

Annexure IV-1
(Paragraph 4.31)

Summary of the Central Government's Forecast as furnished by the Ministry of
Finance and as re-assessed for the period 1984-85 to 1988-89

(Rs. crores)				
Sl. No.	ITEM	Estimates furnished by Minis- try of Finance	Re-ass- essed estimates	Variation (3 - 2)
0	1	2	3	4
REVENUE ACCOUNT				
I. Revenue Receipts				
(a) Tax Receipts (gross)				
	1. Income tax	10,567	10,130	(-) 437
	2. Corporation tax	12,930	12,790	(-) 140
	3. (i) Basic and special excise duties excluding duty on electricity.	53,209	51,286	(-) 1,923
	(ii) Basic excise duty on electricity.	1,197	1,426*	(+) 229
	(iii) Additional Excise duties in lieu of sales tax.	4,213	4,141	(-) 72
	(iv) Non-shareable excise duties including cessess.	6,528	6,837	(+) 309
	4. Customs	41,830	36,176	(-) 5,654
	5. Other tax revenues	4,256	4,776	(+) 520
	Total tax receipts	1,34,730	1,27,562	(-) 7,168
(b) Non-tax Receipts				
	1. Interest	19,035	19,816	(+) 781
	2. Dividends	1,916	5,907	(+) 3,991
	3. Other non-tax receipts	8,811	10,428	(+) 1,617
	Total Non-tax receipts	29,762	36,151	(+) 6,389
	Total-Revenue Receipts (I)	1,64,492	1,63,713	(-) 779
II. Non-Plan expenditure on Revenue Account				
	1. Interest payments	35,966	37,428	(+) 1,462
	2. Lump sum provision for DA	4,500	-	(-) 4,500
	3. Subsidies	21,021	14,857	(-) 6,164
	4. Payment to Oil Industry Development Board	4,390	-	(-) 4,390
	5. Other non-Plan expenditure**	78,163	71,001	(-) 7,162
	6. Committed expenditure on Central Plan schemes to be completed by the end of 1983-84.	-	1,304	(+) 1,304
	Total-Non-Plan expenditure on Revenue Account (II)	1,44,040	1,24,590	(-) 19,450
	Non-Plan Revenue Surplus	20,452	39,123	(+) 18,671
CAPITAL ACCOUNT				
III. Capital Receipts				
	1. Recovery of Loans and Advances from States and Others	21,341	22,701	(+) 1,360
	2. Market loans	15,700	23,347	(+) 7,647
	3. Small Savings collections (net)	11,417	14,774	(+) 3,357
	4. Other capital receipts	18,630	20,010	(+) 1,380
	Total-Capital Receipts (III)	67,088	80,832	(+) 13,744

* Calculations made for five years 1984-85 to 1988-89 for the reasons mentioned in paragraph of Chapter VI - Union duties of excise.

** Includes provision in respect of DA instalments granted in 1983-84, shown by Ministry of Finance in item II-2 lump-sum provision for DA.

		(Rs. crores)		
Sl. No.	ITEM	Estimates furnished by Minis- try of Finance	Re-ass- essed estimates	Variation (3 - 2)
0	1	2	3	4
IV.	<u>Disbursements on Capital Account</u>			
1.	Non-Plan capital expenditure	3,818	3,588	(-) 230
2.	Small Savings loans to States	7,611	9,849	(+) 2,238
3.	Other loans to States and others	10,199	10,199	-
	<u>Total-Disbursements on Capital Account(IV)</u>	<u>21,628</u>	<u>23,636</u>	<u>(+) 2,008</u>
	<u>Surplus on Capital Account</u>	<u>45,460</u>	<u>57,196</u>	<u>(+) 11,736</u>
	<u>Total Surplus - (Revenue and Capital Account)</u>	<u>65,912</u>	<u>96,319</u>	<u>(+) 30,407</u>

Annexure V-1
(Para 5.11)

**EXTRACT OF PARA 109 OF THE SUMMARY RECORD OF THE DISCUSSIONS OF
THE MEETING OF THE CHIEF MINISTERS HELD ON THE 20TH MAY, 1979 TO
DISCUSS CERTAIN ISSUES RAISED BY THE SEVENTH FINANCE COMMISSION.**

109. Coming to the question of corporation tax, Prof. Lakdawala said he would not favour the tax to be shared for two major reasons. First, as the Maharashtra Finance Minister pointed out, the Constitutional amendment was a thing to be resorted to as a last step. Before doing that we must find out whether we do not have any other means of achieving the same objective. He felt that the Finance Commission still had enough way of making whatever quantum of transfer of resources it wanted to transfer to the States. No doubt the corporation tax is more buoyant than income tax but it is not buoyant as compared to the excises, which are shared. It was but natural that when resources are transferred from the Centre to States, some will be less buoyant than others. Another difficulty which would arise if the corporation tax was to be shared, was the question of how should the inter se distribution among the States be. Corporation tax in its nature was allied to income tax which was distributed 90 per cent on the basis of population and 10 per cent on the basis of contribution. If the same principles were adopted for distributing corporation tax, it would mean loss to the less advanced States and more to the more advanced States.

Source: D.O. letter No. F. 3(1)/FCC/82 dated 20th October, 1983 from Shri A. Rangachari, Joint Secretary (Budget), Ministry of Finance to Secretary, Finance Commission.