Commission

**Article 279- Calculation of "net proceeds", etc.**

- 1) In the foregoing provisions of this Chapter, "net proceeds" means in relation to any tax or duty the proceeds thereof reduced by the cost of collection, and for the purposes of those provisions the net proceeds of any tax or duty, or of any part of any tax or duty, in or attributable to any area shall be ascertained and certified by the Comptroller and Auditor-General of India, whose certificate shall be final.
- 2) Subject as aforesaid, and to any other express provision of this Chapter, a law made by Parliament or an order of the President may, in any case where under this Part the proceeds of any duty or tax are, or may be, assigned to any State, provide for the manner in which the proceeds are to be calculated, for the time from or at which and the manner in which any payments are to be made, for the making of adjustments between one financial year and another, and for any other incidental or ancillary matters.

**Article 280 - Finance Commission.**

- 1) The President shall, within two years from the commencement of this Constitution and thereafter at the expiration of every fifth year or at such earlier time as the President considers necessary, by order constitute a Finance Commission which shall consist of a Chairman and four other members to be appointed by the President.
- 2) Parliament may by law determine the qualifications which shall be requisite for appointment as members of the Commission and the manner in which they shall be selected.
- 3) It shall be the duty of the Commission to make recommendations to the President as to—
  - (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 this chapter 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;
  - (c) any other matter referred to the Commission by the President in the interests of sound finance.
- 4) The Commission shall determine their procedure and shall have such powers in the performance of their functions as Parliament may by law confer on them.

**Article 281- Recommendations of the Finance Commission.**

The President shall cause every recommendation made by the Finance Commission under the provisions of this Constitution together with an explanatory memorandum as to the action taken thereon to be laid before each House of Parliament.

**Article 282- Expenditure defrayable by the Union or a State out of its revenues.**

The Union or a State may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which Parliament or the Legislature of the State, as the case may be, may make laws.

**ANNEXURE II**  
**The Finance Commission (Miscellaneous Provisions) Act, 1951, as Amended by Act 13 of 1955**

*(Act No. 33 of 1951)*

An ACT to determine the qualifications requisite for appointment as members of the Finance Commission and the manner in which they shall be selected, and to prescribe their powers.

BE it enacted by Parliament as Follows:-

**Short title**

1. This Act may be called the Finance Commission (Miscellaneous Provisions) Act, 1951.

**Definition**

2. In this Act, "the Commission" means the Finance Commission constituted by the President pursuant to clause (1) of Article 280 of the Constitution.

**Qualifications for appointment as, and the manner of selection of members of the Commission**

3. The Chairman of the Commission shall be selected from among persons who have had experience in public affairs, and the four other members shall be selected from among persons who—
  - (a) are, or have been, or are qualified to be appointed as Judges of a High Court; or
  - (b) have special knowledge of the Finances and accounts of Government; or
  - (c) have had wide experience in financial matters and in administration; or
  - (d) have special knowledge of economics.

**Personal interest to disqualify members**

4. Before appointing a person to be a member of the Commission, the President shall satisfy himself that that person will have no such financial or other interest as is likely to affect prejudicially his functions as a member of the Commission; and the President shall also satisfy himself from time to time with respect to every member of the Commission that he has no such interest and any person who is, or whom the President proposes to appoint to be, a member of the Commission shall, whenever required by the President so to do, furnish to him such information as the President considers necessary for the performance by him of his duties under this section.

**Disqualifications for being a member of the Commission**

5. A person shall be disqualified for being appointed as, or for being, a member of the Commission,
  - (a) if he is of unsound mind;
  - (b) if he is an undischarged insolvent;
  - (c) if he has been convicted of an offence involving moral turpitude;
  - (d) if he has such financial or other interest as is likely to affect prejudicially his functions as a member of the Commission.

**Terms of office of members and eligibility for re-appointment**

6. Every member of the Commission shall hold office for such period as may be specified in the order of the President appointing him, but shall be eligible for re-appointment:

Provided that he may, by letter addressed to the President, resign his office.

**Conditions of service and salaries and allowances of members**

7. The members of the Commission shall render whole-time or part-time service to the Commission as the President may in each case specify, and there shall be paid to the members of the Commission such fees or salaries and such allowances as the Central Government may, by rules made in this behalf determine.

**Procedure and powers of the Commission**

8. (1) The Commission shall determine their procedure and in the performance of their functions shall have all the powers of a civil court under the Code of Civil Procedure, 1908 while trying a suit in respect of the following matters, namely :—
  - (a) summoning and enforcing the attendance of witnesses;
  - (b) requiring the production of any document;
  - (c) requisitioning any public record from any court or office.
- (2) The Commission shall have power to require any person to furnish information on such points or matters as in the opinion of the Commission may be useful for, or relevant to, any matter under the consideration of the Commission and any person so required shall, notwithstanding anything contained in sub-section (2) of Section 54 of the Indian Income-tax Act, 1922, or in any other law for the time being in force, be deemed to be legally bound to furnish such information within the meaning of section 176 of the Indian Penal Code.
- (3) The Commission shall be deemed to be a Civil Court for the purposes of sections 480 and 482 of the Code of Criminal Procedure, 1898.

Explanation:

For the purposes of enforcing the attendance of witnesses, the local limits of the Commission's jurisdiction shall be the limits of the territory of India.

### ANNEXURE III

#### Correspondence with Union and State Governments

- |   |  |   |
|---|--|---|
| 1 | <p>Letter No. F. 3 (12)-FCC/77 dated the 31st July, 1976 from Shri K. N. Row, Joint, Secretary (Budget), Ministry of Finance (Deptt. of Economic Affairs) to Finance Secretaries of all States. (Copy enclosed as Annexure III, 1, updated for later references).</p> <p>Letter No. 7. FC. 2(1)-Res./77 dated the 28th July, 1977 from Shri R. K. Dar, Joint Secretary, Finance Commission to Finance Secretaries of all States.</p> <p>Letter No. 7 FC-9 (1)-Res/77 dated the 13th October, 1977 from Shri V. B. Eswaran, Member Secretary, Finance Commission to Finance Secretaries of all States.</p>  | <p>Regarding factual information on 70 Subsidiary Points.</p> <p>For bringing information upto date with reference to actuals for 1975-76, preliminary actuals (or actuals, if available) for 1976-77, and the B.E. for 1977-78.</p> <p>Seeking revised information on Subsidiary Point No. 66 concerning financial results of commercial and industrial undertakings.</p>  |
| 2 | <p>Letter No. FC-21(1)-A/77 dated the 15th April, 1977 from Shri V.B. Eswaran, Officer on Special Duty, Ministry of Finance (Deptt. of Economic Affairs) to Finance Secretaries of all States. (Copy enclosed as Annexure III. 2, without its enclosures.)</p> <p>Letter No. 7 FC. 4 (1)-Res/77 dated the 18th April, 1978 from Shri V. B. Eswaran, Member Secretary, Finance Commission to Finance Secretaries of all States.</p>   | <p>Forecast of Receipts and expenditures, with explanatory notes.</p> <p>Seeking Revised and upto date forecasts based on the B.E. for the year 1978-79 together with the estimated Committed liability in respect of each scheme for each of the years of the forecast under each major head of account.</p>   |
| 3 | <p>Letter No. 7 {FC.21(1)-A/77 dated the 7th July, 1977 from Shri V. B. Eswaran, Member Secretary, Finance Commission to Finance Secretaries of all States. (Copy enclosed as Annexure III. 3 without its enclosures.)</p> <p>Letter No. 7FC. 4 (1)-Res/77 dated the 18th April, 1978 from Shri V. B. Eswaran, Member Secretary, Finance Commission to Finance Secretaries of all States, (cited at serial 2 above)</p>  | <p>Communication regarding :</p> <p>(a) terms of reference as set out in Presidential Order of 23rd June, 1977 constituting the Commission, and inviting State Govts's Memoranda thereon</p> <p>(b) forecasts of Capital Account and debt position of the States; and</p> <p>(c) views on financing of relief expenditure.</p> <p>Revised and upto date information based on B. E. for the year 1978-79 about the forecastes of Capital Accounts and debt position of the States.</p>   |
| 4 | <p>Letter No. 7FC. 9(1)-Res/77 dated the 26th July, 1977 from Shri V.B. Eswaran, Member Secretary, Finance Commission to Finance Secretaries of all States. (Copy enclosed as Annexure III.4)</p>  | <p>Information about scales of pay, dearness allowance as on 1-1-1977 of the State Government employees etc.</p>  |
| 5 | <p>Letter No. 7FC.7 (7)-Res/77 dated the 10th August, 1977 from Shri V. B. Eswaran, Member Secretary, Finance, Commission to Accountants General of all States. (Copy enclosed as Annexure III. 5.)</p>  | <p>Seeking information on State Finances viz. finance Accounts, Appropriation Accounts and C. &amp; A. G's report for 1973-74 and for the latest years.</p>   |
| 6 | <p>Letter No. 7 FC. 7 (23)-Res/77 dated the 6th October, 1977 from Shri R. K. Dar, Joint Secretary, Finance Commission to Finance Secretaries of all States. (Copy enclosed as Annexure III. 6)</p> <p>Letter No. 7 FC.7 (23)-Res/77 dated the 14th October, 1977 from Shri M.R. Sivaraman, Director, Finance Commission to Finance Secretaries of all States.</p> <p>Letter No. 7 FC. 7 (23)-Res/ 77 dated the 7th November, 1977 from Shri M. R. Sivaraman, Director, Finance Commission to Finance Secretaries of all States.</p> <p>Letter No. 7 FC. 7 (23)-Res/77 dated the 4th January, 1978 from Shri R. K. Dar, Joint Secretary, Finance Commission to Finance Secretaries of all States.</p> <p>Letter No. 7 FC. 1(8)-Res/77 dated the 7th October, 1977 from Shri M.R. Sivaraman, Director, Finance Commission to Finance Secretaries of all States. (Copy enclosed as Annexure III.).</p> | <p>Information regarding judicial administration, jails police and home guards.</p> <p>Per capita expenditure on prisoners and also the expenditure for different purposes like jail administration, maintenance of jail buildings, jail industries etc. for the years 1973-74 onwards.</p> <p>Information regarding :</p> <p>(a) number of police stations of different types having wireless, telephones and electricity facilities;</p> <p>(b) number of jeeps, lorries, trucks etc. at the disposal of the civil police; and</p> <p>(c) total number of stationery wireless sets, mobile wireless sets, Walkie-Talkie sets available with civil police.</p> <p>Information on the Police Housing Scheme, since its introduction in 1956-57.</p> <p>Regarding physical data, investments and returns from multi-purpose, major and medium irrigation schemes etc. from 1974-75 to 1983-84.</p> |

## ANNEXURE III.1

**Letter No. F. 3(12)-FCC/77 dated the 31st July, 1976, from Shri K. N. Row, Joint Secretary (Budget), Ministry of Finance (Department of Economic Affairs) to Finance Secretaries of all States (updated for later references).**

As you are aware, a Finance Commission is due for appointment sometime early next year. Besides obtaining from the State Government its forecast of revenue receipts and expenditure and Memoranda on various terms of reference, the Commissions, in the past, have generally been requesting the State Government to furnish factual information on certain 'Subsidiary Points' relating to various aspects of the State economy. The collection of information on these 'Subsidiary Points' is a time consuming process and it takes considerable time before the information is received from all States and can be purposefully analysed by the Commission.

2. In order that the time of the next Commission may be saved and the factual information on various items may be tabulated for the Commission expeditiously, it is necessary that the State Government activate its various Departments/agencies well in time before the Commission is set up so that more time can be devoted by the State Finance Department to the preparation of its Memoranda on various terms of reference for submission to the Commission.
3. I would, accordingly, request you to kindly take steps to collect information on various aspects of the State economy on the lines of information furnished to the Sixth Finance Commission. For your convenience, I enclose a list of 'Subsidiary Points' on which the Sixth Finance Commission sought information from the State Government during the course of its deliberations. To facilitate compilation of data on a comparable basis for all States, we have drawn up certain performae on the lines indicated in the report of the Sixth Finance Commission.
4. I shall be grateful if you would kindly arrange to furnish the required information, in quadruplicate, to the following address :  
Shri P. B. Dhawan,  
Senior Research Officer,  
Finance Commission Cell,  
Budget Division,  
Department of Economic Affairs,  
Ministry of Finance,  
New Delhi.  
Since data on various points would have to be consolidated for all States, I would request you to furnish information on each 'Point' separately, as and when ready, and without waiting for the completion of information on other points.
5. This letter is only a request for advance action before the Commission is constituted. The Commission when set-up, would, no doubt, make a formal request to you for such information as may be needed by it.

**LIST OF SUBSIDIARY POINTS****I. TAXATION****(i) Land Revenue**

(1) Basis and rates of land revenue assessment including surcharge, special rates etc. in 1973-74; changes made during the first 4 years of the Fifth Plan, the existing rates of land revenue assessment (i) for each district, and (ii) minimum and maximum rates for dry, wet or garden lands.

**(ii) Agricultural Income Tax**

(2) Basis and rates of agricultural income tax, if any, on plantations (tea, coffee, rubber and cardamom etc.) and non-plantation crops, in 1973-74 and changes made during the first 3 years of the Fifth Plan, indicating with reference to relevant statutory provisions and the procedures for assessment, the basis of collection, i.e. whether on returns of income or certain flat rates per acre/standard acre.

**(iii) Tax on Urban Immovable Property**

(3) Basis and prevailing rates of tax, if any, on non-agricultural land in urban areas in the form of urban land tax or ground rent or premium for conversion of agricultural land to non-agricultural uses.

**(iv) Local taxation on land and buildings**

(4) Basis and prevailing rates of local taxation on land and buildings, with a brief account of procedures for valuation of property, assessment and appeal and revision against assessment.

**(v) Stamps and Registration**

(5) Prevailing rates of (i) stamp duties, and (ii) registration fees, with a brief description of arrangements for checking under-valuation of properties for evasion of stamp duty.

**(vi) Sales Tax**

(6) Prevailing rates and salient features of sales tax system in force in the State — single point or multi-point or both, together with a brief account of the reviews, if any, made of the working of sales tax system and suggestions made for its improvement from time to time.

**(vii) State excise duties**

(7) Basis and prevailing rates of State excise duties.

**(viii) Taxes on motor vehicles and passengers and goods**

(8) Basis and prevailing rates of taxation on motor vehicles and taxes on passengers and goods.

**(ix) Electricity Duties**

(9) Basis and prevailing rates of duties on consumption/sale of electricity.

**(x) Entertainment tax**

(10) Basis and prevailing rates of entertainment tax, cinema show tax and betting tax.

**(xi) Other taxes and duties**

(11) Basis and prevailing rates of Profession Tax. Other taxes, if any, yielding a revenue of Rs. 50 lakhs or more per annum may please be listed separately, together with the basis and prevailing rates of each tax.

**(xii) Cesses**

(12) Particulars of cesses levied by the State Government. Basis and prevailing rates of levy of each cess. Whether transferred to local bodies or spent directly by the State Government. Powers, if any, of local bodies to levy similar cesses over and above those levied by the State Government.

**II. RATES AND TARIFFS****(i) Irrigation Rates**

(13) Basis and existing rates of charges for irrigation from Government sources, the rates for each source and for different types of land/crops being shown separately. Please indicate whether there is any minimum fixed charge for use of irrigation facilities. Details of changes made in irrigation rates during each of the years of the Fifth Plan, indicating likely yield from these revisions in part of the year in which the measure has been undertaken and also the yield in a full year.

**(ii) Electricity Tariffs**

(14) Basis and existing average rates of electricity tariffs/duty for power supply to various categories of users and for different purposes in the proforma enclosed. Please indicate when last revision in rates took place in respect of each category. (Proforma I).

**(iii) Bus Fares**

(15) Basis and existing rates of bus fares by distance travelled/stages for single or return journeys separately for (a) State Road Transport Corporation buses;

(b) Departmentally run buses; and (c) private buses on various routes.

Separate information may be given for (a) passengers and (b) goods. Please indicate when last revision in rates took place in respect of each category.

**III. ADDITIONAL RESOURCE MOBILISATION**

(16) Statement giving the details of measures of additional taxation implemented by the State Government during each of the years of the Fourth Plan and the first 4 years of the Fifth Plan with their yields during each year and over the Plan periods as a whole.

(17) Statement giving the details of tax concessions given by the State Government during each of the years of the Fourth Plan and the first 4 years of the Fifth Plan with the estimated loss in revenue during each year and over the Plan periods as a whole.

(18) Statement giving the details of revision of electricity tariffs and bus fares by the State Electricity Board and the State Road Transport Corporation respectively during each of the years of the Fourth Plan and the first 4 years of the Fifth Plan with the yield, net of concessions, if any, during each year and over the Plan periods as a whole.

**IV. ECONOMY MEASURES AND ADMINISTRATIVE RE-ORGANISATION**

(19) A broad appraisal of economy measures implemented by the State Government from 1971-72 onwards.

(20) Important measures of administrative re-organisation, if any, carried out during the years from 1971-72 onwards; the basic objectives of such schemes of re-organisation and their impact on the finances of the State Government.

**V. EFFICIENCY IN COLLECTION OF TAXES AND LOANS DUE TO GOVERNMENT**

(21) The position of arrears in collection of (i) land revenue, (ii) agricultural income tax, (iii) sales tax, (iv) electricity duties and (v) other tax and non-tax revenue during each year from 1971-72 onwards with a detailed statement showing in respect of each of these sources of revenue (i) the arrears outstanding at the beginning of each year, (ii) the demand for the year, (iii) the amounts collected during the year, (iv) the amounts remitted or written off during the year, and (v) the balance carried forward to the subsequent year. (As in Proforma II enclosed).

(22) Position of Takkavi and land improvement loans with a detailed statement showing (i) the arrears of demand outstanding at the beginning of each year from 1971-72 onwards, (ii) the demand for the year, (iii) the amounts collected during the year, (iv) the amounts remitted or written off during the year, and (v) the overdue arrears at the end of the year.

(23) Position in respect of direct loans by the State Government to industries under enactments such as State Aid to Industries Act, with detailed Statements showing (i) the arrears of demand outstanding at the beginning of each year from 1971-72 onwards, (ii) the demand for the

year, (iii) the amounts collected during the year, (iv) the amounts remitted or written-off during the year, and (v) the overdue arrears at the end of the year.

#### VI. STATE'S BUDGETARY POSITION

- (24) A statement showing total receipts and expenditure on revenue account, receipts and disbursements on capital account and surplus or deficit on revenue account and capital account during the years from 1971-72 to 1976-77. This statement should also show how the overall deficit, if any, during each year was financed, i.e. whether by liquidation of securities, withdrawal from cash balance, increase in floating debt or by resort to overdrafts from the Reserve Bank in the proforma enclosed. (Proforma III).
- (25) A statement showing details of States' budgetary position on revenue account from 1971-72 onwards as in proforma enclosed. (Proforma IV).
- (26) A statement showing details of States' budgetary position on capital account from 1971-72 onwards as in proforma enclosed (Proforma V).
- (27) A statement showing details of the grants received from the Central Government from 1971-72 onwards as in proforma enclosed. (Proforma VI).
- (28) Matching or ad hoc grants received from statutory or non-statutory bodies, e.g., the National Co-operative Development and Warehousing Board, the Indian Council of Agricultural Research, the Indian Central Cotton Committee, the Indian Central Jute Committee, the Handloom Board etc., during the years 1971-72 onwards, showing separately (i) the gross expenditure on account of Plan and non-Plan schemes financed by such grants, (ii) the pattern and duration of the grants.
- (29) A statement showing from 1971-72 onwards the amounts transferred to and from any reserve funds with explanations as to the nature and purpose of those funds.
- (30) Statement showing expenditure in connection with famine and natural calamities in each of the years from 1971-72 onwards and the amount of assistance received from the Centre towards expenditure as grants and loans, by way of supply of foodgrains at concession prices or otherwise. Please indicate whether such assistance was received as (i) part of Plan assistance; and/or (ii) non-Plan assistance.
- (31) Receipts, payments and balances in the State Road Fund, the famine and natural calamities fund and other reserve funds for each of the years from 1971-72 onwards.
- (32) A statement showing position regarding receipts and disbursements under important Deposit Heads in the Public Account of the State Government as in proforma enclosed. (Proforma VII).
- (33) A statement showing assets and liabilities of the State Government at the end of each year from 1971 onwards in proforma enclosed. (Proforma VIII).
- (34) Details of transactions on account of short-terms loans from the Centre for fertilisers etc. as in the enclosed proforma. (Proforma IX).

#### VII. REVISION OF PAY SCALES, DEARNESS ALLOWANCE ETC.

- (35) Please indicate total number of State Government employees, teachers and employees of local bodies in the different pay ranges as in the enclosed proforma. (Proforma X).
- (36) Please furnish information in regard to pay scales, D.A. and other allowances of various categories of employees, with special reference to posts listed in the enclosed proforma. (Proforma XI).
- (37) Please furnish separate statements showing expenditure over the Fourth and Fifth Plan periods on account of revision of pay and dearness and other allowances of (i) State employees, (ii) employees of local authorities and (iii) teachers of aided institutions, (iv) employees of other quasi-Government bodies in each of the years from 1969-70 to 1976-77 in the proforma enclosed. (Proforma XII).
- (38) Please furnish a brief note describing the changes in dearness allowances and pay scales and indicating the dates from which the changes became effective. The estimates should include grants to educational institutions, local bodies, etc. towards meeting the cost of increases in dearness allowances, pay revisions, etc. for their employees. The estimated net accretion to provident funds in different years on account of crediting a part of the additional dearness allowances etc. to the employees' provident fund accounts may also be indicated. The effect of the increase in the case of the quasi-Government bodies may be indicated separately.

#### VIII. NORMS FOR MAINTENANCE OF CAPITAL ASSETS

- (39) A brief appraisal of prevailing norms, if any, which the State Government have prescribed or follow in the regulation of expenditure on maintenance of various types of buildings as in the proforma enclosed. (Proforma XIII).
- (40) Please furnish figures relating to the capital cost of buildings constructed during specified periods and actual cost of maintenance of such buildings from 1971-72 onwards as in the proforma enclosed. (Proforma XIV).
- (41) A brief appraisal of prevailing norms, if any, which the State Government have prescribed or follow in the regulation of expenditure on maintenance of various types of roads as in the proforma enclosed. (Proforma XV).
- (42) Please indicate figures relating to kilometrage of roads of different classes and traffic intensity and the actual cost of maintenance of such roads from 1971-72 onwards as in the proforma enclosed. (Proforma XVI).
- (43) A brief appraisal of prevailing norms, if any, which the State Government have prescribed or follow in the regulation of expenditure on maintenance of various types of irrigation works major, medium and minor — with their net-work of canals, indicating the liability, if any, of the beneficiaries of irrigation for maintenance of field channels under the regulations in force.
- (44) Please indicate figures relating to net area irrigated by Government sources as in the proforma enclosed. (Proforma XVII).
- (45) A brief appraisal of the norms, if any, which the State Government have prescribed or follow in regulating provisions for medicines and diet in respect of (i) teaching and other major hospitals, (ii) District headquarters hospitals, (iii) Hospitals at Tehsil level, (iv) Primary Health Centres, and (v) rural dispensaries etc. as in the proforma enclosed. (Proforma XVIII).

#### IX. STANDARDS OF ADMINISTRATION

- (46) Please indicate figures relating to levels of expenditure on certain specified administrative and special services from 1971-72 onwards as in the proforma enclosed. (Proforma XIX).
- (47) Please indicate strength of establishment under (1) General administration, (2) Justice, and (3) Jails as on 1st of April, 1971 onwards.
- (48) Please indicate strength of establishment under Police with separate figures for armed police, border police (where such police is maintained separately) home guards, Prantiya Raksha Dal etc., as on 1st of April, 1971 onwards.
- (49) Please indicate number of primary schools; pupils and teachers therein as on 1st April, 1971 onwards showing the additional strength of pupils in these schools together with the age group.
- (50) Please indicate number of hospitals and dispensaries; total number of beds, nurses, doctors, and mid-wives — rural and urban separately as on 1st April, 1971 onwards.
- (51) Please furnish a brief note indicating major schemes for the welfare of scheduled castes, scheduled tribes and other backward classes together with annual expenditure on each scheme from 1971-72 onwards.

#### X. WORKING RESULTS OF STATE ENTERPRISES AND OTHER AUTONOMOUS BODIES

- (52) Please list out the names of autonomous enterprises Corporations etc. set up by the State Government with brief notes on their functions and activities. Please indicate from 1971-72 onwards the capital base and the budgetary support, revenue as well as capital, extended by the State Government and the amount of interest/dividend accrued/actually paid to the State Government by each enterprise/Corporation.
- (53) Please indicate progressive total investment of the State Government in public sector undertakings as in the proforma enclosed. (Proforma XX).
- (i) State Electricity Board
- (54) Please indicate financial results of the working of the State Electricity Board in the proforma enclosed. (Proforma XXI).
- (55) Total progressive investment in power projects, as at the end of each year from 1971-72 to 1974-75 and estimated at the end of 1975-76 and 1976-77 separately for the various systems of power generation e.g. steam, hydro, diesel etc.
- (56) Average cost of power per unit (kwh) produced under various systems of power generation e.g. steam, hydro, diesel etc., separately and also all the systems taken together during the years 1971-72 to 1976-77.
- (57) Average revenue in paise per unit (kwh) realised from power sold—
- (a) within the State, and

- (b) outside the State  
for each of the years from 1971-72 to 1976-77.
- (58) Receipts from electricity duty for the years 1971-72 to 1976-77 together with break-up as follows:
- (a) on power sold by the State Electricity Board;
  - (b) on power sold by departmental electricity undertakings including electricity portion of multipurpose river valley project etc.;
  - (c) on sale of power purchased from other State/Systems; and
  - (d) on sale of power by private generators etc. For this purpose, aggregate revenue from electricity duties may be split up in proportion to the number of units sold under each category.
- (59) Year wise position from 1971-72 onwards regarding the estimated level of losses in power transmission/distribution etc., and steps taken by the State Government/State Electricity Board to minimise such losses.
- (60) Brief note may kindly be furnished on norms, if any, used by the State Electricity Board in projecting its receipts and expenditures for purposes of the budget and for formulation of the forecast to be furnished to the Planning Commission in connection with Annual Plans.
- (61) Yearwise position from 1971-72 onwards regarding arrears of interest outstanding from the State Electricity Board on loans from the State Government.
- (62) Estimated investment in Rural Electrification Works out of the total Block Capital (at the beginning of each year) of the State Electricity Board for each year beginning from 1971-72 to 1976-77.
- (63) Kilowatts of energy generated in each of the years beginning from 1971 by (i) State undertakings (excluding purchases from other systems and (ii) private undertakings with indications of the progress of rural electrification programme from 1971-72 to 1976-77.
- (i) State Road Transport Corporation
  - (64) Financial results of State Road Transport Corporation (or State Road Transport Department where the transport services are run departmentally) in the proforma enclosed. (Proforma XXII).
  - (iii) Irrigation Projects
  - (65) Financial results of major irrigation projects during Fourth Plan and the first 3 years of the Fifth Plan with a brief indication of capital outlay, running costs and revenue derived each year, utilisation of irrigation potential and other direct and indirect benefits of the project.
  - (iv) Other Commercial and Industrial undertakings
  - (66) Financial results of other State Commercial and Industrial undertakings for which commercial accounts are maintained in the proforma enclosed. (Proforma XXIII).
- XI. LOCAL BODIES**
- (67) Revenue of local bodies and expenditure incurred by them in each of the years from 1971-72 onwards; grants received from State Government being indicated separately together with a brief account of powers of taxation available to the local bodies urban and rural — and the extent of utilisation of such powers by them.
- XII. AGRARIAN REFORMS**
- (68) Progress of agrarian reforms in the State; their effect on revenue and expenditure, production of foodgrains and commercial crops during the years 1971-72 onwards.
- XIII. GENERAL**
- (69) A note on the arrangements for preparation and collection of statistics relating to State income and consumption data regarding commodities subject to Union Excise Duties.
- (70) A note on the arrangements for preparation of an 'Economic and functional classification of the State Budget'. Please also indicate, progress, if any, in the preparation of performance budget.

**SUBSIDIARY POINT 14  
PROFORMA I**

State: .....

**Average rates of Electricity Supply and Electricity Duty for different categories of Consumers**

Average rate in P/KWH

Category of Consumers	KWH/month	Rate	Duty Tax	Total	Enforced with effect from
1	2	3	4	5	6
1. Domestic—					
(a) Lights and fans	(30)	..	..	..	..
(b) Heat and Small power	(100)	..	..	..	..
(c) Combined load	(130)	..	..	..	..
2. Commercial—					
(a) Lights and fans	(200)	..	..	..	..
(b) Heat and Small power	(400)	..	..	..	..
(c) Combined load	(600)	..	..	..	..
3. Agricultural purposes (10 HP, 15% L.F.)	(817)	..	..	..	..
4. Small Scale Industries (10 KW, 20% L.F.)	(1460)	..	..	..	..
5. Medium Industries (50 KW, 30% L.F.)	(10,950)	..	..	..	..
6. Large Industry I (250 KW, 40% L.F.)	(73,000)	..	..	..	..
7. Large Industry II (1000 KW, 50% L.F.)	(365,000)	..	..	..	..
8. Heavy Industry (5000 KW, 60% L.F.)	(2,190,000)	..	..	..	..
9. Public Lighting	..	..	..	..	..
10. Supplies to consumers outside the State—					
(a) Inter Board Supplies	..	..	..	..	..
(b) Supplies to other Governments	..	..	..	..	..
(c) Others	..	..	..	..	..

NOTES: The average rates may be worked out on the following basis :—

1. Power factor may be assumed at '8.85'.
2. Wherever in the case of H.T. Industrial rates fuel surcharge is levied, the fuel surcharge, as per latest available information, may be indicated separately.
3. All the H. T. Industrial rates may be worked out considering a supply voltage of 11 KV.
4. Prompt payment rebate, wherever given, may be taken into account.

**SUBSIDIARY POINT 21  
PROFORMA II**

**Arrears of Taxes/Non-Tax Revenues**

State: .....

(Rs. crores)

	1971-72 Actuals	1972-73 Actuals	1973-74 Actuals	1974-75 Actuals	1975-76 Actuals	1976-77 Preliminary Actuals	1977-78 B.E.
	1	2	3	4	5	6	7
<b>A. Tax Revenues</b>							
<b>1. Land Revenue—</b>							
(a) arrears outstanding at the beginning of the year							
(b) the demand for the year							
(c) the amount collected during the year							
(d) the amount remitted or written off during the year							
(e) balance carried forward to the subsequent year							

**SUBSIDIARY POINT 21—Contd.  
PROFORMA II—Contd.**

	1	2	3	4	5	6	7
<b>2. Agricultural Income-tax—</b>							
(a) arrears outstanding at the beginning of the year							
(b) the demand for the year							
(c) the amount collected during the year							
(d) the amount remitted or written off during the year							
(e) balance carried forward to the subsequent year							
<b>3. Sales Tax—</b>							
(a) arrears outstanding at the beginning of the year							
(b) the demand for the year							
(c) the amount collected during the year							
(d) the amount remitted or written off during the year							
(e) balance carried forward to the subsequent year							
<b>4. Electricity Duties—</b>							
(a) arrears outstanding at the beginning of the year							
(b) the demand for the year							
(c) the amount collected during the year							
(d) the amount remitted or written off during the year							
(e) balance carried forward to the subsequent year							
<b>5. Other taxes and duties (Please specify important items)</b>							
<b>TOTAL—A</b>							
<b>B. Non-Tax Revenues</b>							
<b>1. Interest—</b>							
(a) From State Electricity Board							
(b) Other (with broad details)							
<b>2. Other non-tax revenue (Please specify important items)</b>							
<b>TOTAL—B</b>							

**SUBSIDIARY POINT 24  
PROFORMA III**

State: .....

**Overall Budgetary Position**

(Rs. lakhs)

	1971-72 Actuals	1972-73 Actuals	1973-74 Actuals	1974-75 Actuals	1975-76 Actuals	1976-77 Preliminary Actuals	1977-78 B.E.
	1	2	3	4	5	6	7
I. Revenue Receipts							
II. Revenue Expenditure							
III. Surplus(+) or Deficit(—) on Revenue Account (I—II)							
IV. Capital Receipts							
V. Capital Disbursements							
VI. Surplus (+) or Deficit(—) on Capital Account							
VII. Overall Surplus (+) or Deficit(—) (III—VI)							
<b>Financed by:—</b>							
(a) Drawing on Cash balances							
(b) Sale of Treasury bills							
(c) Sale of other unearmarked securities							
(d) Increase in ways and means advances from R.B.I.							
(e) Increase in Over-draft							
(f) Special accommodation from Centre, if any							
<b>TOTAL (a—f)</b>							

**SUBSIDIARY POINT 25**  
**PROFORMA IV**  
**State's Budgetary Position—Revenue Account**

State: .....

(Rs. lakhs)

	1971-72 Accts.	1972-73 Accts.	1973-74 Accts.	1974-75 Accts.	1975-76 Actuals	1976-77 Preliminary Actuals	1977- 78 B.E.
	1	2	3	4	5	6	7
<b>A. Revenue Receipts—</b>							
1. Share in Central taxes							
2. State Tax Revenues							
3. Non-Tax Revenues							
4. Grants from Centre—							
(a) Plan							
(b) Non-Plan							
5. Transfer from Funds							
<b>TOTAL—Revenue Receipts—A</b>							
<b>B. Expenditure on Revenue Account—</b>							
1. Non-Developmental Expenditure—							
(i) Interest payments—							
(a) Central Government							
(b) Others							
(ii) Appropriation for reduction or avoidance of Debt.							
(iii) Other Non-Developmental expenditure							
<b>TOTAL—Non-Developmental</b>							
2. Developmental Expenditure—							
(a) Plan							
(b) Non-Plan							
<b>TOTAL—Developmental</b>							
3. Committed Expenditure on Plan Schemes							
4. Transfer to Funds							
<b>TOTAL—Expenditure on Revenue Account— B</b>							
<b>C. Surplus or Deficit on Revenues Account (A—B)</b>							

**SUBSIDIARY POINT 26****PROFORMA V****State's Budgetary Position—Capital Account**

State: .....

(Rs. lakhs)

	1971-72 Accts.	1972-73 Accts.	1973-74 Accts.	1974-75 Accts.	1975-76 Actuals	1976-77 Preliminary Actuals	1977-78. B.E.
	1	2	3	4	5	6	7
<b>A. Capital Receipts—</b>							
<b>I. Internal Debt—</b>							
1. Market Loans							
2. Loans from LIC							
3. Loans from SBI and other Banks							
4. Loans from National Agricultural Credit (Long term) Operation Fund							
5. Loans from National Co-operative Development Corporation							
6. Others							
<b>TOTAL—I</b>							
<b>II. Loans from the Centre—</b>							
1. State Plan Schemes							
2. Central Plan Schemes							
3. Centrally Sponsored Schemes							
4. Non-Plan—							
(i) Share of Small Saving							
(ii) Relief for Natural Calamities							
(iii) Others							
5. Ways and Means Advances							
<b>TOTAL—II</b>							

**SUBSIDIARY POINT 26—Contd.  
PROFORMA V—Contd.**

	1	2	3	4	5	6	7
<b>III. Recovery of Loans and Advances</b>							
<b>IV. Inter-State Settlement (net)</b>							
<b>V. Contingency Fund (net)</b>							
<b>VI. Public Account—</b>							
1. State Provident Funds (net)							
2. Reserve Funds (net)							
3. Deposits and Advances (net)							
4. Suspense and Miscellaneous (net)							
5. Remittances (net)							
<b>TOTAL—VI</b>							
<b>VII. TOTAL—Capital Receipts—A</b>							
<b>B. Capital Disbursements—</b>							
<b>I. Capital Outlay—</b>							
(a) Developmental—							
(i) Plan							
(ii) Non-Plan							
(b) Non-Developmental—							
(i) Plan							
(ii) Non-Plan							
<b>II. Discharge of Internal Debt—</b>							
1. Market Loans							
2. Loans from LIC							
3. Loans from SBI and other Banks							
4. Loans from National Agricultural Credit (Long-term Operations Fund)							
5. Loans from National Co-operative Development Corporation							
6. Others							
<b>III. Repayment of Loans to the Centre</b>							
<b>IV. Loans and Advances by State Government—</b>							
(a) Plan							
(b) Non-Plan							
<b>V. Appropriation to Contingency Fund</b>							
<b>VI. TOTAL—Capital Disbursements—B</b>							
Plan							
Non-Plan							
<b>C. Surplus(+) or Deficit (—) on Capital Account (A—B)</b>							

**SUBSIDIARY POINT 27  
PROFORMA VI  
Grants from the Central Government**

State: .....  
(Rs. Lakhs)

	1971-72 Accts.	1972-73 Accts.	1973-74 Accts.	1974-75 Accts.	1975-76 Actuals	1976-77 Preliminary Actuals	1977-78 B.E.
	1	2	3	4	5	6	7
<b>I. Plan Grants—</b>							
(a) State Plan							
(b) Centrally Sponsored Schemes							
(c) Central Plan Schemes							
<b>TOTAL—I</b>							
<b>II. Non-Plan grants—</b>							
1. Statutory—							
(a) Under Substantive Provisions of Article 275							
(b) Under Provisos to Article 275							
2. Grants in lieu of Railway Passenger fares							
3. Other non-Plan grants (Please specify each grant separately)							
1.							
2.							
3.							
<b>TOTAL—II</b>							
<b>I. GRAND TOTAL</b>							

**SUBSIDIARY POINT 32**  
**PROFORMA VII**  
**Deposits and Advances**

State: .....

(Rs. lakhs)

	As on 31st March of each year					
	1971	1972	1973	1974	1975	1976
	1	2	3	4	5	6
1. Deposits of Depreciation Reserves of Government Commercial concerns—						
(a) Kept with State Government						
(b) Kept with banking and financial institutions including liquid, cash and investments in shares etc.						
2. Electricity Board Deposits—						
(a)						
(b)						
3. Housing Board Deposits—						
(a)						
(b)						
4. Deposits of Small Industries Corporation—						
(a)						
(b)						
5. Deposits of Agro-Industries Corporation—						
(a)						
(b)						
6. Deposits of Khadi and Village Industries Board—						
(a)						
(b)						
7. Deposits of Local Funds—						
(a)						
(b)						
8. Other deposits (Please specify details by major categories)—						
(a)						
(b)						

**SUBSIDIARY POINT 33**  
**PROFORMA VIII**

**Assets and Liabilities of the State Government as on 31st March of each year**

State: .....

(Rs. lakhs)

	1971	1972	1973	1974	1975	1976	1977
	1	2	3	4	5	6	7
<b>A. Liabilities</b>							
1. Due to Government of India							
2. Open market loans							
3. Land compensation bonds							
4. Floating loans							
5. Other Loans							
6. State Provident Funds							
7. Other Deposits							
<b>TOTAL—A</b>							
<b>B. Assets</b>							
1. Loans advanced (due to Government)							
2. Loans to Electricity Boards							
3. Other assets							
4. Cash balances							
5. Investments :							
(a) In securities							
(i) Earmarked							
(ii) Unearmarked							
(b) Other investments							
<b>TOTAL—B</b>							

**SUBSIDIARY POINT 34  
PROFORMA IX**

**Transactions on account of Short-term Loans from the Centre for Fertilizers etc.**

State: .....

(Rs. lakhs)

	1971-72 Actuals	1972-73 Actuals	1973-74 Actuals	1974-75 Actuals	1975-76 Actuals	1976-77 Preliminary Actuals	1977-78 B.E.
	1	2	3	4	5	6	7
1. Short-term loans from Centre for fertilizers, etc.							
2. Disbursement of loans to cultivators, etc. on account of item 1 above.							
3. Recoveries from cultivators etc. on account of 2 above.							
4. Repayment of short-term loans to Centre.							

**SUBSIDIARY POINT 35  
PROFORMA X-A**

(Added vide letter No. 7FC-9(1)-Res/77 dated 26-7-77)

**Number of State Government employees, teachers and employees of local bodies (including Aided Institutions)**

State: .....

	As on 31 March					
	1972	1973	1974	1975	1976	1977
<b>A. State Government employees</b>						
Below Rs. 201						
Rs. 201/- and above but below Rs. 251/-						
Rs. 251/- and above but below Rs. 301/-						
Rs. 301/- and above but below Rs. 401/-						
Rs. 401/- and above but below Rs. 501/-						
Rs. 501/- and above but below Rs. 701/-						
Rs. 701/- and above but below Rs. 901/-						
Rs. 901/- and above but below Rs. 1001/-						
Rs. 1001/- and above but below Rs. 1201/-						
Rs. 1201/- and above but below Rs. 1601/-						
Rs. 1601/- and above but below Rs. 1801/-						
Rs. 1801/- and above but below Rs. 2001/-						
Rs. 2001/- and above but below Rs. 2251/-						
Rs. 2251/- and above.						
<b>B. Teachers</b>						
Below Rs. 201/-						
Rs. 201/- and above but below Rs. 251/-						
Rs. 251/- and above but below Rs. 301/-						
Rs. 301/- and above but below Rs. 401/-						
Rs. 401/- and above but below Rs. 501/-						
Rs. 501/- and above but below Rs. 701/-						
Rs. 701/- and above but below Rs. 901/-						
Rs. 901/- and above but below Rs. 1001/-						
Rs. 1001/- and above but below Rs. 1201/-						
Rs. 1201/- and above but below Rs. 1601/-						
Rs. 1601/- and above but below Rs. 1801/-						
Rs. 1801/- and above but below Rs. 2001/-						
Rs. 2001/- and above but below Rs. 2251/-						
Rs. 2251/- and above.						
<b>C. Employees of Local Bodies including Aided Institutions</b>						
Below Rs. 201/-						
Rs. 201/- and above but below Rs. 251/-						
Rs. 251/- and above but below Rs. 301/-						
Rs. 301/- and above but below Rs. 401/-						
Rs. 401/- and above but below Rs. 501/-						
Rs. 501/- and above but below Rs. 701/-						
Rs. 701/- and above but below Rs. 901/-						
Rs. 901/- and above but below Rs. 1001/-						
Rs. 1001/- and above but below Rs. 1201/-						
Rs. 1201/- and above but below Rs. 1601/-						
Rs. 1601/- and above but below Rs. 1801/-						
Rs. 1801/- and above but below Rs. 2001/-						
Rs. 2001/- and above but below Rs. 2251/-						
Rs. 2251 and above.						





**SUBSIDIARY POINT 37  
PROFORMA XII**

**Expenditure on account of increase in Dearness Allowances and Revision of Pay Scales since 1971-72.**

State : .....

*(Rs. lakhs)*

	1971-72 Actuals	1972-73 Actuals	1973-74 Actuals	1974-75 Actuals	1975-76 Estimate	1976-77 Estimate	Estimated cost over the 5th Plan period
	1	2	3	4	5	6	7
<b>A. Revision in Dearness Allowance</b>							
1. Increases in 1969-70							
2. Increases in 1970-71							
3. Increases in 1971-72							
(a) Orders issued and implemented upto 1-1-1972							
(b) Orders issued and implemented from 1-1-1972 to 31-3-1972							
4. Increases in 1972-73							
5. Increases in 1973-74							
<b>TOTAL: (1—5)</b>							
6. Increases in 1974-75							
7. Increases in 1975-76							
8. Increases in 1976-77							
<b>TOTAL: (6+7+8)</b>							
<b>B. Revision in other Allowances</b>							
1. Increases in 1969-70							
2. Increases in 1970-71							
3. Increases in 1971-72							
(a) Orders issued and implemented upto 1-1-1972							
(b) Orders issued and implemented from 1-1-1972 to 31-3-1972.							
4. Increases in 1972-73							
5. Increases in 1973-74							
<b>TOTAL: (1—5)</b>							
6. Increases in 1974-75							
7. Increases in 1975-76							
8. Increases in 1976-77							
<b>TOTAL: (6+7+8)</b>							
<b>C. Revision in Pay Scales</b>							
1. Increases in 1969-70							
2. Increases in 1970-71							
3. Increases in 1971-72							
(a) Orders issued and implemented upto 1-1-1972							
(b) Orders issued and implemented from 1-1-72 to 31-3-72							
4. Increases in 1972-73							
5. Increases in 1973-74							
<b>TOTAL: (1—5)</b>							
6. Increases in 1974-75							
7. Increases in 1975-76							
8. Increases in 1976-77							
<b>TOTAL: (6+7+8)</b>							
<b>D. GRAND TOTAL</b>							

**PROFORMA XII-A  
TOTAL WAGE BILL**

(Added vide letter No. 7FC-9(1)-Res/77, dated 26/7/77)

State : .....

**Expenditure Incurred on different categories of employees**

	State Government employees	Teachers @	Employees of Local Bodies and Aided Institutions	Casual employees*	Total
	1	2	3	4	5
<b>1972-73</b>					
<b>Expenditure on—</b>					
1. Pay					
2. D.A.					
3. H. R. A.					
4. C. C. A.					
5. Other Allowances					
6. TOTAL					
<b>1973-74</b>					
<b>Expenditure on—</b>					
1. Pay					
2. D. A.					
3. H. R. A.					
4. C. C. A.					
5. Other Allowances					
6. TOTAL					
<b>1974-75</b>					
<b>Expenditure on—</b>					
1. Pay					
2. D. A.					
3. H. R. A.					
4. C. C. A.					
5. Other Allowances					
6. TOTAL					
<b>1975-76</b>					
<b>Expenditure on—</b>					
1. Pay					
2. D. A.					
3. H. R. A.					
4. C. C. A.					
5. Other Allowances					
6. TOTAL					
<b>1976-77</b>					
<b>Expenditure on (Actuals)—</b>					
1. Pay					
2. D. A.					
3. H. R. A.					
4. C. C. A.					
5. Other Allowances					
6. TOTAL					
<b>1977-78</b>					
<b>(B. E.)</b>					
1. Pay					
2. D.A.					
3. H.R.A.					
4. C.C.A.					
5. Other Allowances					
6. TOTAL					
<b>1978-1979</b>					
<b>(Estimates)</b>					
1. Pay					
2. D.A.					
3. H.R.A.					
4. C.C.A.					
5. Other Allowances					
6. TOTAL					

@ Please specify categories.

\*In the case of casual employees, if they are paid only on a lump-sum basis per diem or month then, the total amount paid may please be indicated.

Note: Breakup of the above amount into plan & Non-Plan may also please be given.

**PROFORMA XII-B**

(Added vide letter No. 7FC-9(2)-Res/77 dated 22/7/78)

**Financial implications of revisions in pay, D.A. etc. during 1974-79**

State: .....

Nature of revision Pay D.A. etc.	Estimated total cost during the period 1974-79 of the revisions in pay, DA undertaken between 31-3-1974 and 1-1- 1977. (Rs. lakhs)	Revisions in pay, DA, etc. undertaken after 1-1-1977 in chronological order					
		No. and date of issue of orders	Date of effect of the orders	Financial implications (Rs. lakhs)			
				during the year of issue of orders	in full year	1974- 79	1979-84 (forecast)
1	2	3	4	5	6	7	8
(a) Pay		1.					
(b) D.A./A.D.A./I.R.		2.					
(c) Other allowance (Please specify the allowance)		3.					

1. Please enclose a copy each of the orders issued.
2. Major headwise break-up of increases sanctioned after 1-1-1977 may please be furnished, if not already sent.
3. In case there is a Pay Commission/Committee presently looking in to the pay scales etc. of the State Government employees, a copy of the Resolution/order indicating the terms of reference of the Commission Committee may please be sent, Likely Date of submission of the Report may also please be indicated if possible.

**SUBSIDIARY POINT 39****PROFORMA XIII****Maintenance Norms for buildings as percentage of Capital Cost**

State: .....

(Per cent)

	Buildings constructed			
	Upto 31-3-1948	From 1-4-1948 to 31-3-1962	From 1-4-1962 to 31-3-1974	From 1-4-1974 to 31-3-1977
	1	2	3	4
<b>I. Residential buildings (Permanent)—</b>				
1. Ordinary repairs				
2. Special repairs				
<b>II. Secretariat blocks—</b>				
1. Ordinary repairs				
2. Special repairs				
<b>III. Other Non-residential buildings (permanent)—</b>				
1. Ordinary repairs				
2. Special repairs				
<b>IV. Temporary Buildings—</b>				
<b>V. Electrical Installations—</b>				
<b>A. Residential—</b>				
1. Annual repairs				
2. Special repairs				
(a) With fans				
(b) Without fans				
<b>B. Non-residential—</b>				
1. Annual repairs				
2. Special repairs.				

**SUBSIDIARY POINT 40**  
**PROFORMA XIV**  
**Capital outlay on buildings and cost of maintenance**

State: .....

(Rs. lakhs)

Capital cost of Buildings constructed	Cost of Maintenance						
	1971-72 Actuals	1972-73 Actuals	1973-74 Actuals	1974-75 Actuals	1975-76 Actuals	1976-77 Prel. Actuals	1977-78 B.E.
1	2	3	4	5	6	7	8
1. Upto 31-3-1948							
2. From 1-4-1948 to 31-3-1962							
3. From 1-4-1962 to 31-3-1974							
4. In 1974-75							
5. In 1975-76							
TOTAL							

NOTE: Under a later telex additional information was asked for, on the following points:

- (i) Break up of cost of buildings of various age groups into (a) residential (b) non-residential, each of these further divided into permanent and temporary.
- (ii) capital cost of electric construction for the above categories.
- (iii) Information may be furnished upto 1978-79.

**SUBSIDIARY POINT 41**  
**PROFORMA XV**

## (a) Norms for Maintenance of State Highways (Black Topped Surface)

State: .....

(Rs. per Km. per year)

Traffic Classification	Single Lane				Double Lane			
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 1	Zone 2	Zone 3	Zone 4
1	2	3	4	5	6	7	8	9
1. < 450 C. V./Day								
2. 450—1500 C. V./Day								
3. > 1500 C. V./Day								

C.V. = Commercial Vehicles.

## (b) Norms for Maintenance of Major District Roads and other District Roads (Black Topped Surface)

(Rs. per Km per year)

Traffic Classification	Road Classification	Single Lane				Double Lane			
		Zone 1	Zone 2	Zone 3	Zone 4	Zone 1	Zone 2	Zone 3	Zone 4
1	2	3	4	5	6	7	8	9	10
1. <45 C.V./Day	MDR								
	ODR								
2. 45—150 C. V. Day	MDR								
	ODR								
3. 150—450 C. V. Day	MDR								
	ODR								
4. 450—1500 C.V. Day	MDR								
	ODR								
5. >1500 C. V./Day	MDR								
	ODR								

MDR: Major District Roads

ODR: Other District Roads

C.V.: Commercial Vehicles

## SUBSIDIARY POINT 41—Contd.

## PROFORMA XV—Contd.

## (c) Norms for Maintenance of Water Bound Macadam Surface Roads—All Categories of State Roads

(Rs. per Km per year)

Traffic Classification	Single Lane				Remarks
	Zone 1	Zone 2	Zone 3	Zone 4	
1	2	3	4	5	6
1. <450 C. V./Day					1. For traffic 450 C.V./Day and for double lane roads, WBM surfacing is not normally adopted. 2. Cost of maintenance may be arrived at on the basis of Rs. 1800 Km/Year for ordinary repairs and renewal cycle of 75 mm thick WBM once in 4 years.

C.V. = Commercial Vehicles

## SUBSIDIARY POINT 42

## PROFORMA XVI

## Kilometrage and cost of Maintenance of Roads

State : .....

(Rs lakhs)

Type of Roads	Kilometrage (as at the end of)					Cost of Maintenance						1977-78 B.E.
	1972	1973	1974	1975	1976	1971-72 Actuals	1972-73 Actuals	1973-74 Actuals	1974-75 Actuals	1975-76 Actuals	1976-77 Prel. Actuals	
1	2	3	4	5	6	7	8	9	10	11	12	13
A. Government Roads												
1. State Highways												
2. Major District Roads												
3. Other District Roads												
4. Village Roads												
TOTAL												
B. Roads of Local Bodies												
1. Major District Roads												
2. Other District Roads												
3. Village Roads												

NOTE: Under a later telex additional information on the following points was requested for :

- (i) Break up of Road lengths of State Highways, Major District Roads, other District Roads, Zone-wise, separately for Single Lane and Double Lane and classified on the basis of traffic intensity and according to type of surface.  
(ii) Grants to Local Bodies for maintenance of roads.

## SUBSIDIARY POINT 44

## PROFORMA XVII

## Net area irrigated by Government sources

State: .....

(000 hectares)

	As at the end of					
	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
	1	2	3	4	5	6
Canal						
Tanks						
Wells						
Other sources						
TOTAL						

**SUBSIDIARY POINT 45**  
**PROFORMA XVIII**  
**Norms for medicines and diet**

State: .....  
(Rupees per patient per day)

	Teaching hospitals	District Headquarters Hospitals	Taluk hospitals	Primary health Centres	Rural Dispensaries	Others
	(1)	(2)	(3)	(4)	(5)	(6)
<b>A. Medicines</b>						
In patients						
Out patients						
<b>B. Diet</b>						

**SUBSIDIARY POINT 46**  
**PROFORMA XIX**

**Standards of Administration—Levels of expenditure on certain administrative and social services**

State: .....  
(Rs. Lakhs)

	1971-72 Accts.	1972-73 Accts.	1973-74 Accts.	1974-75 Accts.	1975-76 Actuals	1976-77 Prel. Actuals	1977-78 B.E.
	1	2	3	4	5	6	7
1. General Administration—							
Land revenue							
(b) District administration							
(c) Secretariat General Services							
(d) Stationery and Printing							
(e) Others (Please specify details)							
1							
2							
3							
<b>TOTAL</b>							
2. Justice and Jails—							
(a) Administration of Justice							
(b) Jails							
(c) <b>TOTAL</b>							
3. Police							
4. Primary education							
5. Medical and public health—							
(a) Expenditure on medicines							
(b) Expenditure on diet							
(c) Other expenditure							
(d) <b>TOTAL</b>							
6. Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes.							
<b>GRAND TOTAL</b>							

**SUBSIDIARY POINT 53  
PROFORMA XX**

**State Government's Investments in Public Sector Undertakings**

State: .....

(Rs. crores)

	Progressive total			Investment* as at the end of			
	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
	1	2	3	4	5	6	7
<b>A. Non-Departmental</b>							
1. State Electricity Board							
2. State Road Transport Corporation							
3. Other enterprises (Please indicate each enterprise separately)							
<b>B. Departmental</b>							
1. Multipurpose River Valley Schemes							
2. Major and medium irrigation Projects							
3. Flood Control Works							
4. Others (Please indicate each enterprise separately)							

\*Includes loan, capital outlay and equity.

**SUBSIDIARY POINT 54  
PROFORMA XXI**

**Financial Results of State Electricity Boards/State Electricity Deptt.**  
(Details regarding receipts and expenditure on revenue and capital accounts)

State: .....

(Rs. crores)

	1971-72 Actuals	1972-73 Actuals	1973-74 Actuals	1974-75 Actuals	1975-76 Actuals	1976-77 Prel. Actuals	1977-78 B.E.
	1	2	3	4	5	6	7
<b>1. (a) Block capital (at the beginning of the year)—</b>							
(i) invested in completed works							
(ii) invested in works in progress							
(iii) TOTAL (i + ii)							
(b) Capital base							
<b>2. Installed Capacity (MW)—</b>							
(a) Steam							
(b) Hydro							
(c) Diesel							
<b>(d) TOTAL</b>							
<b>3. Peak demand (aggregate) (MW)—</b>							
(a) Generation system							
(b) Purchases							
<b>(c) TOTAL</b>							
<b>4. Power (million KW hrs)—</b>							
(a) Generated							
(i) Steam							
(ii) Hydro							
(iii) Diesel							
(iv) TOTAL							
(b) Purchased							
<b>(c) TOTAL</b>							
<b>5. Power sold (million KW hrs)</b>							
(a) Within the State							
(b) Outside the State							
<b>(c) TOTAL</b>							

**SUBSIDIARY POINT 54—Contd.**  
**PROFORMA XXI—Contd.**

(Rs. crores)

	1	2	3	4	5	6	7
<b>6. Assessed Revenue on—</b>							
(a) Sale of power—							
(i) Within the State (average tariff per unit sold in paise) to be indicated for each year							
(ii) Outside the State (average tariff per unit-paise)							
(b) Arrears due from—							
(i) Within the State							
(ii) Outside the State							
(c) Miscellaneous receipts							
<b>TOTAL of 6</b>							
<b>7. Revenue expenditure—</b>							
(a) Working expenses—							
(i) Fuel charges							
(ii) Cost of power purchased							
(iii) Other charges, including misc. repairs							
(iv) Establishment and administrative charges							
<b>TOTAL (i) to (iv)</b>							
<b>8. Gross operating surplus (6—7)</b>							
<b>9. Transfer to Reserve Fund—</b>							
(a) Depreciation Reserve Fund							
(b) Interest on the balance in the depreciation fund							
(c) General reserve							
(d) Loans Redemption Fund							
<b>TOTAL of 9</b>							
<b>10. Gross surplus (+) or deficit (—) (8—9)</b>							
<b>11. Interest charges—</b>							
(a) On loans from Govt.							
(1) Outstanding on March 31, 1974.							
(2) Loans to be obtained during the Fifth Plan period.							
(b) Interest on bonds (other than Rural debentures)							
(1) Bonds outstanding on March, 31, 1974.							
(2) Bonds to be issued during the Fifth Plan period.							
(c) Interest on Rural debentures.							
(d) Others—							
(1) Loans outstanding on March, 31, 1974.							
(2) Loans to be obtained during the 5th Plan period.							
<b>TOTAL of 11</b>							
<b>12. Net profit or loss (10—11)</b>							
<b>13. Corporation tax.</b>							
<b>14. Transfer to State revenues</b>							
<b>15. Collection of duty on behalf of the State Government.</b>							
<b>16. Capital receipts</b>							
(a) Opening Balance							
(b) Loans from the State Govt.							
(i) Gross loans							
(ii) Repayment, if any							

**SUBSIDIARY POINT 54—Contd.  
PROFORMA XXI—Contd.**

(Rs. crores)

	1	2	3	4	5	6	7
(c) Borrowings from the market ( other than Rural debentures)							
(i) Gross loans							
(ii) Repayment, if any							
(iii) Net loans							
(d) Rural debentures							
(e) Borrowing from LIC							
(i) Gross loans							
(ii) Repayments, if any.							
(iii) Net loans.							
(f) Other borrowings*							
(i) Gross loans							
(ii) Repayments, if any							
(iii) Net loans.							
(g) Withdrawal from Funds							
(i) Depreciation funds							
(ii) General reserves							
(iii) Loan Redemption fund							
(iv) Others.							
(h) Debt, deposits and remittances (net)							
(i) Provident funds (net)							
(j) Subscription from Govt. if any							
(k) Other receipts							
(l) Inventories carried forward from previous years.							
<b>TOTAL of—16 (a) to (l)</b>							
<b>17. Capital expenditure</b>							
(a) Plan Schemes							
(b) Other capital expenditure**							
<b>18. Closing balance</b>							

\*The sources such as R.E.C., A.R.C. A. F. C., Agricultural consumers may please be specified.

\*\*Details of other capital expenditure may please be furnished.

Please Note: Separate statements should be submitted for the State Electricity Board and State Electricity Department or any other Department of the State Government which owns and operates power projects.

**SUBSIDIARY POINT 64  
PROFORMA XXII**

**Financial Results of Road Transport Corporation/Undertaking**

State: .....

(Rs. crores)

	1971-72 Actuals	1972-73 Actuals	1973-74 Actuals	1974-75 Actuals	1975-76 Actuals	1976-77 Prelm. Actuals	1977-78 B.E.
	1	2	3	4	5	6	7
<b>Road Transport Corporation/Undertaking :</b>							
1. Block capital at the end of the year.							
2. No. of vehicles at the end of the year							
(a) Buses							
(b) Others (to be specified)							

**SUBSIDIARY POINT 64—Contd.  
PROFORMA XXII—Contd.**

(Rs. crores)

	1	2	3	4	5	6	7
<b>3. Average vehicles at the end of the year</b>							
(a) Buses—							
(i) Number							
(ii) Average life assumed							
(b) Other vehicles—							
(i) Number							
(ii) Average life assumed.							
<b>4. No. of vehicles replaced during the year</b>							
(a) Buses							
(b) Others (to be specified)							
<b>5. Total vehicles purchased during the year</b>							
(a) Buses							
(b) Others (to be specified)							
<b>6. Utilisation</b>							
(a) % of total buses in the fleet on road during the year.							
(b) Average kilometreage operated per bus during the year							
<b>7. Revenue per passenger kilometre</b>							
<b>8. Revenue per bus kilometre.</b>							
<b>9. Cost per passenger kilometre (including interest &amp; depreciation).</b>							
<b>10. Cost per bus kilometre (including interest &amp; depreciation)</b>							
<b>11. Gross receipts</b>							
<b>12. Working Expenses</b>							
<b>13. Interest payments</b>							
(a) to State Government							
(b) to others							
<b>14. Transfer to depreciation fund</b>							
<b>15. Transfer to other funds (to be specified)</b>							
<b>16. Other charges, if any, on current revenues (to be specified)</b>							
<b>17. Net profit [11—(12 to 16)]</b>							
<b>18. Corporation Tax</b>							
<b>19. Contribution to State revenues</b>							
<b>20. Retained profits (17—18—16)</b>							
<b>21. Opening Balance</b>							
<b>22. Closing Balance</b>							
<b>23. Expenditure met out of funds</b>							
(a) depreciation funds							
(b) other funds							
<b>24. Contribution for the Plan</b>							
(a) Net accretion to depreciation fund (transfers minus current replacement expenditure).							
(b) Net accretion to other funds							
(c) Retained profits							
(d) Total contribution for plan (a+b+c)							

**SUBSIDIARY POINT 66****PROFORMA XXIII**

(as revised under letter No. 7FC 9(1)-Res/77 dated 13-10-77)

**Details of contribution of other autonomous State enterprises  
(Other than Electricity Board and Road Transport Corporation)**

State: .....

(Rs. crores)

	1971-72 Actuals	1972-73 Actuals	1973-74 Actuals	1974-75 Actuals	1975-76 Actuals	1976-77 Prelm. Actuals	1977-78 B.E.
0	1	2	3	4	5	6	7
<b>A. Other Autonomous State Enterprises</b>							
1. Block Capital at the beginning of the year							
(a) Government Sources							
(i) Equity							
(ii) Loans							
(b) Other Sources							
(i) Equity							
(ii) Loans							
(c) Accumulated reserves and surpluses							
2. Gross receipts							
3. Working expenses							
4. Interest payments							
(a) To State Government							
(b) To others							
5. Transfer to depreciation fund							
6. Other charges, if any, on current revenues							
7. Net profits (2—3 to 6)							
8. Corporation tax							
9. Contribution to State revenues							
10. Retained profits inclusive of transfer to reserve funds (7—8—9)							
11. Opening balance							
12. Closing balance							

**ANNEXURE III.2**

(Without, enclosures referred to in para 2)

**Letter No. FC-21(1)-A/77, dated the 15th April, 1977, from Shri V. B. Eswaran, Officer on Special Duty, Ministry of Finance (Department of Economic Affairs) to Finance Secretaries of all States.**

The Seventh Finance Commission is expected to be set up shortly. Under Article 280(3) of the Constitution, the Commission would have to make recommendations to the President as to.

(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 and the allocation between the States of the respective shares of such proceeds; and

(b) the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India.

2. It would be an advantage if, in anticipation of the appointment of the Commission, the State Governments take up the preparation of forecasts of their revenues and expenditures. I enclose a set of proformae for showing the revenue position of the State in the past years and the forecast for the period to be covered by the recommendations of the Seventh Finance Commission. Suitable notes explaining the basis of the projections for the forecast period, may be appended as indicated at the end of each statement. 30 copies may kindly be sent to the Member Secretary of the Commission so as to reach him within two months of the constitution of the Commission.

3. Receipt of this communication may kindly be acknowledged.

4. Hindi version will follow.

**ANNEXURE III.3**

(without enclosures referred to in paras 2 and 6)

**Letter No. 7FC-21(1)-A/77 dated the 7th July, 1977 from Shri V. B. Eswaran, Member Secretary, Finance Commission to Finance Secretaries of all States.**

In my d.o. letter No. FC.21(1)-A/77 dated 15th April, 1977, from the Department of Economic Affairs, Ministry of Finance, State Governments were requested to take up the preparation of forecasts of their revenues and expenditures in the proformae enclosed with that letter, and furnish them to the Finance Commission within two months of the constitution of the Finance Commission.

2. I am enclosing a copy of the Presidential Order constituting the Seventh Finance Commission.

3. It will be seen that the Commission has been asked to make recommendations as to the following points; having regard among others to the considerations set out in para 5 of the Order: —
- 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 their respective shares of such proceeds;
  - 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 of the Constitution for purposes other than those specified in the provisos to clause 1 of that Article.
4. The Commission has also been asked to suggest changes, if any, to be made in the principles governing the distribution among the States of—
- the net proceeds of any financial year of estate duty in respect of property other than agricultural land;
  - the net proceeds in any financial year of the additional excise duty leviable under the Additional Duties and Excise (Goods of special importance) Act, 1957, in replacement of the Sales tax levied formerly by the State Governments on each of the following commodities, namely, (1) cotton fabrics; (2) woollen fabrics; (3) rayon or artificial silk fabrics; (4) sugar; and (5) tobacco including manufactured tobacco;
  - the grant to be made available to the States in lieu of the tax under the repealed Railway Passenger Fares Tax Act, 1957; and
  - the grant to be made available to the States on account of wealth-tax on agricultural property.
5. It is requested that the State Government may kindly send to the Commission Memoranda setting out its views on the abovementioned matters.
6. The Commission has also been asked to make an assessment of the non-Plan capital gap of the States on a uniform and comparable basis for the 5 years ending with 1983-84. For the assessment of non-Plan capital gaps of the States the Commission will require from the State Governments their forecast, year by year, of the estimated receipts and disbursements on capital account. The Commission will also need information on the outstanding debt position as at the end of 1978-79. The information may kindly be furnished in the proformae appended to this letter, with suitable notes explaining the basis of the projections in the forecast in respect of each item of receipts and disbursements. While furnishing these forecasts, the State Government may also kindly indicate its views on the appropriateness of the classification as between Plan and non-Plan of the different items figuring under capital receipts and disbursements.
- The Commission shall be grateful to have Memoranda containing the views of the State Government on the debt position of the States, purposes for which loans have been utilised, the existing terms of repayments of various categories of Central loans and the measures which could be considered to deal with the non-Plan capital gap.
7. Para 9 of the Presidential Order requires the Commission to review the policy and arrangements in regard to the financing of relief expenditure by States affected by natural calamities, and to suggest such modifications thereof as may be appropriate. The Commission would appreciate having a Memorandum setting out the views of the State Government on this matter.
8. Thirty copies each of the Memoranda and forecasts referred to in paragraphs 5, 7 and 8 of this letters may kindly be sent so as to reach the Commission by 31st August, 1977.
9. Attention is invited to Shri K. N. Row's d.o. letter No. F.3(12)FCC/76 dated 31st July, 1976, by which the State Government was requested to compile and furnish factual information on "Subsidiary Points" relating to the finances and economy of the States. It would be appreciated if this information could be expedited so as to reach the Commission by 16th August, 1977.
10. Receipt of this letter may please be acknowledged. Hindi version will follow.

#### ANNEXURE III.4

**Letter No. 7FC.9(1)-Res/77 dated the 26th July, 1977 from Shri V. B. Eswaran, Member Secretary, Finance Commission to Finance Secretaries of all States.**

- In making its recommendations as to the matters contained in para 4 of the Presidential Order, the Commission, inter alia has to take into account such provisions for emoluments of Government employees, teachers and local body employees as obtaining on a specified date as the Commission deem it proper, and with reference to objective criteria rather than in terms of actual increases that might have been given effect to The Commission has proposed to adopt 1st January, 1977 as the date of reference. Accordingly, the projections of non-developmental expenditure for the year 1978-79 to 1983-84 should take into account only scales of pay, dearness allowance and other allowances as on 1st January, 1977 i.e. on the basis of orders issued and implemented on or before 1st January, 1977. Paragraph 4 of the Explanatory Note Appended to Statement III of the Proforma sent with my d.o. letter dated 15th April, 1977 from the Ministry of Finance (Department of Economic Affairs) will stand modified to this extent.
2. Your attention is also invited to Item VII (Points Nos. 35 to 38) regarding revision of pay scales, dearness allowance etc., of the list of Subsidiary Points on which information was called for in Shri K. N. Row's d.o. letter dated 31st July, 1976. The information in regard to scales of pay etc., of employees may please be furnished on the basis of the orders issued and implemented on or before 1st January, 1977. Any revision in scales of pay, dearness allowance and other allowances of the employees undertaken by the State Government after 1st January, 1977 could be shown separately together with the likely expenditure on this account during a full year as also for the part of the year in which these orders were issued. Four copies of the orders issued and implemented on or after 1-1-1977 may also please be furnished. Information in regard to the number of employees may be sent according to the pay slabs indicated in the revised proforma XA enclosed with this letter.
3. It would be of use to the Commission if you could send 2 copies of the reports on the latest census of the State Government employees, teachers, and employees of local bodies and aided institutions, that might have been conducted by the State Government.
4. For purposes of its analysis, the Commission would also be requiring the total expenditure incurred by the State Governments on salaries and other allowances of its employees for each of the years from 1972-73 onwards. This may please be sent in the Proforma No. XII-A.
5. I shall be grateful if you could also send 4 copies of each of the orders issued by the State Government during the years 1974-75 to 1977-78 regarding any benefit by way of reductions, remissions or other concessions in taxes, rates, tariffs etc., with notes indicating the cost of each of these concessions in a full year and also in part of the year during which these orders have been issued and implemented.
6. For evaluating the returns and investment in industrial and commercial enterprises, the Commission would be requiring balance sheets and profit and loss accounts for the last three years in respect of State Undertakings having a turnover of Rs. 50 lakhs and above. You may kindly arrange to send this to the Commission.

7. The Commission would also be requiring similar information on cooperative institutions in the industrial and commercial sectors including marketing. A list of such institutions with a brief note on their activities and functions may also be sent. The balance sheets & profit and loss accounts of the last three years of these institutions may also please be sent.
8. The information referred to in para 1 may please be sent so as to reach me by 31st August, 1977, and that called for in paras 2 to 7 may be furnished by 16th August, 1977.
9. Hindi version will follow.

### ANNEXURE III.5

**Letter No. 7FC.7(7)-Res /77 dated the 10th August, 1977 from Shri V. B. Eswaran, Member Secretary, Finance Commission to Accountants General of all States.**

Kindly refer to Shri T. Rengachari's d.o. letter No. 639-TA1/61-77, dated 26-7-1977, addressed to you and copy endorsed to me, regarding assistance to the Commission in matters relating to State Finances.

2. The Seventh Finance Commission while making its recommendations to the President is required to assess the resources of the State Govt. for the quinquennium, 1979-80 to 1983-84. The State Government has accordingly been requested to furnish year-wise details of budgetary receipts and expenditure for the periods 1974-78 as well as the forecasts for 1978-79 to 1983-84. The Commission will have to study the resources position of the State in depth, with special reference to its fiscal management and policies, investments in productive and commercial enterprises and returns therefrom, efficiency in tax and non-tax collections, recoveries of loans and interest from third parties, ways and means position, etc.
3. I am enclosing a copy of the list of subsidiary points on which the State Government has been requested to furnish information to the Commission. A list of items, on which the Commission would like to have information and your views by the 30th September, 1977 is enclosed.
4. I shall also be grateful if you could also kindly arrange to send us two copies each of the Finance Accounts, Appropriation Accounts and C.A.G.'s report for 1973-74 and for the latest year for which they are available.
5. Receipt of this letter may kindly be acknowledged.

### ANNEXURE III.6

**Letter No. 7FC.7(23)-Res/77 dated the 6th October, 1977 from Shri R. K. Dar, Joint Secretary, Finance Commission to Finance Secretaries of all States.**

For the use of the Finance Commission, we need the following information urgently :—

- (i) Number of courts categorywise as in the State (Civil, Criminal, Sessions etc.) — Magistrates, Judges, also the number of civil courts.
- (ii) Assessment of adequacy of buildings for courts in the State and the state of maintenance of these buildings.
- (iii) Number of Jails — in total and of different types (sub-jails, district jails, central jails etc.).  
(*Right Column*)
- (iv) Capacity of these jails.
- (v) Actual jail population for each of the years from 1973-74 and comments regarding adequacy or otherwise of available capacity.
- (vi) Assessment of standards of maintenance of jails.
- (vii) Number of police stations in metropolitan areas, in large cities and other urban centres, in semi-urban and rural areas, with average size of population covered by each type of police station.
- (viii) Number of policemen, civil police, armed police and other police forces (industrial security, special investigation or prosecution branches, etc.).
- (ix) Basic crime statistics in metropolitan areas, large cities and urban areas, semi-urban and rural areas, observations on trends thereof.
- (x) Assessment of adequacy of buildings for purposes of the Police in the State and the state of their maintenance.
- (xi) The strength and duties of the organisations like the Home Guards, Gramrakshak Dals (or similar village/rural organisations of a part-time or whole-time nature with specific responsibilities) and the expenditure incurred by the State Government on these organisation from 1973-74 onwards.

2. I shall be grateful if the above information is sent to us by 7th November, 1977, at the latest.

### ANNEXURE III.7

**D.O. letter No. 7 F.C.1(8)-Res/77, dated the 7th October, 1977 from Shri M. R. Sivaraman, Director, Finance Commission to Finance Secretaries of all States.**

To enable the Finance Commission to work out a complete picture of the total investments made by the State Governments in multi-purpose river valley schemes, major and medium irrigation projects, minor irrigation projects and flood control schemes, and the returns therefrom by way of water rates, etc., after meeting the maintenance and repair charges, other establishment charges and interest on capital, I would request you to furnish the relevant information as per proformae enclosed for each year of the Fifth Plan period and also for the next quinquennium. Some of this information, though being furnished separately under some subsidiary points, may also be shown here for working out relevant results from the irrigation and flood control projects in your State.

2. The requisite information may kindly be furnished by the 25th October, 1977.



(ii) On works in progress											
(7) Depreciation											
(8) Net receipts after meeting working expenses, interest and depreciation											
(9) Total capital invested upto the end of the year											
(i) On completed works											
(ii) On works in progress											
(10) Rate of net return on investment (percentage)											
(i) Net of working expenses											
(ii) Net of working expenses, interest & depreciation											
(11) Maintenance cost as % of total capital invested											
(12) Length of embankments (k.ms.)											
(13) Average maintenance cost per k.m. (Rs.)											

\*Including that on maintains of head works.

**PROFORMA III**  
**Irrigation, Navigation, Drainage and Flood Control Projects**  
**(A) Major and Medium Irrigation Project—Commercial**

(Rupees lakhs)

	1974-75 Accounts	1975-76 Accounts	1976-77 RE.	1977-78 BE.	1978-79 Estimates	1979-80 Forecasts	1980-81 Forecasts	1981-82 Forecasts	1982-83 Forecasts	1983-84 Forecasts	Total 1979-84
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>(1) Receipts from irrigation projects</b>											
(i) Water rates											
(ii) Land revenue due to irrigation(1)											
(iii) Betterment levy											
(iv) Sale of land											
(v) Revenue levied and collected by local bodies											
(vi) Other receipts											
<b>Total receipts (i) to (vi)</b>											
<b>(2) Operation maintenance and receipt (2) charges including grants to local bodies)</b>											
<b>(3) Extension and improvement (Non-Plan)</b>											
(i) On revenue account											
(ii) On capital account											
<b>(4) Other working expenses</b>											
<b>5) Total working expenses (2 to 4)</b>											
<b>(6) Net receipts (without taking into account interest on Capital and depreciation (1—5))</b>											
<b>(7) Interest on capital</b>											
(i) On completed works											
(ii) On continuing works											
<b>(8) Depreciation provision, if any</b>											
<b>(9) Net receipts (1—[5+7+8])</b>											
<b>(10) Total capital invested upto the end of the year.</b>											
(i) On completed works (2)											
(ii) On works in progress											
<b>(11) Rate of net return on investment (Percentage)</b>											
(i) Net of working expenses without interest and depreciation.											
(ii) Net of working expenses, interest and depreciation											
<b>(12) Irrigation potential created (thousand hectares)</b>											
<b>(13) Gross area irrigated thousand hectares)</b>											
<b>(14) Net irrigated by Government sources of irrigation (000 hectares)</b>											
(a) Canals											
(b) Tub wells, etc. in command area											
<b>(15) Annual normal demand by way of water rates and betterment levy</b>											
<b>(16) Demand outstanding for collection at the end of the year</b>											

**FOOT NOTE:** (1) Where water rates are not levied separately, indicate the amount attributable to irrigation.

(2) Including that on maintenance of head works.

(3) This should take into account completed stages of the projects.

**PROFORMA IV**  
**Irrigation, Navigation, Drainage and Flood Control Projects**  
**(B) Major and Medium Irrigation Project — Non-Commercial**

(Rupees lakhs)

	1974-75 Accou nts	1975-76 Accou nts	1976-77 R.E.	1977-78 B.E.	1978-79 Estima te	1979-80 Foreca sts	1980-81 Foreca sts	1981-82 Foreca sts	1982-83 Foreca sts	1983-84 Forec asts	Total level	1979-84/expected
1	2	3	4	5	6	7	8	9	10	11	12	13
(1) Receipts from irrigation projects												
(i) Water rates												
(ii) Land revenue due to irrigation(1)												
(iii) Betterment levy												
(iv) Sale of land												
(v) Revenue levied and collected by local bodies												
(vi) Other receipts												
Total receipts [(i) to (vi)]												
(2) Operation, maintenance and repair charges (2) (including grants to local bodies)												
(3) Extension and improvement (non-Plan)												
(i) On revenue account												
(ii) On capital account												
(4) Other working expenses												
(5) Total working expenses (2 to 4)												
(6) Net receipts (without taking into account interest on capital and depreciation (1—5))												
(7) Interest on capital												
(i) On completed works												
(ii) On continuing works												
(8) Depreciation provision, if any												
(9) Net receipts [1—(5+7+8)]												
(10) Total capital invested upto the end of the year												
(i) On completed works (3)												
(ii) On works in progress												
(11) Rate of net return on investment (Percentage)												
(i) Net of working expenses without interest and depreciation.												
(ii) Net of working expenses, interest and depreciation.												
(12) Irrigation potential created (thousand hectares)												
(13) Gross area irrigated (thousand hectares)												
(14) Net area irrigated by Government sources of irrigation (000 hectares)												
(a) Canals												
(b) Tube wells, etc. in Command area												
(15) Annual normal demand by way of water rates and betterment levy												
(16) Demand outstanding for collection at the end of the year.												

**FOOT NOTES :** (1) Where water rates are not levied separately, indicate the amount attributable to irrigation.

(2) Including that on maintenance of head works.

(3) This should take into account completed stages of the projects.



## PROFORMA VI—Contd.

	2	3	4	5	6	7	8	9	10	11	12	13
<b>1</b>												
<b>(10) Total capital invested upto the end of the year</b>												
(i) On completed works (*)												
(ii) On works in progress												
<b>(11) Rate of net return on investment (Percentage)</b>												
(i) Net of working expenses without interest and depreciation.												
(ii) Net of working expenses, interest and depreciation.												
<b>(12) Irrigation potential created (thousand hectares)</b>												
<b>(13) Gross area irrigated (thousand hectares)</b>												
<b>(14) Net area irrigated by the Govt. sources of irrigation (000 h.a.)</b>												
(i) Canals												
(ii) Tube wells, etc. in command area												
<b>(15) Annual normal demand by way of water rates and betterment levy.</b>												
<b>(16) Demand outstanding for collection at the end of the year.</b>												

FOOT NOTES: (1) When water rates are not levied separately, indicate the amount attributable to irrigation.

(2) Including that on maintenance of head works.

(3) This should take into account completed stages of the projects.

**PROFORMA VII**  
**Minor Irrigation Project/Works**  
**(B) Flood Control Works**

(Rs. in lakhs)

	1974-75 Accounts	1975-76 Accounts	1976-77 R.E.	1977-78 B.E.	1978-79 Estimate	1979-80 Forecast	1980-81 Forecast	1981-82 Forecast	1982-83 Forecast	1983-84 Forecast	Total level	1979- 84/expected
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>
<b>(1) Receipts</b>												
<b>(2) Expenditure on operation, maintenance and repairs*</b>												
<b>(3) Extension and improvement (Non-Plan)</b>												
(i) On revenue account												
(ii) On capital account, if any												
<b>(4) Other working expenses</b>												
<b>(5) Net receipts [1—(2+3+4)]</b>												
<b>(6) Interest on capital</b>												
(i) On completed works												
(ii) On works in progress												
<b>(7) Depreciation</b>												
<b>(8) Net receipts after meeting working expenses, interest and depreciation</b>												
<b>(9) Total capital invested upto the end of the year</b>												
(i) On completed works												
(ii) On works in progress												
<b>(10) Rate of net return on investment (Percentage)</b>												
(i) Net of working expenses												
(ii) Net of working expenses, interest and depreciation.												
<b>(11) Maintenance cost as % of total capital invested.</b>												
<b>(12) Length of embankments (Kms.)</b>												
<b>(13) Average maintenance cost per km. (Rs.)</b>												

\* Including that or maintenance of head works

**ANNEXURE IV****Dates of discussions with State Governments and Ministries/Departments of the Central Government****(A) Discussions with State Governments at State Headquarters**

<b>State</b>	<b>Dates</b>
Tamil Nadu	16th & 17th January, 1978
West Bengal	16th & 17th February, 1978
Nagaland	19th February, 1978
Rajasthan	21st March, 1978
Gujarat	26th & 27th March, 1978
Madhya Pradesh	29th & 30th March, 1978
Uttar Pradesh	31st March & 1st April, 1978
Tripura	11th & 12th April, 1978
Meghalaya	13th April, 1978
Manipur	15th April, 1978
Sikkim	21st April, 1978
Orissa	23rd & 24th April, 1978
Andhra Pradesh	27th & 28th April, 1978
Karnataka	29th April, 1978
Maharashtra	8th, 9th, & 10th May, 1978
Kerala	12th May, 1978
Haryana	24th May, 1978
Punjab	25th May, 1978
Himachal Pradesh	26th May, 1978
Assam	2nd & 3rd June, 1978
Bihar	7th June, 1978
Jammu & Kashmir	17th July, 1978

**(B) Discussions with Ministries of the Central Government**

<b>Ministry / Department</b>	<b>Dates</b>
1. Ministry of Finance	14th August & 13th September, 1978
2. Department of Social Welfare	7th September, 1978
3. Ministry of Defence	13th September, 1978
4. Ministry of Home Affairs	20th September, 1978

**ANNEXURE V**  
**Individuals and organisations who furnished Memoranda to the Commission**

1. Action Committee of State Employees, Workers and Teachers of Assam, Gauhati.
2. Adivasi Yuvak Sansthan, Ranchi.
3. Shri Ahmed, Ex-M.L.A., on behalf of Kerala State Muslim League.
4. Ahmedabad Mill Owners' Association, Ahmedabad.
5. All Utkal Primary Teachers' Federation, Cuttack.
6. Dr. Amal Kumar Mukhopadhyay, General Secretary, Council for Political Studies, Calcutta.
7. Shri Atish Chandra Sinha, M.L.A., West Bengal.
8. Shri Badri Singh, Secretary, State Development Irrigation and Flood Control Samiti, Patna.
9. Shri Baruah, K. C., I.A.S. (Retired), Gauhati.
10. Bengal Chamber of Commerce & Industry, Calcutta.
11. Bengal National Chamber of Commerce and Industry, Calcutta.
12. Prof. Bhabatosh Datta, Member, Fourth Finance Commission, 1/1-K, Jodhpur Park, Calcutta.
13. Shri Bhardwaj, R. K., President, Himachal Sudhar Sabha, Delhi.
14. Bharat Chamber of Commerce, Calcutta.
15. Prof. Bhargava, R. N., Visiting Professor in Economics, Department of Humanities & Social Sciences, Indian Institute of Technology, Kanpur.
16. Bhartiya Depressed Classes League (Gujarat State), Ahmedabad.
17. Prof. Bhatia, H. L., Senior Lecturer, Delhi University.
18. Prof. Borkar, V. V., Senior Professor & Head of the Department of Economics, Marathwada University, Aurangabad.
19. Bundelkhand Praja Parishad, Chhattarpur, Madhya Pradesh.
20. Shri Chandrasekharan, K., Chairman, Janata Party, Kerala.
21. Shri Chaturanan Mishra, Leader, Communist Group in Assembly, Bihar.
22. Prof. Chelliah, Raja J., Director, National Institution of Public Finance and Policy, Delhi.
23. Shri Choudhry, S. M., M.L.A., Working President, United Central Refugee Council, Calcutta.
24. Communist Party of India (Kerala State Council), Trivandrum.
25. Shri Daya Ram Bhaskar, M.L.A., Uttar Pradesh.
26. Shri Daulat Ram Sankhayan, M.L.A., Himachal Pradesh.
27. Department of Economics, Lucknow University.
28. Department of Economics, Indore University; Indore Press Club; and the Institute of Under-developed States' Economic Growth, Indore (Joint Memorandum).
29. Prof. Dhirash Bhattacharyya, Professor of Economics, Calcutta University.
30. Dimapur Chamber of Commerce, Nagaland.
31. Federation of Karnataka Chambers of Commerce & Industry, Kempegowda Road, Bangalore.
32. Frontier Chamber of Commerce, Shillong.
33. Shri Gian Chand Jotu, M.P.
34. Shri Gidwani, V. L., Member Secretary, Fifth Finance Commission.
35. Shri Gopalakrishnaiah V., former M.L.A., Settenpalli, Andhra Pradesh.
36. Government Pensioners' Welfare Organisation, Uttar Pradesh.
37. Gujarat Chamber of Commerce and Industry (Gujarat Vyapari Mahamandal), Ahmedabad.
38. Gujarat Rajya Khet Majoor Mandal, Ahmedabad.
39. Dr. (Smt.) Hem Lata Rao, Institute for Social and Economic Change, Bangalore.
40. Shri Himmat Patel, Department of Economics, Sardar Patel University, Vallabh Vidyanagar.
41. Indian Merchants Chamber, Bombay.
42. Shri Jagannathan, S., former Governor, Reserve Bank of India.
43. Shri Jagdev Mahato, Village Koko Navtoli, Ranchi.
44. Janata Martiganj Vikas Kshetra, Azamgarh.
45. Shri Joseph, P. J., President, Kuttanad Karshaka Sangham, Alleppey.
46. Dr. Kahlon, A. S., Dean, College of Basic Sciences and Humanities, Punjab Agricultural University, Ludhiana.
47. Shri Kanti Chaudhri, Vice-Chancellor, Jabalpur University.
48. Karnataka Government Motor Drivers' Central Association, Bangalore.
49. Karnataka State Government Employees' Association, Bangalore.
50. Prof. Karsandas Soneri, M.L.A., Gujarat.
51. Prof. Kedarnath Prasad, University Professor of Economics and Principal, Patna College.
52. Kerala Congress (State Committee), Kottayam.
53. Shri Khosla, R. L., Income Tax Advisor, 464, Hukam Singh Road, Amritsar.
54. Smt. Krishna Sahi, M.L.A., Bihar.
55. Shri Kumar B., Lecturer, R.S.P. College, Jharia.
56. Shri Madhuru Subha Reddy, M.L.A., Andhra Pradesh.
57. Shri Lyngdoh, V. G., M.L.A., Meghalaya.

58. Madhya Pradesh Class III Government Employees' Association, Tulsinagar, Bhopal.
59. Smt. Manoraman Hukku, Lecturer, Department of Economics, Jodhpur University.
60. Shri Masud, S. A., Member, Sixth Finance Commission, Calcutta.
61. Meghalaya College Teachers' Association, Shillong.
62. Merchants' Chamber of Commerce, 3/1/7Z, Armenian Street, Calcutta-1.
63. Nagaland Secretariat Service Association, Nagaland Civil Service Association, and Nagaland Stenographers' Association, Dimapur.
64. Nagaland State Cooperative Marketing and Consumers' Federation Ltd., Dimapur.
65. Shri Naik, K. R. G., Reader in Business Economics, South Delhi Campus, New Delhi.
66. Dr. Natarajan R., Chairman, Institute for Techno-Economics Studies, Madras.
67. Prof. Natarajan, P., Director, Academy of Social Sciences and Research, Madras.
68. National Democratic Party, Trivandrum.
69. Shri Nittoor Sreenivasa Rau, Honorary Secretary, Gokhale Institute of Public Affairs, Bangalore.
70. Shri Panchamukhi, P. R., Reader and Head, Department of Economics, Bombay University.
71. Shri Pande, B.D., former Cabinet Secretary, Jagati Bank, Jhuladevi Road, Ranikhet.
72. Shri Phool Chand Jain, M.L.A., Madhya Pradesh.
73. Prof. Porwal, L. S., Delhi School of Economics, Delhi University.
74. Dr. Prabodh Kumar Jha, Reader, Department of Economics, Mithila University, Darbhanga.
75. Shri Promode Gogoi, M.L.A., Leader of the C.P.I., Assam.
76. Punjab, Haryana & Delhi Chamber of Commerce & Industry, Chandigarh.
77. Shri Radha Nandan Jha, Deputy Speaker, Vidhan Sabha, Bihar.
78. Rajasthan Chamber of Commerce and Industry, Jaipur.
79. Dr. Rajendra Jain, Professor of Economics Government Hamidia College, Bhopal.
80. Shri Rajpal, M.D., Executive Director, Ahmedabad Mill-owners' Association, Ahmedabad.
81. Dr. Ramji Singh, M.P.
82. Shri Ram Nath Sharma, M.L.A., Himachal Pradesh.
83. Shri Ranganathan, S., Madras.
84. Shri Rao, S., Sreenivasa, Highland Traders, No. 11, Dr. I. V. Gundappa Road, Basavagudi, Bangalore-4.
85. Prof. Rao, V.K.R.V., Director, Institute of Social and Economic Change, Bangalore.
86. Revolutionary Socialist Party (Kerala State Committee), Trivandrum.
87. Shri Rosaiah, K., M.L.A., Leader of the Opposition, Andhra Pradesh.
88. Sadvichar Parivar, Ahmedabad.
89. Shri Samant, P.B., M.L.A., Maharashtra.
90. Sampurnanand Sanskrit University, Varanasi.
91. Shri Seshadri, R. K., former Deputy Governor, Reserve Bank of India.
92. Shri Shivajirao Patil, M.L.A., Maharashtra.
93. Shri Shravan Kumar, Speaker, Vidhan Sabha, Himachal Pradesh.
94. State Social Welfare Advisory Board, Himachal Pradesh.
95. State Co-ordination Committee of the West Bengal Government Employees' Association and Unions, Calcutta.
96. Dr. Tarlok Singh, former Member, Planning Commission.
97. Dr. Tewary, J. N., Post Graduate Department of Economics, Patna University, Patna.
98. Dr. Thakur, C. P., Associate Professor of Medicines, Patna Medical College Hospital, Patna and Secretary, Sunday Club, Patna.
99. Shri Thakur Sen Negi, President, Janata Party, Himachal Pradesh.
100. Shri Thimmaiah G., Senior Fellow, Institute for Social and Economic Change, Bangalore.
101. Tripura State Congress for Democracy, Agartala.
102. Lady Ursula K. Hicks, Linacre College, Oxford (U.K.)
103. Dr. Yadava Reddy and Shri K. S. Upadhyaya, Department of Economics, Osmania University.

## ANNEXURE VI

**Individuals and representatives of organisations who met the Commission**

1. Action Committee of the State employees, workers and teachers of Assam, Gauhati.
2. Dr. Adiseshiah, M. S., Vice Chancellor, Madras University.
3. All Utkal Primary Teachers' Federation, Orissa.
4. Shri Arjun Rao Kasture, Leader of Opposition, Maharashtra Legislative Council.
5. Prof. Bagchi, A., Calcutta.
6. Shri Balasubramanian, K., Gokhale Institute of Public Affairs, Bangalore.
7. Shri Baldev Pasricha, Chairman, Industrial Financing Corporation, Bombay.
8. Dr. Balwantha Reddy, Administrative Staff College of India, Hyderabad.
9. Shri Baruah, K. C., I.A.S. (Retired), Gauhati.
10. Prof. Bhabatosh Dutta, Member, Fourth Finance Commission.
11. Dr. Bhagat Singh, M.L.A., Punjab.
12. Shri Bhagwant Singh, I.A.S. (Retired), Lucknow.
13. Shri Bhai Vaidya, M.L.A., Leader of Opposition, Maharashtra.
14. Dr. Bhargava, R. N., Visiting Professor, Indian Institute of Technology, Kanpur.
15. Dr. Bhatia, H. L., Senior Lecturer in Economics, Shri Ram College of Commerce, Delhi University.
16. Shri Bhattacharjee, G. S., ex-Chairman, Public Accounts Committee, Assam.
17. Prof. Borkar, V. V., Senior Professor and Head of Department, Marathwada University.
18. Dr. Brahmananda, P. R., Bombay University.
19. Shri Brundavan Naik, M.L.A., Leader of Opposition, Orissa.
20. **Chambers of Commerce and Industry:**
  - (i) Bengal Chamber of Commerce and Industry — Shri J. Sengupta, President and 2 other representatives.
  - (ii) Bengal National Chamber of Commerce and Industry — Shri Milan Mukherji and 2 other representatives.
  - (iii) Bharat Chamber of Commerce (Calcutta) — Shri A. K. Rungta, President and 5 other representatives.
  - (iv) Bombay Chamber of Commerce — Shri Kamaljit Singh, President and 4 other representatives.
  - (v) Ernakulam Chamber of Commerce — Shri M. Sarkara Menon, President and 2 other representatives.
  - (vi) Frontier Chamber of Commerce (Shillong).
  - (vii) Gujarat Chamber of Commerce and Industry — Shri Jehangir R. J. Cama, President and 3 other representatives.
  - (viii) Haryana, Punjab & Delhi Chamber of Commerce and Industry — Shri M. K. Mehta, President and 3 other representatives.
  - (ix) Indian Chamber of Commerce (Calcutta) — Shri J. M. Jatia, President and 3 other representatives.
  - (x) Indian Merchants' Chamber (Bombay) — Shri Ramakrishna Bajaj and 4 other representatives.
  - (xi) Karnataka Chamber of Commerce and Industry — Shri V. N. Tallam and 3 other representatives.
  - (xii) Maharashtra Chamber of Commerce — Shri B. M. Gogte and 4 other representatives.
  - (xiii) Marathwada Chamber of Commerce — Shri Dilu Dahanukar and 1 other representative.
  - (xiv) Merchants Chamber of Commerce (Calcutta) — Shri A. P. Sonthalia and 5 other representatives.
  - (xv) Rajasthan Chamber of Commerce — Shri K. J. Bhargava, President and 5 other representatives.
  - (xvi) Srinagar Chamber of Commerce.
21. Shri Chandumal Barkheta, Textile Industrialist, Madhya Pradesh.
22. Dr. Chandramani Singh, Lr. Speaker, Manipur Legislative Assembly.
23. Shri Chandrasekharan, M.L.A., Kerala.
24. Shri Chaturanan Mishra, M.L.A., Bihar.
25. Shri Chaudhari, M. S., former Chief Secretary, Madhya Pradesh.
26. Shri Chavan, S. B., M.L.A., Maharashtra.
27. Prof. Chetkar Jha, Department of Political Science, Patna University.
28. Shri Chidambaram, M. A., Managing Director, Agricultural Finance and Development Corporation, Bombay.
29. Shri Chimabhai Patel, Editor, "Sandesh", Ahmedabad.
30. College Teachers' Association, Srinagar.
31. Prof. Dandekar, V. M., Director, Gokhale Institute of Economics and Politics, Pune.
32. Shri Deshmukh, G. A., M.L.A., Maharashtra.
33. Prof. Dhiresb Bhattacharyya, Professor of Economics, Calcutta University.
34. Shri Dorendra Singh, R. K., ex-Chief Minister, Manipur.
35. Shri Dutta Bhowmik, B., Editor, "Dainik Sambad", Tripura.
36. Shri Gaugin, T., ex-Deputy Minister (Education), Manipur.
37. Shri Gauri Shankar Rai, M.P.
38. Shri Gidwani, V. L., I.C.S. (Retired), Member Secretary, Fifth Finance Commission.
39. Shri Ghulam Ghouse, Managing Director, Agricultural Finance Corporation, Bombay.
40. Shri Godbole, M. Y., former Principal Finance Secretary, Madhya Pradesh.
41. Shri Gokul Bhai Bhat, Chairman, Rajasthan Khadi Gramodyog, Jaipur.
42. **Gujarat Congress (I) Party:**
  - (i) Shri Ahmedbhai Patel, M.P.

- (ii) Shri Harisinh Mahida, M.P.
  - (iii) Shri Madhavsinh Solanki, M.L.A.
  - (iv) Shri Sanatbhai Mehta, M.L.A.
  - (v) Shri Vijaykumar Trivedi, M.L.A.
  - (vi) Shri Yogendrabhai Makwana, M.P.
43. **Gujarat Congress (O) Party:**
- (i) Shri Natvarlal Shah
  - (ii) Shri Prabodhbhai Raval
44. Gujarat Janata Party :
- (i) Shri Ashokbhai Bhatt, M.L.A.
  - (ii) Prof. Amin, R. K., M.P.
  - (iii) Shri Babubhai Vasanwala
  - (iv) Shri Brahma Kumar Bhatt
  - (v) Shri Dahyabhai Parmar
  - (vi) Shri Indubhai Patel, Chairman, Gujarat Janata Party.
  - (vii) Shri Jaswantlal Shah
  - (viii) Prof. Karsandas Soneri
  - (ix) Shri Kashiram Rana
  - (x) Dr. Patel, K. M.
  - (xi) Shri Ramanbhai N. Patel
  - (xii) Shri Shankarbhai Raval
  - (xiii) Shri Sureshbhai Mehta
  - (xiv) Shri Thakorabhai Patel
45. Gujarat Relief Organisations — Shri Kasturbhai Lalbhai and 10 other representatives of Indian Red Cross Society, Gujarat Rajya Sankat Nivaran Trust, Gujarat Sadvichar Parivar, Gujarat Vidyapith and Central Relief Fund of Scindia Steam Navigation Co.
46. Gujarat State Planning Board — Dr. V. S. Vyas, Vice-Chairman and Sarva Shri Nirubhai Desai, Jitendra Dholakia, K. K. Subramanian, Bababhai Patel, Mahesh Bhatt, V.R.S. Cowlagi, Members.
47. Shri Habibur Rehman, M.L.A., Manipur.
48. Dr. Hajela, P. D., Vice Chancellor, Allahabad University.
49. Shri Hashu Advani, M.L.A., Maharashtra.
50. Shri Hemendas, Leader of C.P.I. (M) and Chairman, Public Accounts Committee, Assam.
51. Dr. (Mrs) Hemalata Rao, Institute for Social and Economic Change, Bangalore.
52. Shri Iswar Chand Bhatnagar, M.L.A., Rajasthan.
53. Dr. Iyengar, N. S., Head of the Department of Economics, Osmania University.
54. Dr. Jagannath Mishra, Leader of Opposition, Bihar.
55. Dr. Kahlon, A. S., Dean, College of Basic Sciences and Humanities, Punjab Agriculture University, Ludhiana.
56. Shri Kamat, G.R., Member Secretary, Third Finance Commission.
57. Shri Kanitkar, C. B., M.L.C., Maharashtra.
58. Dr. (Mrs) Kanta Ahuja, Professor of Economics, Harish Chandra Mathur Institute of Public Administration, Jaipur.
59. Karnataka State Government Employees' Association.
60. Kerala Congress Party, Trivandrum — Shri Mani, K. M., M.L.A. (Chairman) and 5 other representatives.
61. Kerala Pradesh Congress Committee, Trivandrum — Shri Varadarajan Nair, S., M.L.A. (President) and Shri Raghavan, M. K., M.L.A.
62. Kerala State Committee, C.P.I.(M), Trivandrum:
- (i) Shri Govinda Pillai, P.
  - (iii) Shri Sreedharan, V.
63. Kerala State Council, C.P.I., Trivandrum:
- (i) Shri Majeed, T. A., M.L.A.
  - (ii) Shri Sreenivasan, P. S., M.L.A.
  - (iii) Shri Unnikrishnan, S. V.
64. Kerala State Council, Congress (I), Trivandrum :
- (i) Shri Karunakaran, K., M.L.A.
65. Kerala State Muslim League, Trivandrum — Shri Ahamad, E., M.L.A.
66. Kerala State Muslim League (Opposition) Trivandrum :
- (i) Shri Abubaker, P. M., M.L.A.
  - (ii) Shri Izzudin, A.
67. Shri Kob. Irabat Singh, M.L.A., Manipur.
68. Shri Kurane, P. K., M.L.A., Maharashtra.
69. Prof. Kurien, C. T., National Professor, Madras.
70. Dr. Kushwah, D. S., Head of Department of Economics, University of Himachal Pradesh, Simla.
71. Shri Lyngdoh, V. G., M.L.A., Meghalaya.
72. Madhya Pradesh Class III Government Employees' Association.
73. Madyha Pradesh Class III Government Employees' Association.

74. Madhya Pradesh Gazetted Officers' Association.
75. Dr. Maheswari, B. L., Administrative Staff College of India, Hyderabad.
76. Majoor Mahajan, Gujarat.
77. Shri Manak Chand Surana, M.L.A., Rajasthan.
78. Shri Maske, C. G., M.L.A., Maharashtra.
79. Shri Masud, S. A., Member, Sixth Finance Commission.
80. Dr. Mathew, E. T., Head of Department of Economics, Cochin University.
81. Shri Mathura Das Mathur, M.L.A., ex-Finance Minister, Rajasthan.
82. Shri Mazoomdar, D., Reporter, 'Economic Times'.
83. Shri Megha Chandra Singh, M., ex-Medical Minister, Manipur.
84. Shri Mehta, S. S., Managing Director, The Industrial Development Corporation of India, Bombay.
85. Mill-owners' Association, Ahmedabad.
86. Ministerial Officers' Association, Orissa.
87. Shri Mohanty, M.L.A., Orissa.
88. Dr. Murli Manohar Joshi, M.P.
89. Shri Nanavati, G. K., Editor, 'Prabhat', Ahmedabad.
90. Shri Nanjundaiya, K. S., Gokhale Institute of Public Affairs, Bangalore.
91. Shri Napkholal Thangjom, ex-Development Minister, Manipur.
92. Shri Narain Chand, M.L.A., Himachal Pradesh.
93. Dr. Natarajan, B., Chairman, Institute for Techno-Economic Studies, Madras.
94. National Democratic Party, Kerala, Trivandrum:
  - (i) Shri Ashiman, V. A.
  - (ii) Shri Sundaresan Nair, R., M.L.A.
95. Orissa Pradesh Congress Committee, Bhubaneswar — Shri Binayak Acharya and 4 other representatives.
96. Shri Pande, K. P., former Speaker, Bhopal.
97. Dr. Papola, T. S., Economist and Director of Giri Institute of Development Studies, Lucknow.
98. Shri Paras Ram Maderna, M.L.A., Rajasthan.
99. Shri Partap Chaudhury, M.L.A., Himachal Pradesh.
100. Shri Pradhan G. C., I.A.S. (Retired), Assam.
 

A. N. Sinha Institute of Social Studies, Patna.
101. Prof. Pradhan Hari Shanker Prasad, Director,
102. Smt. Pramilabai Tople, M.L.C., Maharashtra.
103. Dr. Prasad, K. N., Principal. Patna College, Patna.
104. Shri Promode Gogoi, Leader of C.P.L., Assam.
105. Shri Radha Nandan Jha, Deputy Speaker, Bihar.
105. Shri Raghunath Patnaik, M.L.A., Orissa.
106. Dr. Rajendra Jain, Prof. of Economics, Government Hamidia College, Bhopal.
107. Shri Rajni Sahu, Calcutta.
108. Shri Ram Kapse, M.L.A., Maharashtra.
109. Shri Ramkrishna Patnaik, M.L.A., Orissa.
110. Shri Ramnath, M.L.A., Himachal Pradesh.
111. Shri Ram Singh, I.A.S. (Retired), ex-Commissioner (Taxation), Rajasthan.
112. Shri Ranbir Singh, R. K., ex-Finance Minister, Manipur.
113. Shri Rangarajan, S., Chairman, Life Insurance Corporation, Bombay.
114. Prof. Rao, V. K. R. V., Director, Institute of Social and Economic Change, Bangalore.
115. Prof. Rath, N., Gokhale Institute of Economics & Politics, Pune.
116. **Reserve Bank of India:**

Dr. I. G. Patel, Governor, alongwith Dr. K. S. Krishnaswamy and Shri M. Ramakrishnayya, Deputy Governors, and Officers.
118. Dr. Sadashiv Mishra, ex-Vice Chancellor, Utkal University.
119. Shri Santhanam, K., Chairman, Second Finance Commission.
120. Dr. Sarveswara Rao, B., Department of Economics, Andhra University.
121. Shri Sarju Nandan Singh, ex-M.L.A., Bihar.
122. Shri Saxena, J. N., Chairman, Industrial Development Bank of India, Bombay.
123. Shri Shanti Bhai Shah, Editor, "Gujarat Samachar", Ahmedabad.
124. Shri Shanti Prasad, Retired I.G. Police, Uttar Pradesh.
125. Shri Srikanta Jena, M.L.A., Orissa.
126. Dr. Srikantia, S. G., Director of National Institute of Nutrition, Hyderabad.
127. Shri Subramaniam, C., former Union Finance Minister.
128. Sardar Sukdev Singh Dhillon, M.L.A., Punjab.
129. Syngkhong Kyntiew Ri, Shillong.
130. Tamil Nadu Secretariat Association, Non-Gazetted Government Officers' Association and Last Grade Government Servants' Association.
131. Shri Tapan Dutt, Reporter, "Dainik Sambad", Tripura.

132. Dr. Tarlok Singh, ex-Member, Planning Commission.  
 133. Dr. Thimmaiah, G., Fellow of Institute of Social & Economic Change, Bangalore.  
 134. Tripura Employees Co-ordination Committee of 16 (Govt. & Semi-Govt.) Employees' Unions' Association.  
 135. Shri Umesh Swain, M.L.A., Orissa.  
 136. Dr. Upadhyaya, Deptt. of Economics, Osmania University.  
 137. Shri Uttam Rao Patil, Leader of Opposition, Maharashtra Legislative Assembly.  
 138. Prof. Vakil, C. N., Economist, Bombay.  
 139. Shri Varde, S. S., M.L.A., Maharashtra.  
 140. Shri Varghese, T. A., former Chief Secretary, Governor of Tamil Nadu.  
 141. Shri Vasant Rao Uike, former Minister, Madhya Pradesh.  
 142. Shri Vavilala Gopalakrishnaiah, ex-M.L.A., Sattenpalli, Andhra Pradesh.  
 143. Mrs. Vimla Mahajan, Chairman, State Social Welfare Board, Himachal Pradesh and 2 colleagues.  
 144. Dr. Yadava Reddy, Department of Economics, Osmania University.  
 145. Shri Yaima Singh, Y., ex-Education Minister, Manipur.  
 146. Shri Yardi, M. R., former Finance Secretary, Govt. of India.

**ANNEXURE VII.1**  
**Statewise Total Area**

Sl. No.	States	Area	
		Total (in thousand Sq.Kms.)	Percentage (all India basis)
1	2	3	4
1.	Andhra Pradesh	277	8.42
2.	Assam	79	2.40
3.	Bihar	174	5.29
4.	Gujarat	196	5.96
5.	Haryana	44	1.34
6.	Himachal Pradesh	56	1.70
7.	Jammu & Kashmir	222	6.75
8.	Karnataka	192	5.84
9.	Kerala	39	1.19
10.	Madhya Pradesh	443	13.47
11.	Maharashtra	308	9.37
12.	Manipur	22	0.67
13.	Meghalaya	22	0.67
14.	Nagaland	17	0.52
15.	Orissa	156	4.75
16.	Punjab	50	1.52
17.	Rajasthan	342	10.40
18.	Sikkim	7	0.21
19.	Tamil Nadu	130	3.96
20.	Tripura	10	0.30
21.	Uttar Pradesh	294	8.94
22.	West Bengal	88	2.68
	TOTAL ALL STATES	3168	96.35
	TOTAL ALL INDIA	3288	100.00

SOURCE : Census of India—1971.

**ANNEXURE VII.2**  
**Statewise Population Table**  
**(1971 Census)**

Sl. No.	States	Total Population (in lakhs)	Rural Population		Urban Population		Density of Population (persons per sq. Km).			S. Castes		S. Tribes		Literacy (per '000)		
			Nos. (in lakhs)	Percent age (Col. 4 to 3)	Nos. (in lakhs)	Percent age (Col. 6 to 3)	Total	Rural	Urban	Nos. (in lakhs)	Percent age (Col. 11 to 3)	Nos. (in lakhs)	Percent age (Col. 13 to 3)	Total	Mal es	Femal es
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1.	Andhra Pradesh	435.03	351.00	80.68	84.03	19.32	157	128	2360	57.75	13.27	16.58	3.81	246	332	158
2.	Assam	146.25	133.36	91.19	12.89	8.81	150*	137	2911	9.13	6.24	16.07	10.99	287	372	193
3.	Bihar	563.53	537.19	90.00	56.34	10.00	324	296	2032	79.51	14.11	49.33	8.75	199	306	87
4.	Gujarat	266.97	192.01	71.92	74.96	28.08	136	100	1625	18.25	6.84	37.34	13.99	358	461	248
5.	Haryana	100.37	82.64	82.34	17.73	17.66	227	189	3928	18.96	18.89	Nil	Nil	269	373	149
6.	Himachal Pradesh	34.60	32.18	93.01	2.42	6.99	62	58	1556	7.70	22.25	1.42	4.10	320	432	202
7.	Jammu & Kashmir	46.17	37.59	81.42	8.58	18.58	NA	NA	NA	3.81	8.25	Nil	Nil	186	268	93
8.	Karnataka	292.99	221.77	75.69	71.22	24.31	153	118	2272	38.50	13.14	2.31	0.79	315	416	210
9.	Kerala	213.47	178.81	83.76	34.66	16.24	549	477	2585	17.72	8.30	2.69	1.26	604	666	543
10.	Madhya Pradesh	416.54	348.69	83.71	67.85	16.29	94	79	2378	54.54	13.09	83.87	20.13	221	327	109
11.	Maharashtra	504.12	347.01	68.83	157.11	31.17	164	115	2555	30.26	6.00	29.54	5.86	392	510	264
12.	Manipur	10.73	9.31	85.77	1.42	13.23	48	42	3083	0.16	1.49	3.34	31.13	329	460	195
13.	Meghalaya	10.12	8.65	85.47	1.47	14.53	45	39	3860	0.04	0.40	8.14	80.43	295	341	246
14.	Nagaland	5.16	4.65	90.12	0.51	9.88	31	28	1230	Nil	Nil	4.58	88.76	274	350	187
15.	Orissa	219.45	200.99	91.59	18.46	8.41	141	130	1113	33.11	15.09	50.72	23.11	262	383	139
16.	Punjab	135.51	103.35	76.27	32.16	23.73	269	208	4650	33.48	24.71	Nil	Nil	337	404	259
17.	Rajasthan	257.66	212.22	82.36	45.44	17.64	75	63	1198	40.76	15.82	31.26	12.13	191	287	84
18.	Sikkim	2.10	1.90	90.48	0.20	9.52	29	26	1967	0.10	4.76	Nil	Nil	NA	NA	NA
19.	Tamil Nadu	411.99	287.34	69.74	124.65	30.26	317	231	2115	73.16	17.76	3.12	0.76	395	518	269
20.	Tripura	15.56	13.94	89.59	1.62	10.41	149	134	3871	1.93	12.40	4.51	28.98	310	402	212
21.	Uttar Pradesh	883.41	759.52	85.98	123.89	14.02	300	260	4356	185.49	21.00	1.99	0.23	217	315	106
22.	West Bengal	443.12	333.45	75.25	109.67	24.75	504	380	5628	88.16	19.90	25.33	5.72	332	428	224
	TOTAL ALL STATES	5414.85	4367.57	80.66	1047.28	19.34	171	139	2441	792.52	14.64	372.14	6.87	..	..	..
	TOTAL ALL INDIA	5481.60	4390.46	80.09	1091.14	19.91	177	148	2505	800.06	14.60	380.15	6.94	295	393	187

\*Include Mizoram.

Source: (i) Statistical Abstract India :1974 (page 3)

(ii) Census of India 1971. General population tables series I (India), Part II(A) page, 54.

**ANNEXURE VII.3**  
**Comparable Estimates of per capita State Domestic Product at State Current Prices**

(In Rupees.)

States	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	Av. 1973-74 to 1975-76
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Andhra Pradesh	586	629	664	868	1020	897	928
2. Assam	570	559	632	676	849	848	791
3. Bihar	418	437	500	559	706	669	645
4. Gujarat	845	859	759	1116	1051	1236	1134
5. Haryana	932	1008	1091	1276	1408	1514	1399
6. Himachal Pradesh	676	731	813	953	1086	1165	1068
7. Jammu & Kashmir	557	566	602	720	887	825	1068
8. Karnataka	675	699	740	992	1106	1038	1045
9. Kerala	636	633	709	876	969	1000	948
10. Madhya Pradesh	489	539	585	714	825	790	776
11. Maharashtra	811	860	876	1157	1435	1455	1349
12. Manipur	408	449	533	792	914	904	870
13. Meghalaya	644	568	648	729	921	899	850
14. Nagaland	508	527	586	683	829	949	820
15. Orissa	541	527	631	765	780	834	793
16. Punjab	1067	1106	1208	1484	1585	1688	1586
17. Rajasthan	629	573	600	826	860	873	853
18. Sikkim	..	..	..	..	..	..	*820
19. Tamil Nadu	616	692	714	765	964	997	942
20. Tripura	563	575	535	729	888	872	830
21. Uttar Pradesh	493	504	623	677	740	727	715
22. West Bengal	729	775	776	920	1080	1100	1033
TOTAL STATES	619	645	693	853	968	969	930
For all State and Union Territories	625	652	701	861	878	981	940

Source: Columns (1) to (5)—Central Statistical Organisation.

\*Figures in respect of Nagaland adopted for Sikkim.

## ANNEXURE VII.4

## Non-suburban Passenger Earnings of Railways allocated on the basis of originating stations located in each State

(Rs. crores)

	State	1974-75	1975-76	1976-77	1977-78	1974-75 to 1977-78
	(1)	(2)	(3)	(4)	(5)	(6)
1.	Andhra Pradesh	25.02	30.58	34.11	37.67	127.38
2.	Assam	8.41	10.60	12.34	13.43	44.78
3.	Bihar	32.33	42.23	47.16	50.38	173.10
4.	Gujarat	18.38	22.70	25.68	29.57	96.33
5.	Haryana	7.31	8.55	9.58	10.40	35.84
6.	Himachal Pradesh	0.34	0.45	0.79	0.83	2.41
7.	Jammu & Kashmir	2.73	2.46	3.63	4.58	13.40
8.	Karnataka	11.53	14.34	16.11	16.54	58.52
9.	Kerala	9.41	10.37	12.24	15.57	47.59
10.	Madhya Pradesh	20.36	26.36	30.16	29.05	106.43
11.	Maharashtra	56.17	71.38	75.94	85.90	289.39
12.	Manipur	..	..	..	..	..
13.	Meghalaya	..	..	..	..	..
14.	Nagaland	0.98	1.24	1.25	1.30	4.77
15.	Orissa	5.68	7.47	9.11	9.24	31.50
16.	Punjab	13.82	16.66	18.31	20.63	69.42
17.	Rajasthan	20.04	25.27	25.52	29.15	99.98
18.	Sikkim	..	..	..	..	..
19.	Tamil Nadu	25.35	30.67	34.21	34.72	124.95
20.	Tripura	0.14	0.18	0.21	0.25	0.78
21.	Uttar Pradesh	64.88	81.83	93.21	98.83	338.76
22.	West Bengal	31.55	39.75	41.73	44.73	157.76
	TOTAL	354.93	444.09	491.29	532.77	1823.08

SOURCE: Railway Board, Ministry of Railways.

**ANNEXURE VII. 5**  
**Revenue from Income-tax, Corporation Tax collections and Union Surcharge, 1952-53 to 1975-76**

*(Rs. crores)*

<b>Year</b>	<b>Income-tax Collections (inclusive of Union surcharge)</b>	<b>Union Surcharges</b>	<b>Corporation Tax Collections</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
1952-53	143.2	6.1	43.8
1953-54	124.2	4.9	41.6
1954-55	123.2	5.0	37.3
1955-56	132.0	5.0	37.1
1956-57	151.2	5.6	51.2
1957-58	161.6	6.9	56.1
1958-59	172.8	8.4	54.3
1959-60	149.2	8.3	106.6
1960-61	168.7	5.7	111.7
1961-62	161.0	5.1	160.8
1962-63	187.4	5.5	220.1
1963-64	245.6	14.9	287.3
1964-65	266.9	12.6	313.6
1965-66	271.9	7.1	301.8
1966-67	306.3	8.2	330.8
1967-68	325.9	9.3	310.5
1968-69	378.5	11.1	299.8
1969-70	448.4	18.2	353.4
1970-71	473.2	19.3	370.5
1971-72	534.4	27.3	472.1
1972-73	625.5	34.7	557.9
1973-74	741.4	42.9	582.6
1974-75	878.3	47.6	709.5
1975-76	1214.4	62.7	861.7

SOURCE: Combined Finance and Revenue Accounts and Finance Accounts.