

Finance Commission-Interim Recommendations

SINCE its constitution on June 1, 1956, the Finance Commission has had discussions with three State Governments, Assam, West Bengal and Orissa. Its final recommendations will be made only after the Commission has met all State Governments in the Union including the reorganised ones, which today present an entirely different set of financial problems from what the first Finance Commission had to deal with. In order, however, to help the Union and State Governments to frame the budgets for 1957-58 certain Interim recommendations have been made by the Commission. The Union Ministry of Finance has accepted all these recommendations, and they will be implemented in the next budget.

These recommendations are, however, likely to be very different from the conclusions to which the Commission will be led after a full assessment of all the issues. Thus, it is stated that the interim recommendations should not be considered as in any way committing the Commission in regard to the principles of distribution of revenue or assistance by way of grants-in-aid. In formulating these recommendations the Commission has sought, as far as possible, to maintain the existing position for various States. In the case of States not affected by reorganisation, the percentage shares of income-tax and excise duties as recommended by the first Commission have been continued, subject to a small re-adjustment on account of the inclusion of Jammu and Kashmir within the Indian Union. For the other States, namely the reorganised ones, the Commission has adopted the readjusted percentages in relation to income-tax and excise duties as embodied in the SRC Act and the Bihar and West Bengal (Transfer of Territories) Act of 1956, read with the order issued by the President under the latter Act.

In its recommendations for grants-in-aid under the substantive portion of article 275(1) to States in which certain former Part 'C' States have been merged, the Commission has, to some extent, taken into account the assistance received by these Part 'C' States in the past from Central Revenues to meet their revenue deficits. Also for the time being and without prejudice to its final recom-

mendations, it has treated the existing grants for the expansion of primary education as general grants. Lastly, as a general guiding principle, the Commission has not considered the effect of reorganisation or other factors affecting the revenue position as it does not at the present stage have sufficient data on which even a tentative assessment may be made of the assistance that may be required. These, however, may be considered later.

We show below the interim recommendations for 1957-58 in respect of a few important sources of revenue.

(a) **Income-tax**—55 per cent of the net proceeds of taxes on income other than corporation tax, exclusive of the proceeds attributable to the Union Territories or to taxes payable on Union emoluments, be assigned to the States and distributed among them as below:

State	Percentage
Andhra Pradesh	8.01
Assam	2.23
Bihar	9.31
Bombay	18.91
Kerala	3.60
M P	5.09
Madras	7.95
Mysore	5.93
Orissa	3.46
Punjab	3.96
Rajasthan	3.47
U P	15.59
W Bengal	11.48
Jammu & Kashmir	1.01

(b) **Estate Duty**—in respect of property other than agricultural land—the net proceeds are to be distri-

buted in the same proportion as that of income-tax,

(c) **Union Excises**—40 per cent of the net proceeds of Union duties of excise on matches, tobacco and vegetable products may be distributed among the States as below:

State	Percentage
Andhra	8.92
Assam	2.58
Bihar	11.04
Bombay	13.59
Kerala	3.86
M P	6.17
Madras	8.54
Mysore	5.45
Orissa	4.17
Punjab	4.60
Rajasthan	4.34
U P	18.00
W Bengal	7.49
Jammu & Kashmir	1.25

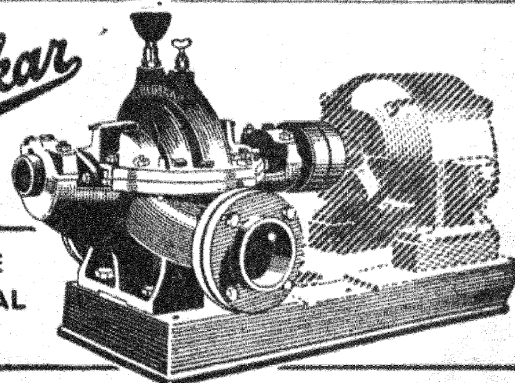
(d) **Grants-in-aid**—in lieu of a share of the export duty on jute products under article 273, the following sums are prescribed for the four States:

State	Amount (Rs lakhs)
Assam	75
Bihar	72.31
Orissa	15
W Bengal	152.69

(e) **Grants-in-aid** under the substantive part of clause (1) of Article 275 of the Constitution, the total of such grants in Rs. 1,320 lakhs, of which the most important beneficiaries would be—Madhya Pradesh: Rs 251 lakhs, Jammu & Kashmir: Rs 175 lakhs, Punjab; Rs 163 lakhs, Bombay: Rs 130 lakhs and Rajasthan: Rs 115 lakhs.

Kirloskar

**SPLIT CASE
CENTRIFUGAL
PUMPS**



Sturdy construction and efficient performance for many years have made KIRLOSKAR Centrifugal Pumps extremely popular with agriculturists and industrial concerns all over the country. Available in sizes up to 5,000 gallons per minute.

KIRLOSKAR BROTHERS LTD.

KIRLOSKARVADI, DISTRICT SOUTH SATARA.

