

UTTAR PRADESH

TAXATION  
ENQUIRY  
COMMITTEE  
REPORT

72-25  
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1675  
1974

FINANCE DEPARTMENT, UTTAR PRADESH

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**TAXATION ENQUIRY COMMITTEE**

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ERRATA

Chapter	Page	Para	Line	Table/Annexure	Col.	Item	For	Read
1	2	3	4	5	6	7	8	9
1	2	11	17	..	..	..	thanks are the due	thanks are due.
1	4	1	19	1	..	Notes (b)	reference to.	.. Delete.
1	7	9	2	..	..	..	पूर्णतया	पूर्णतया
1	7	11	1	..	..	..	सन्तुष्ट	सन्तुष्ट
1	7	15	1	..	..	..	संस्तुति	संस्तुति
1	7	16	2	..	..	..	अनुभव	अनुभव
1	8	23	2	..	..	..	वृद्धि आवश्यक	वृद्धि अब आवश्यक
1	9	..	..	Table 1	1	(1) (क)	करसेस	कर, सेस
1	16	17	3	..	..	..	बढ़ान	बढ़ाने
1	16	20	2	..	..	..	कितने	कितने
1	16	20	2	..	..	..	प्रत्याय	प्रत्याय
1	16	21	1	..	..	..	किसी	किसी
1	17	..	..	Annexure 1	3	2 (ख) <sup>2</sup>	1,839	1,838
1	18	..	..	..	2	1-3	250.96	250.77
1	20	16	1	..	4	..	वृत्तियों	वृत्तियों
1	21	..	1	..	5	..	Section 172 (1)	भारत का
1	21	..	1	..	5	..	172(2) (ख)	Theatres
1	23	..	2	..	5	..	14 (ड)	जिसे
1	25	11	3-4	..	..	..	Justifiable	Justifiable.
1	26	15	1	..	..	..	Weights	Weights.
1	26	23	3	..	..	..	dispensing	dispensing
1	27	..	..	Annexure 1	9	heading	total	total.
1	27	..	..	..	1	2	8(iv)	Sprit
1	31	..	..	..	5	..	heading	Taxation of powers
1	31	..	..	..	5	Section 172	(1) (c)	drought
1	31	..	..	..	5	2 Municipalities	Section 128	Section 128 (1)
1	31	..	..	..	5	2 Municipalities	128(1)(iii-a)	theatre
1	31	..	..	..	5	3 Notified Area	Section 338	Section 338(1)
1	31	..	..	..	5	4 Town Area	Section 14	Section 14(1)
1	31	..	..	..	5	5 Zila Parishad	Section 119	Section 119(1)
1	32	..	..	..	5	6 Gaon Sabha and Gaon Panchayats.	Section 37	Section 37 (1)
1	32	..	..	..	5	Section 37(1) (k)	..	Zila Parishads
1	38	..	9	..	4	..	217	247
1	40	..	Sl.135	..	5	..	..	It should be brought in line with others.
1	40	..	Sl.145	..	5	..	..	A. Kuppu
1	41	..	Sl.186	Annexure 5	..	..	..	Jayaraman
1	44	..	2	..	8	Sl.26	..	Shram
1	45	..	..	..	9	3	21	1-6-'74
								1-4-'74.

1	2	3	4	5	6	7	8	9	
1	45	..	..	..	9	3	22	24-6-'74	1-6-'74.
1	45	..	..	..	9	3	23	1-8-'74	24-6-'74.
1	45	..	..	..	9	3	24	8-4-'74	1-8-'74.
1	45	..	..	..	9	2	25	Joint Secretary	Personal Assistant
1	45	..	..	..	9	3	25	15-2-'74 to 18-10-'74	8-4-'74,
2	47	..	..	Table 2		1	IV Plan	(1969-70 to 1972-73)	(1969-70 to 1972-73).†
2	47	..	..	Table 1	5.6		heading	Constants	Constant.
2	47	..	..	Table 1		2	1972-73	92	38931
2	48	..	..	Table 3			Heading		Add (Rs.) on the top of the table
2	48	..	..	Table 3		3	Fourth Plan	10	109
2	51	14(4)	7	..	..	..	..	loss,	Loss;
2	51	14(4)	15	..	..	..	..	liability,	liability;
2	51	16	..	Table 7	..	..	heading	(Rs. in akhs)	(Rs. in lakhs)
2	51	16	..	Table 7	4 and 6	..	heading	effort	efforts.
2	52	..	..	Table 8		7	I(2)	(—) 634	634
2	52	..	..	Table 8		3	II (2)	1,707	707
2	53	..	..	Table 9		3	Revision in rates of bus fares.	blank space	..
2	53	..	..	Table 9		3	..	1972-73	1972-73.
2	53	..	..	Table 9		3	..	1973-74	1973-74.
2	55	..	..	Table 10			Top of the table	..	(Rs. in crores)
2	54	21	11	..	..	..	..	4.5	4-5
2	54	21	28	..	..	..	..	Capita	Capita
2	54	..	..	Table 13		4	Land Rev.	(+) 0.02	0.02
2	54	..	..	Table 13		5	..	+ 0.02	0.02
2	54	23	..	Table 13			Footnote	line 4	changed
2	55	23	9	..	..	..	..	x <sup>6</sup>	x <sup>b</sup>
2	55	23	11	..	..	..	..	Zero 'b'	Zero and 'b'
2	55	23	12	..	..	..	..	elasticity and buoyancy.	elasticity/buoyancy.
2	56	25	11	..	..	..	..	$y = ax^6Z^c$	$y = ax^bZ^c$
2	57	26	..	Table 17		5	last line	2.	2.53
2	57	26	..	Table 17		6	8th line	.63	2.63
2	58	29	..	Table 19		7	heading	Arrear	Arrears
2	58	29	..	Table 19			5	Cess purchase tax	Cess/purchase tax
2	59	29	..	Table 19		1	Heading	I	II
2	59	29	..	Table 19		3	last line	26.052	26052
2	59	31	5	..	..	..	..	recovered less	recovered; less
2	60	33	..	Table 21		3	3rd line	6894	7894
2	61	..	..	Table 22				The line under Fourth Plan in the heading should break at the end of 4th column.	
2	62	38	12. 13	..	..	..	..	demarcate	demarcate.
2	62	38	22	..	..	..	..	perspective	perspectives
2	63	40	14	..	..	..	..	sub-division	sub-divisions
2	63	40	17	..	..	..	..	of a tax changes	of a tax change
2	63	41	..	..	..	..	..	tests	test,

1	2	3	4	5	6	7	8	9
2	63	42	12, 13	..	..	..	put (,) between delete (a) and put receive and have.	judging and tax (,) between
2	65	9	6	..	..	..	money income	money incomes
2	65	9	7	..	..	..	rates, land	rates. Land
2	65	10	1	..	..	..	States tax	State tax
2	65	12	last line	..	..	..	States income	State income
2	67	..	..	Annexure 1	7	12	772	772*
2	67	..	..	Ditto	5	2	487	478
2	67	..	..	..	..	..	Annexure 2	Annexure 1
2	67	..	..	Annexure 1 (second part).	12	2	1.92	1.12
2	67	..	..	Ditto	8	14	253*	253
2	68	..	..	Annexure 2	9	9	2.37	2.87
2	70	..	..	Annexure 3 (1972-73-R-E).	4	8	8388	8387
2	70	..	..	Ditto	5	13	33.3	32.3
2	70	..	..	Ditto	2	Last line	All States	All States†
2	70	..	..	Annexure 3 (1973-74).	..	heading	Year 1973-74 (RE)	Year 1973-74 (BE)
2	70	..	..	Annexure 3 (1973-74 B.E.)	10	14	5414	5415
2	70	..	..	Ditto	Footnote	..	RE	BE
2	71	..	..	Annexure 4	6	13	233.4	233.7
2	71	..	..	Annexure 5	2	..	All States†	All States†
2	72	..	..	Annexure 5 1960-61.	3 to 9	sl. no. of cols.	3, 4, 5, 6, 7, 8, 9	9, 10, 11, 12, 13, 14 15.
2	72	..	..	Ditto	14	15	1.4	1.5
2	72	..	..	Annexure 5	10	heading	Cess purchase	Cess/purchase
2	74	..	..	Annexure 5 1968-69	Notes	..	R.E.-Revised estimates.	Whole delete
2	74	..	..	Annexure 5 1972-73	8	2	5.8*	5.8**
2	75	..	..	Ditto	9	12	8.3	3.3
2	75	..	..	Annexure 5 1973-74	heading	..	1973-74 (RE)	1973-74 (BE)
2	76	..	..	Annexure 5 1973-74	heading	..	(B. E.)	(B. E.)
2	76	..	..	Ditto	11	heading	Calling	Callings
2	76	..	..	Annexure 5 1973-74 (B. E.)	12	9	10.7	1.7
2	76	..	..	Annexure 6	2	II	Concession of reduction.	Concession or reduction.
2	76	..	..	Ditto	5	III(1)	8.00	2.00
2	77	..	..	Ditto	2	VIII	Taxation in freights	Taxation, freights
2	77	..	..	Annexure 6 Stt. I	8	VI (1)	1.67	41.67
2	78	..	..	Annexure 6	5	1	11.40	11.40
2	78	..	..	Ditto	4	Total	10.60	10.60
2	78	..	..	Ditto	5	Total	13.08	13.08
2	78	..	..	Ditto	6	Total	23.68	23.68
2	78	..	..	Annexure 7	10	1	49.49	19.49
2	78	..	..	Ditto	3	9	68.9	8.99
2	78	..	..	Ditto	Notes	..	incidence=tax revenue	incidence=tax revenue
2	80	..	..	Annexure 10	3	12	0.5	3.5
2	81	..	..	Annexure 11	2	III	enterprises,	enterprises'
2	81	..	..	Annexure 11 Stt. II	heading	..	Fifth Plan (1974-75)	Fifth Plan (1974-79)
2	81	..	..	Ditto	3	11(4)	40.80	40.08

1	2	3	4	5	6	7	8	9
2	82	..	..	Annexure 12	heading		Centre to the State	Centre to the States.
2	82	..	..	Ditto	5	5	8230.82	230.82
2	82	..	..	Annexure 13	5	heading	1968-69*	1968-69
2	82	..	..	Ditto	5	1	227.1	227.1
2	82	..	..	Ditto	5	2	13.4	13.4
3	83	1	4	..	..	..	distribution	distributional
3	83	2	5,6	..	..	..	therefore.	therefore, comparative-
							Comparatively	ly.
3	83	2	24	..	..	..	raw material	raw materials, inter-
							intermediate	mediate
3	84	..	..	Table 1	1	heading	house-holder	household
3	85	14(a)	6	..	..	..	household,	household expendi-
							expenditure	ture.
3	87	16	heading	..	..	..	Compensation	Comparison
3	87	..	..	Table 2 last	2	..	(0.63)	(0.63)
				column				
3	89	22	2	..	..	..	2.4	2.1
3	91	..	..	Annexure 1	heading	..	expenditure	expenditure in Uttar
								Pradesh (1969-70)
3	91	..	..	Annexure 1	10	501 & above	61.4	61.46
3	91	..	..	Annexure 2	heading	..	Per capital annu-	per capita incidence
							al incidence.	
3	93	..	..	Annexure 4	1	1	1. General Sales	II—1. General Sales
							Tax	Tax
3	95	..	..	Annexure 7	5 to 9	4	008, 013, 013, 089, 019	0.08, 0.13, 0.13 0.89,
				(Total)				0.19.
3	96	..	..	Annexure 8	Note (Sources 1)	..	Nss	NSS
3	98	3(e)	3.4	..	..	..	areated	areated
4	102	3	last line	..	..	..	Year. (Annexure 11)	Year (Annexure 11)
4	102	5	14	..	..	..	(Annexure 4)	(Annexure 4)
4	103	13	8,9	..	..	..	income, tax	income tax
4	105	22	..	Table 4	Source	..	Settlement	Settlement
4	106	27	6	..	..	..	reventle	revenue
4	108	38	2	..	..	..	Show	Shows
4	109	40, iv, (d)	3	..	..	..	by product	bye-product
4	111	..	..	Table 6	7	heading	(Col. 15 Col. 16)	(Col. 5—Col. 6)
4	112	41, o, (v)	25	..	..	..	Crops to	Crops so
4	112	42 (f)	2	..	..	..	rate	rates
4	112	43	4	..	..	..	difference are	difference arises
	113	47	Note (1)	..	..	..	1963-64	1963-64, Ministry of
								Finance.
4	115	57	21,22	..	..	..	responsible	responsible.
4	116	58	3	..	..	..	they ave	they have
4	116	60	1	..	..	..	value in	value is
4	118	60	2	..	..	..	developtent	development
4	118	71	1	..	..	..	exemptin	exemption
4	118	71	18	..	..	..	3½ acres	6½ acres
4	119	72	..	Table	heading	..	Bhumidars	Bhumidhars
4	119	75	18	..	..	..	a least	at least
4	119	75	21	..	..	..	Tax Administration	Tax Administration, Land
							Land revenue	revenue
4	123	..	..	Annexure 1	3	1972-73	5918.38	5918.28
4	123	..	..	Annexure 2	4	4	27.00	27.0
4	127	..	..	Annexure 9	2	5	Third	Three
4	128	..	..	Annexure 12	2	2	101.05	101.5
4	128	..	..	Annexure 13	heading	..	Director	Direct
4	129	..	..	Annexure 14	8	12	2.37	2.87
4	129	..	..	Annexure 14	9	6	10.00	0.00

1	2	3	4	5	6	7	8	9
5	135	..	..	Annexure 19	7	heading	values charges 20% (Max. 1,000)	value (—) charges @ 20% (Max. Rs- 1,000)
4	136	..	..	Annexure 20	7	heading	charges 20 % (Max. 1,000) (Rs. 6.00)	charges @ 20 % (Max. Rs- 1,000) (Rs. 0'00)
4	136	..	..	Annexure 21	..	heading	Agricultural	Agricultural
4	136	..	..	Annexure 21	7	heading	charges 20% (Max. 1,000)	charges @ 20% (Max. Rs. 1,000)
4	136	..	..	Annexure 21	9	4	4,60,366	4,60,566
4	137	..	..	Annexure 22	..	heading	Agricultural	Agricultural
4	137	..	..	Annexure 22	7	heading	charges 20% (Max. 1,000)	charges @ 20% (Max. Rs. 1,000)
4	137	..	..	Annexure 23	..	heading	calculation Agricultural	calculation of Agricultural
4	137	..	..	Annexure 23	7	heading	charges 20 %	charges @ 20 %
4	138	..	..	Annexure 24	7	heading	charges 20 %	charges @ 20 %
4	138	..	..	Annexure 25	7	heading	charges 20% (Max. 1,000)	charges @ 20% (Max. Rs. 1,000)
4	138	..	..	Footnote of Annexure 25	..	3rd line	A- H. T. of R. V.	A. H. T. on R. V.
4	139	..	..	Annexure 26	7	heading	charges 20 %	charges @ 20%
4	139	..	..	Footnote of Annexure 26	..	1st line	=25, 56, 96, 437	=Rs. 24, 56, 96, 437
4	139	2	11	Annexure 27	..	..	average	Acreage
4	140	(3) (b)	last line,	Annexure 27	..	..	13 per cent	43 per cent
4	141	..	..	Statement 1	7	heading	charges 20% (Max. 1,000)	charges @ 20 % (Max. Rs. 1,000)
4	141	..	..	Footnote of Statement 1	..	2nd line	=1, 29, 74, 347	= Rs. 1, 29, 74, 347
4	141	..	..	Statement 2	7	heading	charges 20 % (Max. 1,000)	charges @ 20 % (Max. Rs. 1,000)
4	142	..	..	Annexure 28	..	heading	different crops	different crops
4	143	..	..	Ditto	20	heading	Irrigated	Irrigated
4	144	..	..	Ditto	36, 37	heading	Lahi and Musara	Lahi and Mustard
4	145	..	..	Annexure 28	47	Total	0.20	0.29
4	148	3(2)	22	Annexure 30	..	..	fasals or 4 crops	fasals 3 or 4 crops
4	148	4(1)	last but one.	Ditto	..	..	0.2 (per cent)	0.2 per cent)
4	148	4(1)	last line	Ditto	..	..	acres the tax.....	acres (the tax
4	141, 149	4(1)	Last line and first line.	Ditto	..	..	1 per cent and at	1 per cent) and at
4	149	4(1)	..	Table (Annexure 30)	13th line	..	Rs. 10,000) but	Rs. 10,000 but
4	149	6	heading	Annexure 30	..	..	Quinquennial assessmen	Quinquennial assess- ment
4	149	9	..	Annexure 30	Table	1st line	Are between	Area between
						second line	0.1	0—1.
						third line	1.2	1—2,
						fourth line	2.3 1/8)	2—3 1/8
	149	9	..	Annexure 30	4	Table	Rs. %	Rs./%
4	149	9	..	Ditto	4	Table last item.	15	15%
4	149	9	..	Ditto	4	Table last 3 but 2 items	3	3%
						Last but 1 item.	7.5	7.5%

1	2	3	4	5	6	7	8	9
4	151	..	..	Annexure 34	8 to 11			Heading may be read as Single and joint holdings expressed as percentage to total holding.
4	152	..	..	Annexure 35	5	2	4.28	4.38
4	152	..	..	Ditto	9	3	(Rs. 200%)	(200%)
4	152	..	..	Ditto	12	3	11.19	11.10
4	153	1	7	Annexure 37	..	..	in the Uttar Pradesh	in Uttar Pradesh
4	153	3	4	Ditto	..	..	Collectors	Collector
4	155	3	..	Table of 3rd item.	1	3	1970-1	1970-71
5	159	7	1&2 & 3	..	..	..	The per capita Excise revenue between different items such as burden.	Delete from "Excise to such as"
5	159	7	4	..	..	..	Pradesh, Rs. 9.45	example, in 1972-75 it was Rs. 7.77 in Andhra
5	150	9(iv)	2	..	..	..	opium	opium ;
5	159	10	11	..	..	..	Excise	excise
5	161	16	5	..	..	..	6.16	0.16
5	161	21	2	..	..	..	in his	in this
5	162	..	..	Table 4	..	heading	Raes sprit	Rates spirit
5	163	..	..	Table 6	..	heading of col. 6	Spiced	Spiced
5	163	..	..	Ditto	..	Ditto	litre	litre
5	163	..	..	Ditto	6	2	0.4	0.41
5	164	..	..	Table 8	2	..	blank	2
5	165	24	18	..	..	..	(O. 24 B. L <sub>4</sub> )	(O. 24 B. L.)
5	165	36	4/5	..	..	..	religioun	religious
5	167	..	..	Table 13	2	heading	(Rs. 0.00)	(Rs. '000)
5	167	..	..	Ditto	2	3	1.216	1,216
5	168	..	..	Table 14	2	2	63.87	69.87
5	168	53	5	..	..	..	2000	20.00
5	173	..	..	Annexure 1	2	1	Sprit	spirit
5	174	..	..	Annexure 2	3 to 6	heading	Revenue	Revenue
5	174	..	..	Ditto	8	..	..	8
5	174	..	..	Ditto	9	..	8	9
5	175	..	..	Annexure 3	14	13	8.25	8.26
5	175	..	..	Annexure 4	7	1	1923	1423
5	175	..	..	Ditto	7	2	04	404
5	175	..	..	Ditto	7	6	326	1326
5	176	..	..	Ditto	18	heading	(Rs. in lakhs)	(Rs. in lakhs)*
5	177	9 vii	last line	..	..	..	..	Negative test
5	181	..	..	Annexure 6	10	47	75350	753050
5	181	..	..	Ditto	10	Faizabad Div.	685760	6805760
5	181	..	..	Ditto	15	last line	56060	56660
5	182	..	..	Annexure 7	1	14(a)	Sasanpur	Hasanpur
5	183	..	..	Annexure 7	1	28(c) last but 2 lines	the going	then going
5	185	..	..	Ditto	..	2nd proviso	Situate	Situated
5	186	..	..	Annexure 9	7	1970-71	Regidental	Regimental
					9	1974-75	assessed fee 3 per	assessed fee Rs. 3 per

1	2	3	4	5	6	7	8	9
5	186	..	2	..	F.L. 6	..	per annum 4500	per annum Rs. 450 <sup>0</sup>
5	187	—	..	Annexure 10	3	1974-75	1.70 per 1.15 paise	Rs. 1.70 per Rs. 1.15 paise
5	187	..	..	Annexure 10	6	1974-75	0.37 paise	Rs. 0.37 paise
5	187	..	..	Annexure 10	7	1974-75	0.10 paise	Rs. 0.10 paise
5	187	..	..	Annexure 10	2	1971-72	(a) 1.32 (b) 1.00	Rs. 1.32 Rs. 1.00
5	186	..	5	..	F. L. 6	..	there of 2500	there of Rs. 2500
5	188	..	..	Annexure 11	5,6	heading	Licence	Licence
5	188	..	..	Annexure 12	1	last	1973-64	1973-74
5	189	..	..	Annexure 13	5	heading	per capital	per capita
5	191	5	11	..	..	..	Seasonal	Seasonal
5	191	6	7 and 14	..	..	..	Karnatak	Karnataka
5	192	..	..	Appendix A	1	3	172.73	1972-73
5	192	..	..	Ditto	5	3	232.0	232.10
5	192	..	..	Appendix B	2	Kanpur (Sales of bear)	834.2	83482
5	192	..	..	Appendix C	Source	..	Excise	Excise
5	192	..	..	Appendix D (I)	1	heading	Erriorics	territories
5	192	..	..	Ditto	2 to 4	heading	quantity bear	quantity Beer
5	192	..	..	Ditto	4	Total	207.48	207.38
5	193	..	..	Appendix (II)	3	heading	liters	litres
5	193	..	..	Appendix E	..	heading of last 2 Cols.	(kilolitres)	(kilolitres)
5	193	..	..	Appendix E	last col.	8	4235	4285
5	194	..	..	Appendix H	2	..	Total	Total
5	194	..	..	Ditto	6 to 9	heading	levies	levies
5	194	..	..	Ditto	Ditto	Ditto	licence	licences
5	194	..	..	Ditto	2 to 5	heading	licence	licences
5	197	..	..	Annexure 16	4	56	600	660
5	202	..	..	Annexure 20	9	2	3476	3475
5	203	..	..	Annexure 22A	3	2	1431	4181
5	203	..	..	Annexure 22B	4	heading	Ganga	Ganja
5	204	..	..	Annexure 22C	4	1967-68	384.267	884.267
5	204	..	..	Annexure 22D	2	Heading	litres	litres
6	205	2	19	..	..	..	griew	grew
6	206	8	14	..	..	..	$\frac{1}{2}$ percent—1 percent	$\frac{1}{2}$ percent to 1 percent
6	207	..	..	3	3	1	100.09	100.00
6	207	..	..	3	..	..	Col. nos. 1 & 2 not printed	Read Col. Nos. 1 & 2 instead of blank.
6	208	..	..	Footnote	..	..	Bhhotlingam	Phootlingam
6	209	16	23	..	..	..	which significant	which was significant
6	210	..	..	Table 5	3	1968-69	159.26	1591.26
6	212	35	13	..	..	..	its	it
6	219	..	..	10	2	Total	(704)	(70.4)
6	219	..	..	11	5	8	7,085	9,085
6	220	..	..	14	4	5	14.69	14.30
6	225	..	..	Table 16	2	5	81	21
6	240	..	..	Annexure 3	5	Total	100.00	100.00
6	241	4	23,23	Annexure 5	..	..	and for the remaining seven Commodities,	delete
6	241	..	..	..	..	..	the indices	Page No. should be 241 and not 341.

1	2	3	4	5	6	7	8	9
6	241	..	..	Annexure 6(a)	top of table ..		(Rs. 1,000)	(Rs. '00)
6	241	..	..	Ditto	2	63-64	166605	166645
6	242	..	..	Annexure 6(b)	7	25	14	4
6	242	..	..	Ditto	7	26	13	3
6	243	..	..	Ditto	9	30	9.3	9.5
6	243	..	..	Ditto	15	7	13	3
6	243	..	..	Annexure 6(b)	15	13	blank	7
6	245	..	..	Ditto	27	2	blank	6
6	245	..	..	Ditto	27	3	79	7
6	247	..	..	Annexure 9	10	2	22.0	22.2
6	247	..	..	Ditto	11	3	62.00	62.0
6	247	..	..	Ditto	12	8	-08	-0.8
6	248	..	..	Annexure 10	8	3	9.74*	8.74*
6	248	..	..	Annexure 11	6	2	3.13	2.13
6	250	..	..	Annexure 13	1	12	13	12
6	251	..	..	Annexure 16	1	1	Andhra	Andhra Pradesh
6	251	..	..	Ditto	7	15	89.55	88.55
6	252	..	..	Annexure 17	15	3	45523	45523*
6	252	..	..	Ditto	15	heading	Amount assessed	Amount assessed
6	253	..	..	Annexure 18	5	9	0.0	0.01
6	253	..	..	Ditto	5	30	0.09	0.02
6	253	..	..	Ditto	5	31	0.81	0.19
6	254	..	..	Annexure 19	3	4(a)	80.8	1780.8
6	255	..	..	Annexure 20	2	20	above Cement	above and Cement
6	259	..	..	Annexure 22	4	6	Exempt	exempt
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6	261	..	..	Ditto	2	11(1)	2500	25000
6	263	..	..	Annexure 27	heading	..	1956-66	1965-66
6	263	..	..	Ditto	Ditto	..	(Rs. 0.00)	(Rs. '000)
6	264	..	..	Annexure 28	14	3	0.10	0.01
6	265	..	..	Annexure 29	3	8	60	50
6	265	..	..	Ditto	9	1	134	1342
6	265	..	..	Ditto	9	8	5	56
6	265	..	..	Ditto	9	9	189	181
6	265	..	..	Ditto	9	10	10	105
6	265	..	..	Ditto	9	11	11	113
6	266	..	..	Annexure 31	9	6	9	91
6	266	..	..	Ditto	9	7	28	286
6	266	..	..	Ditto	9	15	33	321
6	267	..	..	Annexure 32	13	23	16.27	61.27
6	267	..	..	Ditto	13	24	-50.4	-50.48
6	268	..	..	Ditto	10	32	-6.61	-6.51
6	270	..	..	Annexure 33	9	7	8.83	9.83
6	272	4	last	Annexure 36	(4) Jammu & Kashmir		exceeds Rs. 175	Rs. 1.75
6	272	5	..	Ditto	(5) Kerala		0.05 paise 0.10 paise 0.20 paise	Rs. 0.05 paise Rs. 0.10 paise Rs. 0.20 paise
6	272	11	..	Ditto	11	Maharashtra	Maharashtra	Maharashtra
6	273	..	..	Ditto	..	Betting tax	Betting area	Betting area
6	274	..	..	Annexure 37	4	6 second	0.35	0.85
6	276	..	..	Ditto	4	22 Balcony	3.00	3.90

1	2	3	4	5	6	7	8	9
7	282	18	10	..	..	..	..	Insert "aggregate burden of the motor vehicle tax and the" after the Rs.240
7	283	21	12	..	..	..	Rs.204	
7	288	..	..	Annexure 2	2	10 11	harashtra	Maharashtra read Orissa
7	294	..	..	Annexure 10	18	1	18.6	118.6
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8	300	..	..	Table 7	6	3	(1. )	(1.7)
8	310	..	..	Annexure 4	3	3	3	9
8	325	..	..	Annexure 8	8	11 (b)	10.00	19.00
8	326	..	..	Annexure 8	8	18 (b)	10.00	19.00
9	333	..	..	Table II	5	9	7322	7232
9	334	10	32	..	..	..	Phenominal	phenomenal
10	341	..	..	Table 14	..	Source	..	Directorate of Agriculture, U. P.
10	341	..	..	Table 14	5	6	0.9	0.95
10	341	..	..	Table 14	5	7	150.	159.06
10	341	..	..	Table 15	4	1 (b)	22.16	22.96
10	341	..	..	Table 15	..	Source	..	State Budgets
10	343	..	..	Table 19	5	1 (a)	0.7	0.73
10	348	..	..	4	3	1	..	read 'or' after tonne
10	350	..	..	Annexure 5	1	9 (b)	100 m	1000 m
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11	364	..	..	Table 5	2	2	15,00 20,00 18.7	15,000 20,000 18.75
11	368	57	25	..	..	..	Rental	Rent
11	371	73	1	..	..	..	obtained	obtain
11	372	77	11	..	..	..	Stud	Study
11	397	..	..	Annexure 5	10	5 Total (1971)	23100	23160
11	397	..	..	Annexure 5	2	Total (1961)	5,80,120	5,80,126
11	397	..	..	ditto	4	Total (1971)	6,49,500	6,49,560
11	398	..	..	Annexure 6	2	Heading	ratio	rate
11	398	..	..	Annexure 6	2	1	80%	8%
11	400	1	4-5	Annexure 8	..	..	..	add after property "taxes by municipal boards when the municipal boards—"
11	401	..	..	Annexure 8	2	1	5.56	5.66
11	404	..	..	Annexure 12—A	..	para 4 line 5	takes	makes
11	405	..	..	Annexure 12—B	..	para 1 line 14	1964—65	1946—65
11	407	..	..	Annexure 15	..	Heading	in Seven Muni- cipal Boards	in Municipal Corporations

1	2	3	4	5	6	7	8	9
11	409	..	..	Annexure 16	10	22	8.00	6.00
11	409	..	..	Annexure 17	3	6	0.80	0.08
11	409	..	..	Ditto	5	7	3.1	3.12
11	411	—	—	Annexure 20	5	2-6	30.23	30.82
11	413	..	..	Ditto	3	3-21	3,78,685	3,78,683
11	413	—	..	Ditto	5	3-13	17.35	17.55
11	413	..	..	Ditto	4	3-27	23,325	26,837
11	416	..	—	Annexure 22	9	5	to	to
12	424	..	..	Table II	2	10	12.38	12.33
12	424	..	..	Ditto	2	11	9.19	8.19
12	424	..	..	Ditto	6	1	776.00	776.09
12	424	..	..	Ditto	6	3	450.82	450.32
12	424	..	..	Ditto	6	7	411.12	411.72
12	424	..	..	Ditto	6	9	773.53	773.59
12	424	..	..	Ditto	7	2	3.30	3.90
12	424	..	..	Table II	3	3	15.16	11.16
12	424	..	..	Table II	6	6	277.33	877.23
12	424	..	..	Table II	7	11	8.30	8.20
12	425	..	..	Table III	5	9	2,68,338	2,69,338
					6	2	2,53,100	2,53,190
					6	9	22,072	28,072
					9	3	6,64,342	3,64,342
					9	9	66,216	6,216
					12	6	18,224	18,824
12	425	..	..	Table III	5	2	27,14,573	27,44,573
12	425	..	..	Table III	7	8	12,032	12,932
12	425	..	..	Table III	9	2	2,81,039	2,31,039
12	426	..	..	Table IV	1	Heading	..	Year
12	426	..	..	Table V	5	1	4.78	4.73
12	426	..	..	Ditto	5	10	6.58	16.58
12	430	..	..	Table XI	..	Heading	Rate per hectare	Rate per hectare in Rs.
12	430	..	..	Ditto	5	5	33.36—4100	33.36—41.09
12	430	..	..	Ditto	4	6	59/31 8/81—59	59.31—81.59
12	433	84 sub-para	4	..	..	..	out in	out the
12	435	..	..	Table X	3	1972-73	17.17	18.20
					4	1972-73	7.75	8.68
					5	1972-73	45.1	47.7
12	437	54	5	..	..	..	reported	resorted
12	437	..	..	Table XXIV	4	1969-70	26.5	26.6
12	446	..	..	Annexure 1	4	1963-64	9.85	9.16
12	447	..	..	Annexure 2A	4	1	3,98,898	8,98,898
12	447	..	..	Ditto	6	1	14,09,296	11,09,296

1	2	3	4	5	6	7	8	9
12	447	..	..	Annexure 2A	9	9	16104	16704
					14	6	1.95	1.96
12	447	..	..	Annexure 2B	5	6	63,418	63,413
12	447	..	..	Ditto	7	5	2.79	3.79
12	453	..	..	Annexure 4	8	9	9—) 10.63	(—) 10.63
12	453	..	..	Annexure 5	4	Feb. 1974	154*	154+168*
12	456	..	..	Annexure 8	14	5	168% 1884	4884
12	457	..	..	Ditto	14	21	4448	4446
					8	Kheri	708	798
					6	Sitapur	2128	2862
					3	Total	8266	8268
					14	Total	3475	3457
12	459	..	..	Annexure 6	22	Deoria	2726	1726
12	459	..	..	Ditto	18	23	2489	2498
12	459	—	..	Ditto	26	21	2	2347
12	459	..	..	Ditto	26	..	blank	26
12	460	..	..	Annexure 8	37	2	65	5
					28	22	2106	1206
12	461	..	..	Annexure 8	35	26	7	17
					29	Deoria	535	533
12	461	..	..	Ditto	31	Ballia	75	275
13	463	9	2	..	..	..	..	Add 'Rs.' after 'at'
13	465	..	..	Table VII	5	3	1.3	1.31
				Ditto	5	4	1.5	1.59
13	467	..	..	Table IX	9	Last figure	119.864	119.86
13	467	..	..	Table IX	9	Total	2,72.12	272.12
13	476	..	..	Table XXV	4	5	748.19	748.49
13	476	..	..	Ditto	8	8	23.8	28.8
13	476	..	..	Ditto	11	2	43.	43.8
13	477	36 sub-para 2	2	..	..	..	12.59	12.50
13	482	..	..	Table XXXI	Last col.	3	9.23	90.23
13	483	XVII	2	..	..	..	KWI	KWH
13	485	10	3	..	..	..	similarly of	similarly or
13	490	..	..	Annexure 3-B	9	10	416	4166
14	497	..	..	Table 4	8	5	99	39
14	500	20	10	..	..	..	80	89
14	504	..	..	Annexure 1	6	5	(100.07)	(100.0)
14	506	..	..	Annexure 6	..	5	00000	666000
15	508	1	13	..	..	..	Fifth Year Plan	Fifth-Five Year Plan
..	510	..	..	Appendix IX	..	..	..	delete IX

## CHAPTER I INTRODUCTION

In view of the urgent need for augmenting resources for financing the Fifth Five-Year Plan, the Government of Uttar Pradesh, vide their Resolution, no. P-277/X—25-73, dated March 25, 1974 (Annexure 1) set up a Taxation Enquiry Committee presided over by Dr. D. T. Lakdawala, Director, Department of Economics, University of Bombay. Besides the Chairman, the Committee consisted of:

- (1) Shri N. P. Bhatnagar, *Member.*  
Commissioner, Sales Tax,  
Uttar Pradesh.
- (2) Shri G. D. Pant, *Member.*  
Member-Engineering,  
U. P. State Electricity Board.
- (3) Shri J. L. Bajaj ... *Member-Secretary.*

The Chairman and Secretary were appointed as whole-time members; the other members were to work part-time. An officer of the Reserve Bank of India, dealing with comparative State finances was to act as an adviser. Dr. P. D. Ojha of the Reserve Bank of India, Bombay was later appointed as adviser.

2. The terms of reference of the Committee were—

“(1) to examine the suitability and effectiveness of the present system of taxation both at the level of the State and Local Bodies, like Municipalities, Zila Parishads, Panchayat Samities and Panchayats, with reference to—

(i) the need for raising additional resources for the State and the Local Bodies in the context of the Fifth Five-Year Plan;

(ii) the tax powers and functions at both these levels;

(iii) the taxable capacity of various income groups and the existing burden of taxation on them;

(iv) and in this context to examine the tax system of some other States which have succeeded in mobilizing large resources;

(2) to study the present system of tax administration in the State and to suggest suitable changes, where necessary, for streamlining the tax administration, keeping in view the need for economy, consistent with reasonable efficiency, causing the minimum inconvenience to the public and prevention of corruption;

(3) in the light of the Committee's findings regarding paragraphs (1) and (2), to suggest fresh avenues of tax and non-tax revenues and changes in rates;

(4) to examine the arrear position of the State Government and indicate the steps

which should be taken to effect recovery of arrears of the outstanding dues;

(5) to study and take into consideration any other matter relevant to the above enquiry.”

3. Although the Committee's initial term was up to the 30th of June, 1974, owing to unavoidable delay in obtaining the needed data from various departments and organisations and in analysing them, the Committee had to seek three further extensions—first up to the 30th September,—secondly up to 30th November and finally up to the 31st of December, 1974.

4. As the Chairman had to join the University of Bombay on the expiry of his extended leave, he left Lucknow on July 27, 1974. The University of Bombay was, however, kind enough to allow him to continue his association with the Committee and to come to Lucknow when needed. He accepted a National Research Fellowship of the I.C.S.S.R. from September 1974. The I.C.S.S.R. also kindly agreed to give him the same facility.

5. Because of his appointment as Private Secretary to the Minister for Planning, Government of India, the Member-Secretary could not be relieved by the Central Government. He, therefore, worked part-time throughout the tenure of the Committee.

6. The Committee was fortunate in beginning its job speedily as Senior Research Officer, Sri Anand Swarup, and four Research Officers had been appointed earlier. The fifth Research Officer joined duties on April 22, 1974. The earlier appointment of Sri Sri Ram Mehta, Private Secretary to the Chairman and Sri R. C. Joshi, Section Officer, greatly helped in the speedy setting up of the Committee's office.

7. Of the three Deputy Secretaries, who were made available to the Committee, Sri K. S. Sinha took over on April 11, 1974 and the main burden of administration had to be borne by him. Sri M. P. Jain joined his duties on June 6, 1974. Sri Shambhu Nath joined our staff on June 13, 1974.

8. To apprise themselves with, and to have a first-hand knowledge of the experiences, views and reactions of important parties affected by State taxation and those administering it, the Committee prepared detailed questionnaires and sent them to the representatives of agriculture, trade and industry, local bodies and government departments. Copies of the general questionnaire were also sent to economists in Uttar Pradesh and prominent public persons. A general notice was issued in the Press (Annexure 2) so that anybody interested could get a copy of the questionnaire.

9. The replies to the Committee's questionnaires (Annexure 3) were received from 27 heads of taxation departments and State Corporations, 14 Government departments, deriving non-tax

revenues, 5 Nagar Mahapalikas, 98 Municipal Boards, 160 Town Area Committees/Notified Area Committees and 27 Zila Parishads; 77 departments of other State Governments; 321 Farmers; 22 Traders and Merchants' Associations and 8 individuals. The names of these responding parties are given in Annexure 4. We are grateful to them for their co-operation.

10. In addition to meeting persons and associations interested in putting forth their views at the headquarters of the Committee at Lucknow, the Committee visited some important trade and industrial centres in Uttar Pradesh so as to facilitate meetings with individuals from places outside Lucknow. The names of associations, organisations and persons with whom the Committee had such discussions are given in Annexure 5.

11. The Committee had been asked to examine the tax system of some other States which had succeeded in mobilizing large resources. For this purpose, the Committee visited the Southern States of Andhra Pradesh (Hyderabad), Karnataka (Bangalore), Tamil Nadu (Madras) and Maharashtra (Bombay) to study at first-hand tax system prevalent in these States and to judge the feasibility of introducing some of their more paying features in the tax system of Uttar Pradesh. The Committee would like to place on record their gratitude for the hospitality meted out to them by these State Governments as also the useful information supplied. The Committee tried to get similar information from other States by correspondence with varying degrees of success. The Committee's thanks are due to the officers of those States who took pains to compile and send us the needed information.

12. In all the Committee held 86 meetings (Annexures 6 and 7) with Associations, Departments etc., and for internal discussion.

13. In view of the urgency of the matter and in due deference to the wishes of the State Government the Committee submitted their Report on the question of levy of export duty on beer on May 20, 1974. The Committee have already submitted their recommendations on State Irrigation and Direct Agricultural Taxation on July 25, 1974.

14. The present Report is divided into fourteen more chapters besides this introductory one. Chapter II gives a general review of the tax revenues of this State during the Plan period, specially from the Third Plan. The major dilemma that emerges from this review is that in spite of additional taxation during the Plans, tax revenue as a percentage of State income has not risen; on the contrary, it shows a fall. The baffling situation is sought to be analyzed in terms of real income and price elasticities. The criteria for levying taxes are also discussed. Chapter III examines the burden of State taxation, especially indirect taxation, on the various rural-urban expenditure groups. The various State taxes have been dealt with in Chapters IV to VIII, and Forests and other non-tax revenues in Chapter IX-X, Local taxation is examined next. The major State enterprises: Irrigation, Electricity Board and State Road Transport Corporation are discussed in Chapters XII, XIII

and XIV. The earlier Report on Direct Agricultural Taxation and State Irrigation is embodied as Chapters IV and XII in this Report. The recommendations regarding the export duty on beer are given as Annexure 14 in Chapter V. The major impressions that the Committee have formed are summed up in the conclusions.

15. The Committee was fortunate in having the advise of an eminent economist like Dr. P. D. Ojha of the Reserve Bank of India. With his intimate knowledge of State finances and his earlier association in the same capacity with the Shukla Committee, his help was invaluable. In spite of his very busy schedule, he made it a point to attend many of the Committee's meetings.

16. The Committee's thanks are due to Dr. Vijay Kelkar of the Planning Commission and Dr. Balwant Reddi of the Administrative Staff College for the expertise made available by them in connection with the Committee's report on State Irrigation. The Committee is also thankful to Sri Nitin Desai of the Planning Commission for his paper on 'Incentives for Industrial Investment in Uttar Pradesh'. Dr. V. R. Panchmukhi, Reader in Econometrics, University of Bombay, gave us valuable advice in connection with statistical techniques.

17. The Committee found the need of consulting many of the publications and unpublished works which were not on sale and not in their Library. The Committee had to draw on many Libraries and individuals for this purpose. Some co-workers were kind enough to help the Committee with cyclostyled, mimeographed and typed material on the subject. The Committee is thankful to all of them (Annexure 8).

18. The Bureau of Economics and Statistics, Uttar Pradesh, co-operated with the Committee in obtaining much of the State data. They promptly supplied the Committee with all such information and undertook for the Committee the onerous task of classifying and tabulating the National Sample Survey data of family expenditure in 1969-70 in a record time to enable the Committee to calculate the incidence of State indirect taxation on different expenditure groups. The Committee owes a heavy debt to the Director and other workers in the Bureau.

19. The Committee is very thankful to Sri S. V. S. Juneja, Commissioner and Secretary, Finance Department, Uttar Pradesh, for his all-round prompt assistance whenever the Committee asked for it.

20. The Committee's task could not have been completed but for the efficient, industrious and ungrudging co-operation of our officers and staff for their very hard, often overtime, work. To ensure disposal of administrative work, the State Government made available to the Committee the services of Sri K. P. Bahadur, Joint Secretary in the Finance Department as Head of the Department for their office. He also took interest in the substantive work of the Committee. On his transfer from the Finance Department, Sri Bahadur relinquished charge of his duties on October 19, 1974. Sri Bahadur's work was entrusted to Srimati Sumita Chakravarty who took over on October 29, 1974. The Committee are thankful to both of them for their co-operation.

*List of Annexures*

- Annexure 1 Government of Uttar Pradesh, Finance (Resources) Section Resolution no. P-277/X—  
25-73, dated Lucknow, March 25, 1974.
- Annexure 2 Press Note.
- Annexure 3 Questionnaire prepared and issued by the Committee.
- Annexure 4 List of Government Departments, Institutions and individuals who replied to the  
Questionnaire.
- Annexure 5 Names of Associations, Organizations and persons with whom the Committee held  
discussions.
- Annexure 6 Meeting of the U. P. Taxation Enquiry Committee, 1974.
- Annexure 7 Dates of meeting and places where meetings held.
- Annexure 8 Co-workers who helped the Committee with cyclostyled, mimeographed and typed  
material.
- Annexure 9 List of Officers and Staff of the Taxation Enquiry Committee.

## ANNEXURE 1

## GOVERNMENT OF UTTAR PRADESH

## FINANCE (RESOURCES) SECTION

No. P-277/X-25-73

Dated Lucknow, March 25, 1974

## RESOLUTION

In view of the urgent need for augmenting resources for financing the Fifth Five-Year Plan, Government have decided to appoint a Taxation Enquiry Committee with effect from April 1, 1974 consisting of the following:

- |   |                   |
|---|-------------------|
| 1. Dr. D. T. Lakdawala, Director, Department of Economics, Bombay University, Bombay. | Chairman.         |
| 2. Sri N. P. Bhatnagar, Commissioner, Sales Tax, U. P.                                | Member.           |
| 3. Sri G. D. Pant, Member Engineering, Uttar Pradesh State Electricity Board.         | Member.           |
| 4. Sri J. L. Bajaj  | Member-Secretary. |

NOTE—(a) An officer of the Reserve Bank of India, dealing with comparative State finances, will act as an adviser.

(b) The Chairman and Secretary shall be whole-time members. The other members will be part-time. reference to—

2. The terms of reference of the Committee shall be as follows:

(1) To examine the suitability and effectiveness of the present system of taxation both at the level of the State and Local Bodies, like Municipalities, Zila Parishads, Panchayat Samities and Panchayats, with reference to —

(i) the need for raising additional resources for the State and the Local Bodies in the context of the Fifth Five-Year Plan;

(ii) the tax powers and functions at both these levels;

(iii) the taxable capacity of various income groups and the existing burden of taxation on them;

(iv) and in this context to examine the tax system of some other States which have succeeded in mobilizing large resources.

(2) To study the present system of tax administration in the State and to suggest suitable changes, where necessary, for streamlining the tax administration, keeping in view the need for economy consistent with reasonable efficiency, causing the minimum inconvenience to the public and prevention of corruption.

(3) In the light of the Committee's findings regarding paragraphs (1) and (2), to suggest fresh avenues of tax and non-tax revenues and changes in rates.

(4) To examine the arrear position of the State Government and indicate the steps which should be taken to effect recovery of arrears of the outstanding dues.

(5) To study and take into consideration any other matter relevant to the above enquiry.

3. The Committee will have its headquarters at Lucknow and will meet from time to time as may be required to complete its deliberations. It may call for such information and take such evidence as may be considered necessary. The Committee will submit its report to the Government by June 30, 1974.

S. V. S. JUNEJA,  
Commissioner and Secretary,  
Uttar Pradesh.

ORDERED that the resolution be published in the *Uttar Pradesh Gazette* Extraordinary.

ORDERED that the copy of the resolution be communicated to all departments of the State Government, all Heads of Departments and Principal Heads of Offices in Uttar Pradesh and all others concerned.

S. V. S. JUNEJA,  
Commissioner and Secretary,  
Uttar Pradesh.

## ANNEXURE 2

## PRESS NOTE

The Uttar Pradesh Government have appointed a Taxation Enquiry Committee in view of the urgent need for augmenting resources for financing the Fifth Five-Year Plan. A general questionnaire along with separate questionnaire for the local bodies and farmers have been prepared by the Committee. The Committee would appreciate if interested persons obtain the questionnaire from the office of the Committee at the Indian Airlines Building, 16 Vidhan Sabha Marg, Lucknow or C-1040/Mahanagar, Lucknow and favour them with their views and suggestions by the middle of May 1974. Requests to send the questionnaire by post will also be attended to.

Member-Secretary.

## प्रेस विज्ञप्ति

पाँचवीं पंच-वर्षीय योजना के लिये वित्तीय संसाधन जुटाने हेतु उत्तर प्रदेश सरकार ने एक कर जांच समिति नियुक्त की है। समिति ने स्थानीय निकायों और कृषकों के लिये अलग-अलग प्रश्नावली तैयार करने के अतिरिक्त एक सामान्य प्रश्नावली भी बनाई है। जिन लोगों को इस विषय में रुचि होवे कृपया १६, विधान सभा मार्ग (एअर लाइन्स कार्यालय के ऊपर) लखनऊ अथवा सी-१०४०/महानगर, लखनऊ स्थित समिति के कार्यालय से प्रश्नावली की प्रती प्राप्त कर मई, १९७४ के मध्य तक उसका उत्तर भेजने का कष्ट करें। यदि कोई सज्जन प्रश्नावली का डाक द्वारा मंगवाना चाहेगा तो वह उन्हें डाक से भेज दी जायगी।

सदस्य सचिव

### ANNEXURE 3

#### *Questionnaire for Heads of Taxation Department*

1. What changes in the rates of structure of tax have taken place from time to time during the last five years and the reasons therefor?

2. What is the present rate and pattern of tax levied under law and how does it compare with the rates and pattern of tax in other States?

3. What was the revenue from the tax in 1972-73 and what are the revised estimates for 1973-74 and budget estimates for 1974-75?

4. Indicate the annual variations in the tax revenue during the Fourth Plan period and explain its reasons and significance.

5. Are any proposals for increase in the rates of tax or change in the pattern of tax under consideration? If so, what?

6. How does the revenue from the tax in this State compare with revenue from this source in other States, and if our revenue are comparatively less, what are the reasons?

7. What is your estimate of the extent of leakage of revenue in your department? What steps have been taken to quantify the leakage? What measures, in your opinion, should be taken to stop leakage or evasion of revenues in your department? Details of any scheme implemented recently and the results achieved thereby may also be indicated.

8. What is the administrative organization for levy and realization of the tax? Does it differ materially from similar organization in other States? If so, how?

9. Are there any arrears of the tax due for realization? If so, please give yearwise break-up of the arrears and reasons for accumulation since 1960-61.

10. What is the machinery and procedure for realization of the arrears? What are the norms or standards of work for the staff employed for this purpose by your department? What improvements can you suggest therein?

11. What was the cost of collection of your dues in the years 1960-61, 1965-66, 1968-69 and what it is now?

12. What administrative measures can be taken by the department for effecting recovery of arrears short of their recovery as arrears of land revenue?

13. Can you suggest any improvement in the organization, laws, rules or procedure to improve the working of the department to ensure speedy and greater realization of the dues?

14. Can you suggest any increase in the rates of tax which would fetch greater revenue without adversely affecting the trade or industry?

15. What, in your opinion, would be the additional revenue from the measures recommended by you in reply to the foregoing questions during the next five years?

16. Can you think of any changes in the tax system which will yield more revenue without any increase in tax rates or even with a decline in them say, for instance, through checking evasion or through increased encouragement to production and consumption of taxable commodities? Please try, as far as possible to quantify your suggestions.

( 6 )

## उत्तर प्रदेश कर जांच समिति

प्रेषक,

संख्या 26/टी० ई० सी०-74

श्री जगमोहन लाल बजाज,

सब्स्य सचिव,

कर जांच समिति, उत्तर प्रदेश,

16, विधान सभा मार्ग, लखनऊ ।

सेवा में ,

- 1—समस्त मुख्य नगर अधिकारी, नगर महापालिका, उत्तर प्रदेश ।
- 2—समस्त प्रशासक/अध्यक्ष नगरपालिका, उत्तर प्रदेश ।
- 3—समस्त एक्जिक्यूटिव ऑफिसर, नगरपालिका, उत्तर प्रदेश ।
- 4—समस्त अध्यक्ष, जिला परिषद्, उत्तर प्रदेश ।
- 5—समस्त अध्यक्ष, नोटिफाइड एरिया कमेटी, उत्तर प्रदेश ।
- 6—समस्त चेयरमैन, टाउन एरिया कमेटी, उत्तर प्रदेश ।

लखनऊ, दिनांक 15 अप्रैल, 1974

महोदय,

उत्तर प्रदेश शासन ने राज्य सरकार एवं विभिन्न प्रकार की स्थानीय निकायों द्वारा लाये गये करों एवं आय के अन्य साधनों की जांच के लिये एक कर जांच समिति की नियुक्ति की है । समिति आपसे पूर्ण सहयोग की अपेक्षा करते हुए एक वित्तृत प्रस्तावली इस पत्र के साथ इस निवेदन से भेज रही है कि इन प्रश्नों के उत्तर अथवा जिनसे आपका सम्बन्ध हो उनका उत्तर 10 दिन के अन्दर भेजने की कृपा करें । यदि आप इन प्रश्नों के अतिरिक्त भी स्थानीय निकायों के साधनों तथा वित्तीय स्थिति के सुधार के सम्बन्ध में कोई सुझाव देना चाहें तो समिति उनका स्वागत करेगी ।

2—कृपया इस बात का विशेष ध्यान रखे कि प्रश्नों के उत्तर स्पष्ट एवं पूर्ण रूप से निर्धारित समय में भेज दिये जायें जिससे कि उत्तरों का अध्ययन करके उनको उपयोग करने में कोई कठिनाई न हो ।

भवदीय,

जगमोहन लाल बजाज,

सब्स्य सचिव ।

संख्या 26 (1)/टी० ई० सी०-74

उपर्युक्त की एक प्रति समस्त आयुक्त तथा जिलाधिकारी, उत्तर प्रदेश को इस निवेदन के साथ भेजी जाती है कि वे कृपया नगरपालिकाओं/जिला परिषदों/नोटिफाइड एरिया/टाउन एरिया से बांछित सूचना निर्धारित लिये के पूर्व भिजवाने की व्यवस्था करें ।

जगमोहन लाल बजाज,

सब्स्य सचिव ।

## उत्तर प्रदेश कर जांच समिति 1974

ग्रामीण/नगरीय स्थानीय निकायों के लिये

## प्रश्नावली

- 1—स्थानीय निकाय का नाम \_\_\_\_\_ जिला \_\_\_\_\_
- 2—गठन का वर्ष \_\_\_\_\_
- 3—जन संख्या (वर्ष 1971 की जनगणना के अनुसार)
- 4—कृपया अपने स्थानीय निकाय की 1968-69 से 1973-74 अवधि तक की मदवार आय एवं व्यय की सूचना संलग्न परिशिष्ट 1 में देने का कष्ट करें।
- 5—क्या वर्तमान आय के स्रोत वास्तव में पर्याप्त हैं? यदि नहीं तो अतिरिक्त कर तथा करेतर दोनों प्रकार के संसाधनों के सुझाव कृपया दें।
- 6—आपकी संस्था की ऋण की क्या स्थिति है?
- 7—कानून के अन्तर्गत, राज्य शासन द्वारा कौन-कौन से राजस्व के साधन आपके निकाय को हस्तान्तरित किये गये हैं?
- 8—आपके स्थानीय निकाय के करों तथा शुल्कों व अन्य राजस्व साधनों की दरें क्या हैं? ये दरें पिछली बार कब संशोधित की गई थीं? क्या अधिकतम स्वीकृत दरें अपनाई गई हैं? यदि नहीं, तो उन्हें बढ़ाने के क्या सुझाव हैं?
- 9—आपके स्थानीय निकाय द्वारा कौन-कौन से कर तथा शुल्क अब तक लगाये गये हैं? अन्य कर तथा शुल्क न लगाये जाने का क्या कारण है? आप वर्तमान संसाधनों को पूर्णतया संचित करने के लिये क्या सुझाव देते हैं?
- 10—करों के अवशेष जमा होते जाते हैं और कुछ समय व्यतीत होने के पश्चात् उनका अच्छा भाग रद्द करना पड़ता है। एकत्रीकरण प्रणाली को सुदृढ़ बनाने हेतु आप कौन से उपाय प्रस्तावित करते हैं जिससे एकत्रीकरण में सुधार लाया जा सके तथा अवशेषों में कमी की जा सके।
- 11—कानून में यह प्रबन्ध है कि स्थानीय करों की वसूली भू-राजस्व के रूप में की जा सकती है। क्या आप संतुष्ट हैं कि अवशेष करों की वसूली के लिये वर्तमान कानूनों का पूर्ण प्रयोग किया जा रहा है?
- कृपया अपनी स्थानीय निकाय से संबंधित अवशेष करों की पूर्ण सूचना वर्ष 1968-69 तथा 1972-73 के लिये संलग्न परिशिष्ट 11 में, जहां तक संभव हो, देने का कष्ट करें।
- 12—क्या आप वर एकत्रीकरण संबंधी रटाफ को समय पर एकत्रीकरण के लिये विशेष प्रोत्साहन देने के पक्ष में हैं? कृपया सुझाव दें।
- 13—क्या राज्य सरकार द्वारा स्थानीय निकायों को दिये जाने वाले अनुदानों (Grants-in-aid) की कार्य प्रणाली में कोई विशिष्ट कठिनाई का सामना करना पड़ता है? उपचार के सुझाव दें।
- 14—क्या गत 20 वर्षों में संपत्ति कर आय में वृद्धि उसी अनुपात से हुई है, जिस अनुपात से सम्पत्तियों के मूल्य में?
- 15—उत्तर प्रदेश कर जांच समिति 1968-69 में संस्तुति की थी कि समस्त नगरीय स्थानीय निकायों द्वारा रंगमंच अथवा नाट्यशाला कर लगाया जाय एवं उसकी दरों में भी वृद्धि कर दी जाय। क्या आपने इसको कार्यान्वित कर दिया है? यदि हां, कृपया दरें दें। यदि नहीं, तो कृपया कारण बतायें?
- 16—स्थानीय निकाय व्यवसाय कर ( Profession tax ) लगा सकती है। उत्तर प्रदेश कर जांच समिति 1968-69 ने यह अनभव किया कि यदि व्यवसाय कर का हिसाब ठीक ढंग से किया जाय और समस्त क्षमतापूर्ण करदाताओं का समायोजन कराया जाय तो यह स्थानीय आय का एक अच्छा स्रोत हो सकता है और इस आशय से संस्तुति की थी कि राज्य सरकार स्थानीय निकायों के पक्ष में इस कर को वापस ले ले। राज्य सरकार ने इस कर को समाप्त कर दिया है। क्या आपने इसको लागू कर दिया है? यदि ऐसा है, कृपया दरें एवं उसका विस्तार क्षेत्र दें। यदि नहीं, तो कृपया कारण इंगित करें?
- 17—क्या आपको स्थानीय निकाय अचल संपत्ति के हस्तान्तरण (Deeds of transfer) पर कर लगाना है? क्या आप इससे सहमत हैं कि समस्त नगर पालिकाओं एवं महापालिकाओं को, उनके आकार को दृष्टि में न रखते हुए इस कर को लगाने की अनुमति दी जाय?
- 18—उत्तर प्रदेश कर जांच समिति 1968-69 ने संस्तुति की थी कि नगरीय क्षेत्रों में खाली भूमि पर उसके पूंजी मूल्य के आधार पर कर लगाया जाय। क्या आप इन विचारों से सहमत हैं और यदि ऐसा है, तो इस दिशा में क्या कदम, यदि कोई हो उठाये गये हैं?

19—कृपया अपने निकाय की चुंगी टोल और सीमान्त कर (Terminal tax) से आय का वर्ष 1968-69 से 1972-73 तक का पृथक्-पृथक् विवरण विस्तार में दें। क्या आप इनके समाप्त करने के पक्ष में हैं? यदि नहीं तो कृपया कारण बतायें।

20—क्या आप भवन कर के निर्धारण तथा संग्रह की वर्तमान पद्धति से संतुष्ट हैं? यदि नहीं तो आपके विचार में वर्तमान पद्धति में क्या कमियां हैं एवं उनके निवारण हेतु आपके क्या सुझाव हैं?

21—आपको राय में भवन कर का निर्धारण क्या वार्षिक, त्रिवार्षिक अथवा पंचवार्षिक होना चाहिये? क्या आप इस कर को सामान्य दर से या उत्तरोत्तर रूप से विभिन्न कोटि के लिये निर्धारित करने के पक्ष में हैं?

22—क्या करों हेतु संपत्तियों का मूल्यांकन एक स्वतंत्र एवं केन्द्रीय मूल्यांकन संगठन द्वारा वैज्ञानिक एवं कर निर्धारण की समान पद्धति (Equitable method) के आधार पर किया जाय? या क्या इसे स्थानीय निकायों की इच्छा पर छोड़ दिया जाय जैसा कि इस समय है?

23—जिला परिषदों द्वारा भू-राजस्व पर कौन कौन से "से.ज" (Cess) अथवा अधिभार (Surcharge) लगाये जा रहे हैं? क्या आपके विचार में इन तीनों दरों में वृद्धि आवश्यक हो गई है? आप क्या सुझाव प्रस्तावित करेंगे?

24—क्या आपको विभिन्न श्रेणी के स्थानीय निकायों के लिये सुधारत्मक करों के लगाने (Betterment tax) के संबंध में कोई सुझाव देने हैं?

## उत्तर प्रदेश कर जांच समिति

## परिशिष्ट 1

स्थानीय निकाय का नाम-----

जिला-----

मद	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
1	2	3	4	5	6	7

## (क) प्राप्तियां

## (1) करों से कुल प्राप्तियां—

- (क) भूमि भवन तथा तत्संबंधी कर सेस एवं सरचांजेंज \_\_\_\_\_
- (ख) परिस्थिति तथा संपत्ति कर \_\_\_\_\_
- (ग) व्यापार, वृत्ति, व्यवसाय एवं सेवायोजन कर \_\_\_\_\_
- (घ) भू-राजस्व पर अधिभार \_\_\_\_\_
- (ङ) चूंगी, डील और सीमांत कर अथवा स्थानीय क्षेत्र में आयात वस्तुओं पर अन्य कर \_\_\_\_\_
- (च) अन्य कर, शुल्क आदि \_\_\_\_\_
- (अ) \_\_\_\_\_
- (ब) \_\_\_\_\_
- (स) \_\_\_\_\_
- (द) \_\_\_\_\_

## (2) कुल प्राप्तियां (नान-टैक्स) :

- (1) \_\_\_\_\_
- (2) \_\_\_\_\_
- (3) \_\_\_\_\_

## (3) सहायतार्थ अनुदान :

- (अ) शिक्षा \_\_\_\_\_
- (ब) चिकित्सा एवं जन स्वास्थ्य और सफाई \_\_\_\_\_
- (स) मार्ग तथा अन्य जन निर्माण कार्य \_\_\_\_\_
- (द) अन्य उद्देश्यों के लिये अनुदान \_\_\_\_\_

कुल प्राप्तियां (मद 1, 2 व 3 का योग)

(ख) व्यय

## (अ) कुल व्यय—

- (1) सामान्य प्रशासन \_\_\_\_\_
- (2) शिक्षा \_\_\_\_\_
- (3) स्वास्थ्य एवं चिकित्सा और स्वच्छता \_\_\_\_\_
- (4) जल-पूर्ति \_\_\_\_\_
- (5) मार्ग तथा अन्य जन-निर्माण कार्य \_\_\_\_\_
- (6) अन्य कार्य \_\_\_\_\_

योग (मद 1 से 6 तक)

## उत्तर प्रदेश कर जांच समिति

## परिशिष्ट 2

स्थानीय निकाय का नाम		जिला					
क्रम- संख्या	कर	वर्ष	चालू मांग	अवशेष	योग (4+5)	संग्रह	अवशेष (6-7)
1	2	3	4	5	6	7	8
1	सामान्य कर/भवन-कर	1968-69					
		1972-73					
2	जल-कर	1968-69					
		1972-73					
3	नाली-कर (Drainage tax)	1968-69					
		1972-73					
4	सफाई-कर (Conservancy tax)	1968-69					
		1972-73					
5	व्यापार, वृत्ति, व्यवसाय एवं सेवायोजन कर	1968-69					
		1972-73					
6	वाहन, जानवर, नाव तथा किराये के हेतु अन्य वाहनों पर कर	1968-69					
		1972-73					
7	परिस्थिति तथा संपत्ति कर	1968-69					
		1972-73					
8	स्वच्छता कर (Scavenging tax)	1968-69					
		1972-73					
9	अचल संपत्ति के (Transfer deed) पर कर	1968-69					
		1972-73					
10	विज्ञापन कर (समाचार पत्रों में प्रकाशित विज्ञापन के अति- रिक्त )	1968-69					
		1972-73					
11	नाट्यशाला कर/थियेटर टैक्स	1968-69					
		1972-73					
12	भू-राजस्व पर अधिभार	1968-69					
		1972-73					
13	यात्री-कर	1968-69					
		1972-73					
	(अ) रेल मार्ग द्वारा	1968-69					
		1972-73					
	(ब) सड़क द्वारा	1968-69					
		1972-73					
	(1) राजकीय रोडवेज	1968-69					
		1972-73					
	(2) व्यक्तिगत वाहन	1968-69					
		1972-73					
14	चुंगी	1968-69					
		1972-73					
15	अन्य कर	1968-69					
		1972-73					
	1—						
	2—						
	3—						

उत्तर प्रदेश

कर जांच समिति

1974

प्रश्नावली

UTTAR PRADESH

TAXATION ENQUIRY COMMITTEE

1974

QUESTIONNAIRE

जगमोहन लाल बजाज,  
सदस्य सचिव,  
उत्तर प्रदेश कर जांच समिति।

अ० शा० पत्र सं० 49/टी०ई० सी०-74  
उत्तर प्रदेश शासन,  
16, विधान सभा मार्ग, लखनऊ।  
लखनऊ, दिनांक 20 अप्रैल, 1974

प्रिय महोदय,

पंचम पंचवर्षीय योजना काल में अतिरिक्त संसाधन जुटाने हेतु राज्य सरकार ने एक कर जांच समिति गठित की है। समिति द्वारा जारी की गई प्रश्नावली की एक प्रति आपकी सेवा में इस निवेदन के साथ भेजी जा रही है कि आप कृपया इस प्रश्नावली में दिए हुए सब या जिन विषयों में आप रुचि रखते हों उनसे सम्बन्धित प्रश्नों के उत्तर देने का कष्ट करें। प्रश्नावली के उत्तरों के अतिरिक्त राजस्व एवं कर सम्बन्धी और किसी विषय पर भी यदि आप कोई राय देना चाहें तो समिति आपकी राय का स्वागत करेगी। निवेदन है कि जो कुछ भी प्रश्नावली के उत्तर अथवा सम्बन्धित राय आप भेजना चाहें उसे यथासम्भव सूक्ष्म रूप में तथा आवश्यक आंकड़ों को देते हुए भेजने की कृपा करें।

2—प्रश्नावली के साथ राज्य सरकार और स्थानीय निकायों के राजस्व के मुख्य मदों और कर राजस्व की बकाया राशि के आंकड़े तथा भारतीय संविधान में दिए गये राज्य सरकार को कर अधिकार की सूची एवं स्थानीय निकायों की कर अधिकार की सूची भी संलग्न हैं।

3—समिति के अल्पकार्य-काल को देखते हुए आप से अनुरोध है कि इस प्रश्नावली का उत्तर कृपया 10 दिन में अवश्य भेज दें जिससे कि उत्तरों का अध्ययन करके उनके उपयोग करने में सुविधा हो।

भवदीय,  
जगमोहन लाल बजाज।

## उत्तर प्रदेश कर जांच समिति

### प्रश्नावली

#### सामान्य

चतुर्थ पंचवर्षीय योजना के लिए मूल रूप से 175 करोड़ रुपये के अतिरिक्त संसाधन जुटाने का लक्ष्य रखा गया था जो 965 करोड़ रुपये के प्रारम्भिक परिव्यय का 18.1 प्रतिशत था। इस अनुपात के अनुसार पंचम पंचवर्षीय योजना-काल में, जिसके लिए आरम्भ में लगभग 3,000 करोड़ रुपये का परिव्यय निर्धारित किया गया था, अतिरिक्त संसाधन जुटाने का लक्ष्य लगभग 550 करोड़ रुपये होना चाहिए था। यहां तक कि 2,500 करोड़ रुपये के प्रहासित परिव्यय जिसे योजना आयोग द्वारा स्वीकृत किए जाने की सम्भावना है, के अनुसार संसाधन जुटाने के लक्ष्य की यह राशि लगभग 450 करोड़ रुपये होनी चाहिए तथापि राज्य सरकार ने केवल 250 करोड़ रुपये का एक साधारण लक्ष्य निर्धारित किया है जो चतुर्थ योजना के 18.1 प्रतिशत के विपरीत पंचम योजना के 2,500 करोड़ रुपये के परिव्यय का केवल 10 प्रतिशत है। यदि किन्हीं परिस्थितियोंवश जैसे आयोजनेतर व्यय में वृद्धि के फलस्वरूप 1973-74 के कर दरों पर उक्त वर्ष के राजस्व का शेष घटता है, तो कराधान तथा/अथवा प्रशुल्क दरों में परिवर्तन करके अधिक धन जुटाना होगा। पंचम पंचवर्षीय योजना के दौरान राज्य-आय में अतिरिक्त वृद्धि को दृष्टिगत रखते हुए एकत्रित किए जाने वाली यह राशि जो आय-वृद्धि का केवल 5 प्रतिशत ही है, अधिक नहीं है। इस अतिरिक्त आय को केन्द्रीय करों में वृद्धि भी वहन करना होगा। इसके अलावा कुछ धनराशि अतिरिक्त बचत के लिए भी सुनिश्चित रहेगी।

2—योजना लक्ष्य को दृष्टि में रखते हुए राज्य सरकार तथा जनता के सम्मुख मुख्य प्रश्न यह है कि इस धनराशि को किस प्रकार एकत्रित किया जाय। स्वाभाविक रूप से इसके लिए कर दर तथा कर संरचना में उल्लेखनीय परिवर्तन एवं करों के एकत्रीकरण और कार्य-परिचालन में दक्षता की आवश्यकता होगी। इस आवश्यकता का लाभ वर्तमान कर और राजस्व प्रणाली के वैज्ञानिकित करने तथा अधिक साम्यिक बनाने के साथ-साथ अधिक उत्पादी बनाने के लिए किया जा सकता है। यह भी "कर जांच समिति" का एक उद्देश्य है। यह समिति अत्यधिक लाभान्वित होगी यदि ऐसे व्यक्ति जिन्हें इस विषय में रुचि है तथा ऐसे व्यक्ति जिन्हें प्रशासन के सम्बद्ध पत्रों का अनुभव है, इस समस्या पर मनन कर अपने विचार भेजें।

(1) कर तथा करेतर राजस्व प्राप्तियों के मुख्य श्रोत परिशिष्ट—1 में दिए गए हैं। क्या आप इनमें से प्रत्येक के निरपेक्ष और सापेक्ष महत्व में वांछित परिवर्तनों और अतिरिक्त आय प्राप्त करने के लिए विस्तृत तरीकों के बारे में सुझाव दे सकते हैं ?

(2) स्थानीय निकाय भी अपने राजस्व स्वयं उगाहते हैं जिसका विवरण परिशिष्ट—2 में दिया गया है। क्या आप इन प्राप्तियों को पर्याप्त मात्रा में बढ़ाने के उपाय सोच सकते हैं? क्या आपके विचार से स्थानीय निकायों के कुछ कर अधिकार जिन्हें कि परिशिष्ट—5 में दिए गए हैं, राज्य सरकार द्वारा ले लिए जाने से राजस्व में वृद्धि हो सकेगी?

(3) सर्वतोमुखी दृष्टिकोण से संविधान में प्रदत्त राज्य सरकार के सभी कर अधिकारों को परिशिष्ट—4 में दर्शाया गया है और जिन अधिकारों को स्थानीय निकायों को हस्तान्तरित कर दिया गया है उनको परिशिष्ट—5 में दिखाया गया है। क्या उनमें राजस्व का कोई ऐसा महत्वपूर्ण मद है जिसका राज्य सरकार अथवा स्थानीय निकायों द्वारा पूर्ण रूप से उपयोग न हो रहा हो? कृपया इसकी विवेचना कीजिए।

(4) क्या वर्तमान कर पद्धति:—

(क) राज्य के नागरिकों के विभिन्न महत्वपूर्ण वर्गों; और

(ख) विभिन्न उपवर्गों के मध्य समानता के सिद्धांत पर आधारित है? बिना राजस्व हानि के कर पद्धति को अधिक साम्यिक बनाने में आप किन परिवर्तनों का सुझाव देंगे?

(5) कार्य कुशलता तथा साम्य को भति पहुंचाये बिना अधिक राजस्व अर्जित करने हेतु क्या आप विभिन्न करों की दरों में वृद्धि का संकेत कर सकते हैं? इन सिद्धांतों के मध्य अनुकूलतम संतुलन की पूर्ति के विषय में आपके क्या विचार हैं?

(6) क्या आप कर पद्धति के बारे में ऐसे परिवर्तनों का सुझाव दे सकते हैं जिससे बिना कर की दरों को बढ़ाए या उनकी दरों को घटाकर जैसे कर अपवंचन में अवरोध अथवा कर लगायी जाने वाली वस्तुओं के उत्पादन और उपयोग में प्रोत्साहन द्वारा अधिक राजस्व प्राप्त किया जा सके? कृपया अपने सुझाव को आंठों सहित देने का प्रयत्न करें।

(7) क्या आपको इसके पूर्व कोई ऐसा अनुभव हुआ है? कृपया विस्तार से विवरण दीजिए।

(8) क्या आप (क) अनावश्यक कठिनाई से बचने, और (ख) कर निर्धारण और संग्रह में गति लाने की दृष्टि से विभिन्न करों के प्रशासन और कार्य प्रणाली में सुधार के कोई सुझाव दे सकते हैं?

(9) आधुनिक राजकोषीय सिद्धांत के अनुसार कराधान का मूल उद्देश्य निजी व्यय में कमी करके सार्वजनिक कार्यों के लिए संसाधन जुटाना है। क्या इस उद्देश्य की पूर्ति हेतु राज्य कर पद्धति उपयुक्त है? इस दृष्टिकोण से इसमें किन परिवर्तनों की आवश्यकता है?

(10) राजस्व पद्धति का भाव और आय दोनों के प्रति लचीला होना वांछनीय है। क्या प्रयुक्त पद्धति इन दोनों दिशाओं में पर्याप्त लचीली है? यदि नहीं तो इसे ऐसा करने के लिए आप किन परिवर्तनों का सुझाव देंगे?

(11) कर उद्दीपन, सहायता और छूट का प्रभाव कर राजस्व में कमी और अधिक छिद्र निर्माण है। वे न्यायसंगत तभी होते हैं जब वे किसी प्रमुख आयोजनागत उद्देश्य की पूर्ति करते हों और जिसे किसी अन्य अधिक अभिमत ढंग से न प्राप्त किया जा सके। क्या आप बता सकते हैं कि इस सम्बन्ध में कौन सा प्रमुख कर उपबन्ध न्यायसंगत है और किसे समाप्त कर दिया जाना चाहिए? कृपया विस्तृत कारणों का उल्लेख कीजिए।

(12) निम्न को छूट अथवा रियायत दिए जाने के बारे में आपके क्या विचार हैं?

(क) सहकारी समितियाँ, (ख) ग्रामोद्योग और खादी उद्योग के उत्पादन, (ग) लघु उद्योग के उत्पादन और (घ) कच्चे माल (उत्पादन हेतु क्रय किया जाने वाला माल)।

(13) विभिन्न विकास प्रयोजनाओं में राज्य सरकार द्वारा किए गए दीर्घ निवेश के फलस्वरूप तुलनात्मक दृष्टि से राज्य के कई क्षेत्रों में आर्थिक समृद्धि परिलक्षित हुई है। उन क्षेत्रों के निवासियों की इस अनुपाजित मूल्य के कुछ अंश को राज्य सरकार द्वारा करों के रूप में लिए जाने के बारे में आपके क्या विचार हैं?

(14) क्या आपके विचार से किन्हीं विशिष्ट परिस्थितियों में, विशेष कार्यों के लिए उपकर ( Cess ) लगाया जाना अपेक्षणीय है? अगर ऐसा है, तो आपके क्या सुझाव हैं।

(15) क्या आपके विचार से किसी विशेष उद्योग, पेशा अथवा व्यवसाय पर कर भार अधिक है? यदि ऐसा है, तो सविति को ऐसे साक्ष्य प्रस्तुत कीजिए जिस पर आपकी धारणा आधारित है। कृपया उपचार भी सुझाए।

(16) ऐसा आभास होता है कि शहरी अथवा अर्द्ध शहरी क्षेत्रों और ग्रामीण क्षेत्रों में रहने वालों के बीच कर भार में असमानता है। क्या आप इससे सहमत हैं? यदि हाँ, तो इस असमानता को दूर करने के बारे में आपके क्या सुझाव हैं?

(17) योजना बद्ध विकास के लिए संसाधनों की आवश्यकता को ध्यान में रखते हुए राजस्व की हानि के बावजूद भी क्या आप मद्यनिषेध के क्षेत्र को बढ़ाना उपयुक्त समझते हैं? कृपया अपने विचारों का कारणों सहित उल्लेख करें। यदि आप मद्यनिषेध क्षेत्र को बढ़ाने के पक्ष में हैं तो परिणामस्वरूप आय में होने वाली क्षति की पूर्ति के लिए क्या आप कोई अन्य विकल्प बता सकते हैं?

(18) प्रमुख राज्य करों के बकाया की स्थिति परिशिष्ट—3 में दी गई है। क्या आप उन्हें उचित समझते हैं? यदि नहीं, तो कृपया इन्हें कम करने के बारे में अपने सुझाव दीजिए।

(19) करों से आय को बढ़ाने के सम्बन्ध में हाल में दिए गए विभिन्न सुझावों जैसे राज-समिति की कृषि सम्पत्ति और आय पर कराधान की आख्या (1972) और उत्तर प्रदेश कर जांच समिति (1968-69) की लागू न की गई संस्तुतियों से आप परिचित होंगे। इनमें से किनको शीघ्र लागू करने की आवश्यकता है?

(20) क्या सिंचाई, विद्युत् और अन्य सार्वजनिक उपक्रमों से करेतर राजस्व को बढ़ाया जा सकता है? इन उपक्रमों से कितने राजस्व त्याग का लक्ष्य होना चाहिए।

(21) क्या आप सिंचाई और विद्युत् किसी वाणिज्यिक सेवाओं के सुचारु कार्य संचालन के बारे में कोई सुझाव दे सकते हैं?

(22) क्या आप ऐसा अनुभव करते हैं कि सार्वजनिक उपक्रमों में अधिक अपव्यय होता है? कृपया इस प्रकार के अपव्यय और उसके दूर करने के उपायों का उल्लेख कीजिए।

(23) क्या आपके विचार में अस्पतालों में रोगियों के नामजदगी की फीस बढ़ा दी जाय तथा सहायता प्राप्त परिदत्त औषध वितरण ( Paid dispensing ) की व्यवस्था लागू की जाय ?

(24) राज्य के औद्योगिक वातावरण की प्रोन्नति के विषय में आपके क्या विचार हैं? इस प्रकार का वातावरण बनाने में कर संरचना, प्रशासन और सरकारी कार्यरिती के वैज्ञानिक के कौन से नए उपाय आप सुझावेंगे?

## परिशिष्ट 1

उत्तर प्रदेश सरकार के राजस्व की मुख्य मदें

क्रम- संख्या	मद	वास्तविक प्राप्तियां			1972-73 पुनरीक्षित अनुमान	1973-74 बजट अनुमान	(लाख रुपयों में)	
		1969-70	1970-71	1971-72			योग	कुल
							1969-70 से	योग का प्रतिशत (कर और करेतर राजस्व)
1	2	3	4	5	6	7	8	9
<b>1-कर राजस्व-</b>								
राज्य कर तथा शुल्क-								
1	भू-राजस्व ..	2,144	2,205	600	1,191	2,020	8,160	5.4
2	कृषि आयकर और वृहत् जोतकर	22	19	14	8	12	75	0.0
3	राज्य आवकारी शुल्क	2,331	2,443	2,728	2,751	2,769	13,022	8.6
4	स्टाम्प शुल्क ..	1,085	1,228	1,523	800	1,300	5,936	3.9
5	निबन्धन फीस ..	233	231	275	193	253	1,185	0.8
6	वाहन कर ..	689	880	941	997	1,028	4,535	3.0
7	बिक्री-कर-							
(1)	केन्द्रीय बिक्री-कर अधिनियम के अन्तर्गत	4,713	5,202	5,842	6,505	6,800	29,062	19.2
(2)	राज्य बिक्रीकर अधिनियम के अन्तर्गत							
8	अन्य कर तथा शुल्क-							
(1)	सनोरंजन एवं बाजीकर	613	731	870	1,005	950	4,169	2.8
(2)	विद्युत् शुल्क ..	144	218	444	360	430	1,596	1.1
(3)	गन्ने पर उप कर/क्रय कर	678	470	560	565	601	2,874	1.9
(4)	मोटर प्रासव की बिक्री कर पर कर	451	554	648	665	730	3,048	2.0
(5)	यात्री कर तथा माल कर	778	876	988	1,099	1,059	4,800	3.2
(6)	नगर क्षेत्रों में भूमि तथा भवन कर	88	39	29	10	15	181	0.1
(7)	व्यापार, वृत्ति एवं आजीविका पर कर	173	189	110	50	46	568	0.4
योग-1 (कर राजस्व) ..		14,142	15,285	15,572	16,199	18,013	79,211	52.4
<b>2- करेतर राजस्व-</b>								
(अ) सरकारी उपक्रमों से प्राप्तियां-								
1	वन ..	2,022	2,148	2,182	2,330	2,416	11,098	7.3
2	सिंचाई के निर्माण- कार्य	1,839	2,058	1,623	2,057	2,240	9,817	6.5
3	सरकारी बस सेवाएं*	2,196	2,434	2,694	508	..	7,832	5.2
4	उद्योग**	731	874	871	164	171	2,811	1.9
5	सार्वजनिक निर्माण- कार्य	162	271	186	189	193	1,001	0.7
(ब) अन्य प्राप्तियां-								
1	सामान्य प्रशासन ..	1,435	1,510	1,685	1,760	1,893	8,283	5.5
2	सामुदायिक विकास- कार्य	14	14	14	14	14	70	0.0
3	प्रकीर्ण ..	5,337	5,909	5,719	6,349	7,718	31,032	20.5
योग-2 ..		13,736	15,210	14,974	13,371	14,645	71,936	47.6
कुल योग		27,878	30,495	30,546	29,570	32,658	1,51,147	100.0

\*अब एक निगम में परिवर्तित।

\*\*कुछ भाग सीमेन्ट परियोजनाओं से प्राप्त होता था जो कि एक निगम में परिवर्तित हो गया है।

## परिशिष्ट 2

## स्थानीय निकायों के राजस्व की मुख्य मदें

( लाख रुपयों में )

क्रम- संख्या	मद	1969-70*	1970-71*	1971-72*	1972-73 अनुमान	1973-74 अनुमान
1	2	3	4	5	6	7
<b>1—नगर महापालिकाएं—</b>						
1—	करों से राजस्व ..	613.55	637.39	693.39	876.94	900.00
2—	अन्य राजस्व प्राप्तियां ..	405.07	492.92	683.70	967.96	982.00
3—	सरकार से अनुदान ..	216.28	233.24	247.77	250.96	132.90
	<b>कुल राजस्व प्राप्तियां ..</b>	<b>1,234.90</b>	<b>1,363.55</b>	<b>1,624.86</b>	<b>2,095.86</b>	<b>2,014.90</b>
<b>2—नगरपालिकाएं—</b>						
1—	करों से राजस्व ..	819.31	807.44	905.37	1,259.14	1,036.58
2—	अन्य राजस्व प्राप्तियां ..	842.97	955.69	961.35	1,125.18	907.20
3—	सरकार से अनुदान ..	369.27	395.96	422.29	428.41	183.49
	<b>कुल राजस्व प्राप्तियां ..</b>	<b>2,031.55</b>	<b>2,159.09</b>	<b>2,289.01</b>	<b>2,812.73</b>	<b>2,127.27</b>
<b>3—टाउन एरिया और नोटोफाइड एरिया—</b>						
1—	करों से राजस्व ..	166.46	188.47	221.83	315.87	389.86
2—	अन्य राजस्व प्राप्तियां ..	..	..	..	..	..
3—	सरकार से अनुदान ..	68.88	71.52	71.28	71.28	73.51
	<b>कुल राजस्व प्राप्तियां ..</b>	<b>235.34</b>	<b>259.99</b>	<b>293.11</b>	<b>387.15</b>	<b>463.37</b>
<b>4—जिला परिषद्—</b>						
1—	करों से राजस्व और फीस ..	83.44	84.81	86.75	87.15	88.50
2—	अन्य राजस्व प्राप्तियां ..	740.00	775.00	776.00	777.00	777.00
3—	सरकार से अनुदान ..	3,450.26	3,567.09	4,518.80	4,466.34	256.92
	<b>कुल राजस्व प्राप्तियां ..</b>	<b>4,273.70</b>	<b>4,426.90</b>	<b>5,381.55</b>	<b>5,330.49</b>	<b>1,122.42</b>

नोट :—जिला परिषदों के विवरण से ज्ञात होता है कि वर्ष 1973-74 में सरकार से अनुदान में कमी हुई है। यह शिक्षा सम्बन्धी अनुदानों के बेसिक शिक्षा परिषद् को व्ययवर्तन के कारण है।

\*अनन्तिम।

## परिशिष्ट 3

मार्च 31 को कर-राजस्व के अवशेष की स्थिति

(लाख रुपयों में)

क्रम- संख्या	बकाया की मद	मार्च, 1969	मार्च, 1970	मार्च, 1971	मार्च, 1972
1	2	3	4	5	6
1	(i) कृषि आय कर .. ..	10.05	6.33	5.97	5.63
	(ii) लार्ज लैंड होल्डिंग कर .. ..	9.45	10.95	10.29	11.12
	(iii) वृहत् जोत कर .. ..	30.37	30.42	36.46	44.09
2	भू-राजस्व (30 सितम्बर की स्थिति)	294.82	504.75	277.64	168.43
3	चकबन्दी शुल्क .. ..	158.77	172.37	211.38	248.77
4	राज्य आबकारी शुल्क .. ..	28.29	24.88	47.82	67.44
5	वाहन कर .. ..	25.46	23.91	31.23	32.10
6	मनोरंजन एवं बाजीकर .. ..	..	..	0.16	0.17
7	बिक्री-कर .. ..	1,639.00	1,845.45	2,253.00	2,600.49
8	विद्युत् शुल्क .. ..	36.09	60.93	104.49	150.85
9	उपकर क्रय कर—				
	(i) गन्ना मिलों द्वारा .. ..	138.00	351.55	606.00	721.00
	(ii) खण्डसारी इकाइयों द्वारा .. ..	16.24	31.12	55.48	63.18
10	मोटर प्रासव की बिक्री पर कर .. ..	..	7.47	..	3.56
11	यात्री-कर .. ..	3.12	3.47	3.59	4.64
12	माल कर .. ..	4.62	5.20	5.28	5.02
13	भूमि तथा भवन-कर .. ..	196.56	122.13	74.00	52.65
14	व्यापार, वृत्ति एवं आजीविकाओं आदि पर कर .. ..	27.00	64.61	102.00	193.00

परिशिष्ट 4

संविधान की सातवीं अनुसूची में राज्यों को निर्दिष्ट कर

- 1—भू-राजस्व ।
- 2—कृषि-आय पर कर ।
- 3—कृषि भूमि के उत्तराधिकार के बारे में शुल्क ।
- 4—कृषि भूमि के संबंध में सम्पत्ति शुल्क ।
- 5—भूमि और भवनों पर कर ।
- 6—संसद के विधि द्वारा खनिज विकास के संबंध में लगायी गयी परिसीमाओं के अधीन रहते हुए खनिज अधिकारों पर कर ।
- 7—उत्पादन शुल्क ।
- 8—किसी स्थानीय क्षेत्र में उपभोग, प्रयोग या विकास के लिये वस्तुओं के प्रवेश पर कर ।
- 9—विद्युत् के उपभोग या विक्रय पर कर ।
- 10—सूची-1 की प्रविष्टि 92-क के उपबन्धों के अधीन रहते हुए समाचार-पत्रों से भिन्न वस्तुओं के ऋय या विक्रय पर कर ।
- 11—समाचार-पत्रों में प्रकाशित होने वाले विज्ञापनों को छोड़कर अन्य विज्ञापनों पर कर ।
- 12—सड़कों या अन्तर्देशीय जल पथों पर ले जाये जाने वाली वस्तुओं और यात्रियों पर कर ।
- 13—सड़कों पर उपयोग के योग्य यानों पर, चाहे वे यंत्र चालित हों या नहीं तथा जिनमें सूची 3 की प्रविष्टि 35 के उपबन्धों के अधीन ट्राम गाड़ियां भी अन्तर्गत हैं, कर ।
- 14—पशुओं और नौकाओं पर कर ।
- 15—पथ कर ।
- 16—वृत्तियों, व्यापारों, आजीविकाओं और नौकरियों पर कर ।
- 17—कंपिटेशन कर ।
- 18—विलास वस्तुओं पर कर, जिनके अन्तर्गत आमोद, विनोद, पण पर लगाने और जुआ खेलने पर भी कर है ।
- 19—मुद्रांक शुल्कों की दरों के संबंध में सूची (1) के उपबन्धों में उल्लिखित दस्तावेजों को छोड़कर अन्य दस्तावेजों के बारे में मुद्रांक शुल्क की दर ।
- 20—किसी न्यायालय में ली जाने वाली फीस को छोड़कर इस सूची के विषयों में से किसी के बारे में फीस ।

परिशिष्ट--5

स्थानीय निकायों का कर अधिकार

1--नगर महापालिका

उत्तर प्रदेश नगर महापालिका अधिनियम, 1959

172--(1) इस अधिनियम के प्रयोजनों के लिये और उसके तथा भारत का संविधान के अनुच्छेद 285 के उपबन्धों के अधीन रहते हुए, महापालिका निम्नलिखित कर लगायेंगी :--

(क) सम्पत्ति कर,

(ख) यंत्र चालित वाहनों से भिन्न वाहनों (Vehicles) तथा किराये पर चलने वाली या नगर के भीतर रखी गयी गाड़ियों (Conveyance) या वहां बांधी जाने वाली नावों पर कर,

(ग) सवारी करने, जोतने, गाड़ी खींचने या बोझा ढोने के लिये उपयोग में लाये जाने वाले पशुओं पर कर; जब वे महापालिका के भीतर रखे जायें ।

(2) उपधारा (1) में निर्दिष्ट करों के अतिरिक्त महापालिका, इस अधिनियम के प्रयोजनों के लिये तथा उसके उपबन्धों के अधीन रहते हुए, निम्नलिखित करों में से कोई भी कर लगा सकती है :

(क) व्यापारों, आजीविकाओं (Callings) और व्यवसायों तथा सार्वजनिक या निजी नियुक्तियां होने पर कर;

(ख) नगर के भीतर उपभोग, उपयोग या विक्रय के प्रयोजनार्थ लाये गये सामान और पशुओं पर चुंगी,

(ग) नगर से निर्यात या नगर में आयात किये गये ऐसे सामान पर कर जिस पर भारत के संविधान के प्रारम्भ होने के दिन, चुंगी लगी हुयी थी;

(घ) नगर में प्रवेश करने वाले वाहनों, अन्य गाड़ियों और पशुओं और बोझा लिये हुये कुलियों पर पथ-कर (Toll);

(ङ) नगर के भीतर रखे गये कुत्तों पर कर;

(च) परिवृद्धि कर (Betterment Tax);

(छ) नगर के भीतर स्थित अचल सम्पत्ति के हस्तान्तरण लेखों पर कर;

(ज) समाचार-पत्रों में प्रकाशित विज्ञापनों से भिन्न विज्ञापनों पर कर;

(झ) प्रेक्षागृहों (Theates) पर कर;

(ञ) कोई अन्य कर जिसे भारत के संविधान के अधीन राज्य विधान मण्डल को लगाने का अधिकार है ।

## 2--नगरपालिका

उत्तर प्रदेश नगरपालिका अधिनियम, 1916

128—(1) तदर्थ राज्य सरकार के किन्हीं सामान्य नियमों या विशेष आदेशों के अधीन रहते हुए वे कर, जिन्हें बोर्ड सम्पूर्ण नगरपालिका या उसके किसी भाग में आरोपित कर सकता है, निम्नलिखित हैं :—

- (1) भवनों या भूमि या दोनों के वार्षिक मूल्य पर कर;
- (2) ऐसे व्यापारों और आजीविकाओं ( Callings ) पर कर, जो नगरपालिका की सीमाओं के भीतर की जाती हैं और नगरपालिका सेवाओं से विशेष रूप में लाभान्वित होती हैं या उन पर विशेष भार आरोपित करती हैं;
- (3) व्यापारों, आजीविकाओं ( Callings ) और व्यवसायों ( Vocations ) पर कर, जिनके अन्तर्गत ऐसे सभी सेवागोचन ( Employments ) भी हैं, जिनमें वेतन या शुल्क के रूप में पारिश्रमिक दिया जाता है;
- (3-अ) प्रेक्षागृहों ( Theatres ) पर कर जिसका तात्पर्य मनोविनोद एवं मनोरंजन पर कर से है;
- (4) ऐसे वाहनों और अन्य गाड़ियों पर, जो नगरपालिका के भीतर किराये पर चलाई जाती हैं या रखी जाती हैं, अथवा उसमें बांधी जाने वाली ( Moored ) नावों पर कर;
- (5) नगरपालिका के भीतर रखे गये कुत्तों पर कर;
- (6) सवारी करने, जोतने, गाड़ी खींचने या बोझा ढोने के लिये उपयोग में लाये जाने वाले पशुओं पर कर, जब वे नगरपालिका के भीतर रखे जायं;
- (7) नगरपालिका में प्रवेश करने वाले वाहनों और अन्य गाड़ियों, पशुओं और बोझा लिये हुए कुलियों पर पथ-कर ( Toll );
- (8) नगरपालिका के भीतर उपभोग, उपयोग या बिक्री के प्रयोजनार्थ लाये गये सामान या पशुओं पर चुंगी ( Octroi );
- (9) निवासियों पर कर, जो उनके विभव और सम्पत्ति (Circumstances and property) के अनुसार निर्धारित किया गया हो;
- (10) भवनों या भूमि या दोनों के वार्षिक मूल्य पर जल-कर ( Water Tax );
- (10-अ) सीवर लाइन से निकटतम दूरी पर स्थित, जिसकी दूरी प्रत्येक नगरपालिका द्वारा इस संबंध में बनाये गये नियम द्वारा निश्चित होगी, भवनों के वार्षिक मूल्य पर जल-निकासी कर ( Drainage Tax );
- (11) समार्जन कर ( Scavenging Tax );
- (12) शौचालयों और संडासों की सफाई ( Cleansing ) के लिये कर;
- (13) किसी ऐसी नगरपालिका में, जिसमें 6 जुलाई, 1917 में चुंगी लागू थी, अथवा केन्द्रीय सरकार की पहले से मंजूरी लेकर किसी अन्य नगरपालिका में आयात किये जाने वाले या वहां से निर्यात किये जाने वाले सामान पर कर;
- (13-अ) \* \* \* \* \*
- (13-ब) नगरपालिका के भीतर स्थित अचल सम्पत्ति के हस्तान्तरण लेखों पर कर;
- (14) कोई अन्य कर, जिसे संविधान के अधीन राज्य विधान मण्डल को आरोपित करने का अधिकार है;

## 3--नोटोफाइड एरियाज

उत्तर प्रदेश नगरपालिका अधिनियम, 1916

338—(1) राज्य सरकार विज्ञप्ति द्वारा :—

- (क) \* \* \* \* \*
- (ख) उक्त सम्पूर्ण क्षेत्र या उसके किसी भाग में, कोई ऐसा कर लगा सकती है जो इस ऐक्ट या किसी अन्य ऐक्ट के उपबन्धों के अधीन, उसमें लगाया जा सकता है, यदि उक्त क्षेत्र नगरपालिका होता ।
- (ग) \* \* \* \* \*

## 4--टाउन एरिया

यू०पी० टाउन एरिया ऐक्ट, 1914

14--(1) कर लगाने के संबंध में राज्य सरकार द्वारा बनाये गये किन्हीं सामान्य नियमों या विशेष आदेशों के अधीन रहते हुए, समिति को निम्नलिखित कर लगाने का अधिकार होगा :—

- (क) \* \* \* \* \*
- (ख) \* \* \* \* \*
- (ग) \* \* \* \* \*
- (घ) व्यापारों, आजीविकाओं या व्यवसायों पर कर । इसकी दर उन दरों से अधिक न होगी जो इस संबंध में निगत की जाय ।

(इ) इमारत पर कर । इस कर को इमारत का स्वामी अदा करेगा और इसकी दर उस दर से अधिक न होगी जिसे इस संबंध में नियत की जाय, किन्तु इसमें प्रतिबन्ध यह है कि ऐसे स्वामी पर उपर्युक्त खण्ड (क)(ख) या (ग) के अधीन पहले ही कर निर्धारित न किया जा चुका हो ।

(च) व्यक्तियों पर कर । यह कर उनकी हंसियत और सम्पत्ति के अनुसार निर्धारित किया जायेगा और इसकी दर उस दर से अधिक न होगी और यह उन शर्तों और प्रतिबन्धों के अधीन लगाया जावेगा जो इस संबंध में नियत की जाय या किये जायं ।

(छ) कोई और कर जो यू०पी० म्युनिसिपैलिटीज ऐक्ट, 1916 की धारा 128 की उपधारा (1) में उल्लिखित करों में से कोई कर हो ।

#### 5—जिला परिषद्

उत्तर प्रदेश क्षेत्र समिति तथा जिला परिषद् अधिनियम, 1961 (जैसा कि 1-12-64 तक संशोधित है)

119—(1) इस अधिनियम के प्रयोजनों के लिये जिला परिषद् निम्नलिखित कर आरोपित कर सकती है या उनका आरोपण जारी रख सकती है, अर्थात् :—

(क) विभव तथा सम्पत्ति पर कर,

(ख) कोई ऐसा अन्य कर जिसे राज्य में आरोपित करने का अधिकार राज्य विधान मण्डल को “भारत का संविधान” के अधीन, जिसके अन्तर्गत संविधान का अनुच्छेद 277 भी है, हो तथा जिसका परिषद् द्वारा आरोपण राज्य सरकार ने प्राधिकृत किया हो ।

#### 6—गांव सभा और गांव पंचायतें

उत्तर प्रदेश पंचायत राज अधिनियम, 1947 (1966 तक संशोधित)

37—(1) राज्य सरकार द्वारा निर्मित नियमों या दिये गये निदेशों अथवा प्रतिबन्धों के अधीन रहते हुए, गांव सभा निम्नलिखित कर आरोपित कर सकती है :—

(क) भूमि पर कर जो भू-राजस्व के रूप में देय धनराशि के 6 पैसा प्रति रुपया से अधिक न हो,

(ख) \* \* \* \* \*

(ग) गांव सभा के भीतर अस्थायी रूप से स्वीकृत प्रेक्षागृहों ( Theatres ) सिनेमा या इसी प्रकार के मनोरंजन पर कर जो प्रतिदिन पांच रुपये से अधिक न हो,

(घ) यंत्रचालित वाहनों से भिन्न वाहनों ( Vehicles ) तथा किराये पर चलने वाली या गांव सभा के भीतर रखी गई गाड़ियों या पशुओं पर कर जो उसके स्वामी द्वारा निम्नलिखित दर पर देय होगा :—

(1) पशुओं के संबंध में प्रति वर्ष प्रति पशु तीन रुपये से अधिक न हो ।

(2) वाहनों के संबंध में प्रति वर्ष प्रति वाहन 6 रुपये से अधिक न हो ।

(इ) गांव सभा से संबंधित अथवा अधीन बाजार/हाट या मेला में बिक्री के प्रयोजनार्थ सामान लाने वाले उन व्यक्तियों पर शुल्क, जिन पर उक्त (ग) में कोई शुल्क न लगा हो,

(च) गांव सभा से संबंधित अथवा अधीन जगह अथवा बाजार में विक्रित पशुओं के पंजीकरण पर शुल्क,

(छ) बूचड़खाना ( Slaughter House ) अथवा इस हेतु लगाये गये कैम्पों की भूमि के प्रयोग पर शुल्क,

(ज) जल-कर जहाँ गांव सभा द्वारा घरेलू उपभोग के लिये जल-पूर्ति की जाती है,

(झ) गृह स्वामी अथवा गृहवासी द्वारा, जिसके गृह से नाली अथवा संडास लगा हुआ है तथा जिनकी सफाई गांव सभा अपने साधनों से कराती है, देय व्यक्तिगत संडासों तथा नालियों की सफाई पर कर,

(ञ) \* \* \* \* \*

(ट) गांव सभा द्वारा निर्मित अथवा सम्पादित लघु सिंचाई प्रयोजनों द्वारा सिंचाई हेतु जल की पूर्ति पर कर ।

(ठ) \* \* \* \* \*

नगर महापालिका, नगरपालिका और जिला परिषद् उन अन्य करों को लगाने के लिये सक्षम है जिन्हें संविधान के अधीन राज्य विधान मण्डल, लगाने के लिये सक्षम है । फिर भी, अब तक, राज्य सरकार द्वारा किसी भी स्थानीय निकाय को कोई अन्य कर जिसके लगाने के लिये वे अधिकृत हैं, को छोड़ कर, लगाने की स्वीकृति नहीं दी गई है ।

राज्य सरकार तथा स्थानीय निकायों की सहमति से व्यवसायों, व्यापारियों, आजीविकाओं और सेवायोजन पर कर तथा भूमि भवन पर कर आरोपित किये जाते हैं ।

( 24 )

JAGMOHAN LAL BAJAJ,  
*Member-Secretary,*  
*U. P. Taxation Enquiry Committee,*

No. 50/TEC-74  
GOVERNMENT OF UTTAR PRADESH  
16 VIDHAN SABHA MARG,  
*Dated Lucknow, April 20, 1974.*

DEAR SIR,

Government of Uttar Pradesh has constituted a Taxation Enquiry Committee to mobilize additional resources during Fifth Five-Year Plan period. A copy of the questionnaire issued by the Committee is enclosed with the request that you may please send your reply on the subject in which you are interested. In addition, the Committee will welcome your views, if any, on Government revenues, taxation and on other allied subjects. It is requested that the reply to the questionnaire and views on subjects related thereto may please be sent in brief, duly supported with facts and figures.

2. The main items of revenue of State Government and Local Bodies, arrear position of tax revenue, list of tax powers of the State Government as provided in the Constitution of India and a list of tax powers of Local Bodies are attached to the questionnaire.

3. Keeping in view the short duration of the Committee, it is requested that the replies may please be sent within 10 days so that, after studying the replies, it may be convenient to utilise them.

Yours faithfully,  
JAGMOHAN LAL BAJAJ.

## QUESTIONNAIRE

## General

The target of additional resource mobilization originally fixed for the Fourth Five-Year Plan was Rs. 175 crores, which came to 18.1 per cent of the original outlay of Rs.965 crores. According to this proportion, the target of additional resource mobilization for the Fifth Plan, for which the outlay was originally fixed at around Rs.3,000 crores, should have been about Rs.550 crores. Even for a reduced outlay of Rs.2,500 crores likely to be approved by the Planning Commission, the target should have been about Rs.450 crores. The State Government have, however, fixed a modest target of Rs.250 crores only, which comes to only 10 per cent of the outlay of Rs.2,500 crores against 18.1 per cent for the Fourth Plan. If, for reasons like inescapable increase in non-Plan expenditure, the balance from current revenues at 1973-74 rates of taxation goes down, a larger amount may have to be raised through taxation and/or revision of tariff rates. In the context of additional State income expected to accrue in the Fifth Plan, the amount estimated to be raised is not large, being only 5 per cent of the income increment. This additional income will, however, have to bear increased Central taxation also. In addition a certain amount of additional savings should be assumed.

The major question before the State and the people is how to raise these amounts keeping in view the Plan goals. This will naturally require significant changes in the tax rates, tax structures and efficiency in tax collection and service operation. Advantage may be taken of this need to rationalize the existing tax and revenue system and make it more equitable simultaneously with making it more productive. This is also one of the objectives of the Taxation Enquiry Committee. It will help the Committee greatly if persons who are interested and those who have experience in the connected aspects of administration give thought to this problem and convey their views to it. The following questions are by way of aid to their thinking processes. They should feel free to add other relevant questions:

(1) The main source of tax and non-tax revenue receipts are listed in Annexure I. Can you suggest the changes needed in the absolute and relative importance of each of them and the detailed methods by which this can be brought about in order to obtain additional receipts?

(2) Local Bodies also raise their own revenue, details of which are given in Annexure II. Can you think of ways of substantially increasing these receipts? Do you think a take-over of some of the tax powers of Local Bodies by the State listed in Annexure V will lead to enhanced revenues?

(3) For reasons of comprehensiveness, all the tax powers of the State given in the Constitution are listed in Annexure IV. Those delegated with Local Bodies are given in Annexure V. Is there any important item of revenue among them not properly exploited either by the State or the Local Bodies? Please elaborate.

(4) Does the present tax system conform to the canon of equity among: (a) various important groups of the State citizens, and (b) various sub-groups? What changes do you suggest to make the tax system more equitable without any sacrifice of revenue?

(5) Can you point out the scope for increase in the rates of different taxes as to make them yield more revenue without detriment to efficiency and equity? How, do you think the optimum balance among these principles should be achieved?

(6) Can you think of any changes in the tax system which will yield more revenue without any increase in tax rates or even with a decline in them, say, for instance, through checking evasion or through increased encouragement to production and consumption of taxable commodities? Please try, as far as possible, to quantify your suggestions.

(7) Have you come across any such experience in the past? Please give details.

(8) Do you have any suggestions to make generally for the improvement in administration and procedures of the various taxes from the point of view of: (a) avoiding needless harassment, and (b) ensuring speed in assessment and collection?

(9) According to modern fiscal theory, the fundamental aim of taxation is to release resources for public purposes through reduction in private expenditure. Is the state tax system suited to achieve this purpose? What changes are needed in it from this view point?

(10) It is desirable that the revenue system should be both price and income elastic. Is the prevalent system elastic enough in both these directions? If not, what changes do you recommend to make it so?

(11) All tax incentives, reliefs and exemptions have the effect of reducing tax revenues and creating more loopholes. They are, therefore, justifiable only if they serve a major plan objective, which cannot be achieved through other more welcome methods. Can you say which of the major tax provisions are justifiable in this regard, and which should be abolished? Please give detailed reasons.

(12) What are your views regarding grant of exemption or concessions to: (a) co-operative societies, (b) products of Village and Khadi Industries, (c) products of small-scale industries, and (d) raw materials (goods bought for the purpose of manufacture)?

(13) As a result of large investments made by the State Government in various development projects, many areas in the State have experienced comparative economic prosperity. How do you think a part of the unearned value that has accrued to persons in those areas could be mopped up by the State in the form of taxes?

(14) Do you think that it is desirable, under certain conditions, to levy cesses for special purposes? If so, what are your suggestions?

(15) Do you think that the tax burden weights particularly heavily on any individual industry, occupation or trade? If so, please furnish the Committee with the evidence on which you rely. Suggest remedies.

(16) It is felt that there is disparity in the incidence of tax between people living in urban or semi-urban areas and those living in rural areas. Do you agree with this? If so, how do you propose to correct this disparity?

(17) Do you consider it advisable to extend the policy of prohibition further with consequent loss of revenues particularly with reference to the need for resources for planned development? Please state reasons for your views. If you are in favour of extension of prohibition, do you suggest any alternative source for making up the consequent loss of income?

(18) The arrears of major State taxes are given in Annexure III. Do you consider them as reasonable? If not, please indicate the ways of bringing them down.

(19) You may be familiar with the various recent suggestions made to improve tax yields like the Raj-Committee Report on taxation of

Agricultural Wealth and Income (1972), and unimplemented recommendations of the U. P. Taxation Enquiry Committee, 1968-69. Which of these need to be implemented immediately?

(20) Can the non-tax revenues like those from irrigation, electricity and other public enterprises be enhanced? What are the returns that should be aimed at?

(21) Have you any suggestions for the more efficient operation of commercial services like irrigation and electricity?

(22) Do you feel there is considerable waste in public enterprises? Please indicate the nature of such waste and ways of dealing with it.

(23) Do you feel that enrolment fees for the patients in the hospitals be raised and a system of 'paid dispensing' at subsidised rates be introduced?

(24) What do you think about the promotion of an industrial climate in the State? What measures relating to the rationalization of the tax structure, administration and procedures of the Government would you suggest for creating such a climate?

## ANNEXURE I

## Main items of Revenue of U. P. Government

(Rupees in lakhs)

Serial No.	Items	Actuals			Revised estimates 1972-73	Budget estimates 1973-74	1969-70 to 1973-74	Percentage of total Revenue (Tax + Non-Tax)
		1969-70	1970-71	1971-72				
1	2	3	4	5	6	7	8	9
<i>I. Tax Revenue State Taxes and Duties—</i>								
1	Land Revenue .. ..	2,144	2,205	600	1,191	2,020	8,160	5.4
2	Agriculture Income-tax and Vrihat Jot Kar	22	19	14	8	12	75	0.0
3	State Excise Duties .. ..	2,331	2,443	2,728	2,751	2,769	13,022	8.6
4	Stamp Duties .. ..	1,085	1,228	1,523	800	1,300	5,936	3.9
5	Registration fee .. ..	233	231	275	193	253	1,185	0.8
6	Vehicle tax .. ..	689	880	941	997	1,028	4,535	3.0
7	Sales-tax :							
	(i) Under Central Sales Tax Act	4,713	5,202	5,842	6,505	6,800	29,062	19.2
	(ii) Under State Sales Tax Act							
8	Other taxes and duties :							
	(i) Entertainment and Betting Tax	613	731	870	1,005	950	4,169	2.8
	(ii) Electricity Duty .. ..	144	218	444	360	430	1,596	1.1
	(iii) Cess/Purchase Tax on Sugarcane	678	470	560	565	601	2,874	1.9
	(iv) Sales Tax on Motor Sprit ..	451	554	648	665	730	3,048	2.0
	(v) Passenger and Goods Tax ..	778	876	988	1,099	1,059	4,800	3.2
	(vi) Tax on Land and Buildings ..	88	39	29	10	15	181	0.1
	(vii) Profession Tax .. ..	173	189	110	50	46	568	0.4
	Total I (Tax Revenue) ..	14,142	15,285	15,572	16,199	18,013	79,211	52.4
<i>II. Non-Tax Revenue—</i>								
<i>(A) Receipt from Government Undertaking—</i>								
1	Forest .. ..	2,022	2,148	2,182	2,330	2,416	11,098	7.3
2	Irrigation Works .. ..	1,839	2,058	1,623	2,057	2,240	9,817	6.5
3	Government Bus Services* ..	2,196	2,434	2,694	508	..	7,832	5.2
4	Industries** .. ..	731	874	871	164	171	2,811	1.9
5	Public Works .. ..	162	271	186	189	193	1,001	0.7
<i>(B) Others—</i>								
1	General Administration .. ..	1,435	1,510	1,685	1,760	1,893	8,283	5.5
2	Community Development Works ..	14	14	14	14	14	70	0.0
3	Miscellaneous .. ..	5,337	5,909	5,719	6,349	7,718	31,032	20.5
	Total II ..	13,736	15,210	14,974	13,371	14,645	71,936	47.6
	GRAND TOTAL ..	27,878	30,495	30,546	29,570	32,658	1,51,147	100.0

\*Since converted into a Corporation.

\*\* Part of it accruing from the Cement Project have been converted into Corporation.

ANNEXURE II  
Main items of Revenue of Local Bodies

(Rupees in lakhs)

Serial No.	Items	* 1969-70	* 1970-71	* 1971-72	* 1972-73	Estimates 1973-74
1	2	3	4	5	6	7
<i>I. Municipal Corporations</i>						
1	Revenue from taxes ..	613.55	637.39	693.39	876.94	900.00
2	Other revenue receipts ..	405.07	492.92	683.70	967.96	982.00
3	By Government grants ..	216.28	233.24	247.77	250.96	132.90
Total, revenue receipts		1,234.90	1,363.55	1,624.86	2,095.86	2,104.90
<i>II. Other Municipal Bodies (M.B. etc.)</i>						
1	Revenue from taxes ..	819.31	807.44	905.37	1,259.14	1,036.58
2	Other revenue receipts ..	842.97	955.69	961.35	1,125.18	907.20
3	By Government grants ..	369.27	395.96	422.29	428.41	183.49
Total, revenue receipts		2,031.55	2,159.09	2,289.01	2,812.73	2,127.27
<i>III. Town Areas and Notified Areas</i>						
1	Revenue from taxes ..	166.46	188.47	221.83	315.87	389.86
2	Other revenue receipts ..	..	..	..	..	..
3	By Government grants ..	68.88	71.52	71.28	71.28	73.51
Total, revenue receipts		235.34	259.99	293.11	387.15	463.37
<i>IV. Zila Parishads</i>						
1	Revenue from taxes and fees ..	83.44	84.81	86.75	87.15	88.50
2	Other revenue receipts ..	740.00	775.00	776.00	777.00	777.00
3	By Government grants ..	3,450.26	3,567.09	4,518.80	4,466.34	256.92
Total, revenue receipts ..		4,273.70	4,426.90	5,381.55	5,330.49	1,122.42

NOTE—Statement regarding Zila Parishads reveals that there is decrease in Government grants during the year 1973-74. This is due to diversion of education grants to Basic Shiksha Parishad.

\*Provisional.

## ANNEXURE III

*Position of Arrears of Tax revenue as on March 31*

(Rupees in lakhs)

Serial No.	Item of arrear	March 1969	March 1970	March 1971	March 1972
1	2	3	4	5	6
1	(i) Agriculture Income-tax .. .. .	10.05	6.33	5.97	5.63
	(ii) Large Land Holding Tax .. .. .	9.45	10.95	10.29	11.12
	(iii) Vrihat Jot Kar .. .. .	30.37	30.42	36.46	44.09
2	Land Revenue (Information relates to 30th September) ..	294.82	504.75	277.64	168.43
3	Consolidation .. .. .	158.77	172.37	211.38	248.77
4	State Excise Duty .. .. .	28.29	24.88	47.82	67.44
5	Vehicle Tax .. .. .	25.46	23.91	31.23	32.10
6	Entertainment Tax and Betting Tax .. .. .	..	..	0.16	0.17
7	Sales Tax .. .. .	1,639.00	1,845.45	2,253.00	2,600.49
8	Electricity Duty .. .. .	36.09	60.93	104.49	150.85
9	Cess/Purchase Tax on :				
	(i) Sugarcane Mills .. .. .	138.00	351.55	606.00	721.00
	(ii) Khandsari Units .. .. .	16.24	31.12	55.48	63.18
10	Sales Tax on Motor Spirit .. .. .	..	7.47	..	3.56
11	Passenger Tax .. .. .	3.12	3.47	3.59	4.64
12	Goods Tax .. .. .	4.62	5.20	5.28	5.02
13	Land and Building Tax .. .. .	196.56	122.13	74.00	52.65
14	Profession Tax .. .. .	27.00	64.61	102.00	193.00

ANNEXURE IV

*Taxes assigned to State in the Seventh Schedule of the Constitution*

1. Land Revenue.
  2. Taxes on agriculture income.
  3. Duties in respect of succession to agricultural land.
  4. Estate duty in respect of agricultural land.
  5. Taxes on lands and buildings.
  6. Taxes on mineral rights subject to limitations imposed by Parliament by law relating to mineral developments.
  7. Duties of excise.
  8. Taxes on the entry of goods into a local area for consumption, use for sale therein.
  9. Taxes on the consumption or sale of electricity.
  10. Taxes on the sale or purchase of goods other than newspapers, subject to the provisions of Entry 92-A of List I.
  11. Taxes on the advertisements other than advertisements published in the newspapers.
  12. Taxes on the goods and passengers carried by road or inland water-ways.
  13. Taxes on vehicles, whether mechanically propelled or not, suitable for use on roads including tram-cars (subject to the provisions of Entry 35 of List III).
  14. Taxes on animals and boats.
  15. Tolls.
  16. Taxes on professions, trades, callings and employments.
  17. Capitations taxes.
  18. Taxes on luxuries including taxes on entertainments, amusements, bettings and gamblings.
  19. Rates of stamp duties in respect of documents other than those specified in the provisions of List I with regard to rates of stamp duty.
  20. Fees in respect of any of the matters in this list but not including fees taken in any court.
-

## ANNEXURE V

## Taxation of Powers of Local Bodies

## 1. Corporations

The U. P. Nagar Mahapalika Adhiniyam, 1959 (as amended up to 1966).

*Section 172.* (1) For the purposes of this Act and subject to the provisions thereof and of Article 285 of the Constitution of India, the Mahapalika shall impose the following taxes, namely—

(a) property taxes ;

(b) a tax on vehicles other than mechanically propelled vehicles and other conveyances plying for hire or kept within the city or on boats moored therein ;

(c) a tax on animals used for riding, driving, draught or burden when kept within the city.

(2) In addition to the taxes specified in sub-section (1), the Mahapalika may for the purposes of this Act and subject to the provisions thereof impose any of the following taxes, namely—

(a) a tax on trades, callings and professions and holding of public or private appointments ;

(b) an octroi on goods on animals brought within the city for consumption, use or sale therein ;

(c) a tax on goods exported from or imported into the city in which an octroi was in force at the commencement of the Constitution of India ;

(d) a toll on vehicles and other conveyances and animals and laden coolies entering the city ;

(e) a tax on dogs kept within the city ;

(f) a betterment tax ;

(g) a tax on deeds of transfer of immovable property situated within the city ;

(h) a tax on advertisements not being advertisements published in newspapers ;

(i) a theatre tax ; and

(j) any other tax which the State Legislature has the power under the Constitution of India to impose in the State.

## 2. Municipalities

The U. P. Municipalities Act, 1916 (as amended up to 1964).

*Section 128.* Subject to any general rules or special orders of the State Government in this behalf the taxes which a board may impose in the whole or any part of a municipality are—

(i) a tax on the annual value of buildings or lands or of both ;

(ii) a tax on trades and callings carried on within the municipal limits and deriving special advantages from or imposing special burdens on, municipal services ;

(iii) a tax on trades, callings and vocations including all employments remunerated by salary or fees ;

(iii-a) a theatre tax, which means a tax on amusements or entertainments ;

(iv) a tax on vehicles and other conveyances plying for hire or kept within the municipality or on boats moored therein ;

(v) a tax on dogs kept within the municipality ;

(vi) a tax on animals used for riding, driving, draught or burden, when kept within the municipality ;

(vii) a toll on vehicles and other conveyances, animals and laden coolies entering the municipality ;

(viii) an octroi on goods or animals brought within the municipality for consumption, use or sale therein ;

(ix) a tax on inhabitants assessed according to their circumstances and property ;

(x) a water-tax on the annual value of buildings or lands or of both ;

(x-a) a drainage tax on the annual value of buildings leviable on such buildings as are situated within a

distance, to be fixed by rule in this behalf for each municipality the nearest sewer line ;

(xi) a scavenging tax ;

(xii) a conservancy tax for collection, removal and disposal of excrementitious and polluted matter from privies, urinals, cesspools ;

(xiii) a tax on goods imported into, or exported from any municipality on which an octroi was in force on the sixth day of July, 1917, or with the previous sanction of the Central Government, any other municipality ;

(xiii-a) (\* \* \*)

(xiii-b) a tax on deeds of transfer of immovable property situated within the limits of the municipality ;

(xiv) any other tax which the State Legislature has power to impose in the State under the Constitution.

## 3. Notified Areas

The U. P. Municipalities Act, 1916 (as amended up to 1964).

*Section 338.*—The State Government may by notification,—

(a) \* \* \* \*

(b) impose, in the whole or part of such area, any tax which might be imposed therein under the provisions of this or any other Act, if the said area were a municipality.

(c) \* \* \* \*

## 4. Town Areas

The U. P. Town Areas Act, 1914 (as amended up-to-date).

*Section 14.*—Subject to any general rules or special orders of the State Government in this behalf the taxes which a Committee may impose are the following :

(a) \* \* \* \*

(b) \* \* \* \*

(c) \* \* \* \*

(d) a tax on trades, callings, or professions not exceeding such rates as may be prescribed ;

(e) a tax upon a building payable by the owner thereof not exceeding such rate as may be prescribed, provided that such owner is not already assessed under (a), (b) or (c) above ;

(f) a tax on person assessed according to their circumstances and property not exceeding such a rate and subject to such limitations and restrictions as may be prescribed ;

(g) any other tax, being one of the taxes mentioned in sub-section (1) of section 128 of the U. P. Municipalities Act, 1916.

## 5. Zila Parishads

The U. P. Kshetra Samitis and Zila Parishads Adhiniyam, 1961 (as modified and amended up to December 1, 1964).

*Section 119.*—The taxes which the Zila Parishad may impose or continue the imposition of for the purpose of this Act shall be the following, namely—

(a) a tax on circumstances and property ;

(b) any other tax which the State Legislature has the power under the Constitution of India, including Article 277 thereof to impose in the State and of which imposition by the Zila Parishad has been authorised by the State Government.

## 6. Gaon Sabha and Gaon Panchayats

The U. P. Panchayat Raj Act, 1947 (as amended up to 1966)

*Section 37.*—Subject to the rules made or directions given or restrictions imposed by the State Government, a Gaon Sabha may levy—

(a) a tax on land not exceeding six paise in a rupee on the amount of land revenue payable therefor;

(b) \* \* \* \*

(c) a tax on theatre, cinemas or similar entertainment temporarily stationed in the area of the Gaon Sabha not exceeding five rupees per diem;

(d) a tax payable by the owner thereof on animals and vehicles other than mechanically propelled vehicles kept within the area of the Gaon Sabha and plied for hire at the rate—

(i) in the case of animals, not exceeding three rupees per animal per annum;

(ii) in the case of vehicles not exceeding six rupees per vehicle per annum;

(e) fees on persons, not being persons assessed to fee under clause (c) exposing goods for sale in markets, *bats* or *melas* belonging to or under the control of the Gaon Sabha concerned;

(f) fees on the registration of animals sold in any market or place belonging to or under the control of the Gaon Sabha;

(g) fees for the use of slaughter houses and encamping grounds;

(h) a water rate where water for domestic consumption is supplied by the Gaon Sabha;

(i) a tax for cleaning private latrines and drains payable by the owners or occupiers of the house to which the private latrine or drain is attached, where such cleaning is done through the agency of the Gaon Sabha; and

(j) [Deleted].

(k) an irrigation rate where water for irrigation purposes is supplied by the Gaon Sabha from any small irrigation project constructed or maintained by it.

\* \* \* \*

Corporations, Municipalities and Zila Parshads are empowered to levy any other tax which the State Legislature has the power under the Constitution to impose in the State. However, so far no local body has been permitted by the State Government to impose any tax other than those which it is specifically empowered to levy.

Taxes on profession, trades, callings and employments and taxes on lands and buildings are being concurrently levied by the State Government and the local bodies.

*General Questionnaire—(continued)*

**ANNEXURE 4**

*List of Government Departments, Institutions and Individuals who replied to the Questionnaire*

**A—Taxation Departments of Uttar Pradesh Government and State Corporations**

1. Secretary, Board of Revenue, U. P., Lucknow.
2. Secretary, State Electricity Board.
3. Commissioner and Secretary, Revenue.
4. Director, Fisheries Department, U. P.
5. Inspector-General, Stamps and Registration, U. P.
6. Registrar, Co-operative Societies, U. P.
7. Chief Conservator of Forests, U. P.
8. Transport Commissioner, U. P.
9. Cane Commissioner, U. P.
10. Director of Tourism, U. P.
11. Chief Electrical Inspector to U. P. Government.
12. Sales Tax Commissioner, U. P.
13. Excise Commissioner, U. P.
14. Commissioner and Secretary, Excise Department, U. P. Government.
15. Director of Animal Husbandry, U. P.
16. U. P. State Cement Corporation Ltd., Churk, Mirzapur.
17. Director of Horticulture and Fruit Utilisation, U. P., Ranikhet.
18. Chief Engineer, Tube-wells, U. P., Lucknow.
19. Chief Engineer, Irrigation, U. P., Lucknow.
20. Government Precision Instruments Factory, Lucknow.
21. State Government, Electricity (I) Department.
22. State Road Transport Corporation, U. P.
23. Commissioner of Agricultural Income-tax.
24. Additional Commissioner, Entertainment-tax.
25. Commissioner and Director of Industries.
26. Commissioner and Secretary, Appointment Department, U. P.
27. Director, Mines and Minerals, U. P.

**B—Departments of Uttar Pradesh Government deriving non-tax Revenues**

1. Controller, Weights and Measures, U. P.
2. Directorate of Industries, U. P.
3. Directorate of Medical and Public Health, U. P.
4. Chief Engineer, Irrigation, U. P.

5. Secretary, Board of Technical Education, U. P.
6. Labour Commissioner, U. P.
7. Technical Education Department, U. P.
8. Inspector-General, Prisons, U. P.
9. Director of Education, U. P.
10. Director, Geology and Mining, U. P.
11. Director of Agriculture, U. P.
12. Director, U. P. Institute of Agricultural Sciences.
13. Under Secretary, Food and Civil Supplies Department, U. P.
14. Deputy Secretary, Medical (6) Department, U. P.

**C—Nagar Mahapalikas**

1. Kanpur.
2. Lucknow.
3. Agra.
4. Allahabad.
5. Varanasi.

**D—Municipal Boards**

1. Mirzapur.
2. Bilgram, Hardoi.
3. Mussoorie, Dehra Dun.
4. Khatauli, Muzaffarnagar.
5. Mawana, Meerut.
6. Azamgarh.
7. Sandila, Hardoi.
8. Banda.
9. Pithoragarh.
10. Lalitpur.
11. Bilsa, Budaun.
12. Chunar, Mirzapur.
13. Mathura.
14. Almora.
15. Bageshwar, Almora.
16. Palkhwa, Meerut.
17. Kandhla, Muzaffarnagar.
18. Ballia.
19. Maudaha, Hamirpur.
20. Shikohabad, Mainpuri.
21. Rampur.

22. Deoband, Saharanpur.
23. Konch, Jalaun.
24. Unnao.
25. Lalitpur.
26. Kashipur, Naini Tal.
27. Jalaun, Orai.
28. Dugadda, Garhwal.
29. Gola Gokarannath, Kheri.
30. Rishikesh, Dehra Dun.
31. Tanda, Faizabad.
32. Nawabganj, Bara Banki.
33. Shahabad, Hardoi.
34. Hamirpur.
35. Meerut.
36. Bulandshahr.
37. Auraiya, Etawah.
38. Charkhari, Hamirpur.
39. Tilhar, Shahjahanpur.
40. Pihani, Hardoi.
41. Banagarmau, Unnao.
42. Saharanpur.
43. Sirsaganj, Mainpuri.
44. Hasanpur, Moradabad.
45. Mohammadi, Kheri.
46. Kannauj, Farrukhabad.
47. Chandausi, Moradabad.
48. Kasganj, Etah.
49. Vrindaban, Mathura.
50. Mainpuri.
51. Uttar Kashi.
52. Suar, Rampur.
53. Bindki, Fatehpur.
54. Roorkee, Saharanpur.
55. Hathras, Aligarh.
56. Hardwar, Saharanpur.
57. Afzalgarh, Bijnor.
58. Hapur, Meerut.
59. Baraut, Meerut.
60. Kairana, Muzaffarnagar.
61. Ghazipur.
62. Chhibramau, Farrukhabad.
63. Gangoh, Saharanpur.
64. Farrukhabad-cum-Fatehgarh.
65. Ramnagar, Varanasi.
66. Sikandrarao, Aligarh.
67. Manglaur, Saharanpur.
68. Bilari, Moradabad.
69. Kakrala, Budaun.
70. Kalpi, Jalaun.
71. Lakhimpur, Kheri.
72. Bahjoi, Moradabad.
73. Kaimganj, Farrukhabad.
74. Bareilly.
75. Fatehpur-Sikri, Agra.
76. Shamli, Muzaffarnagar.
77. Sandi, Hardoi.
78. Shahjahanpur.
79. Nautanwa, Gorakhpur.
80. Ramnagar, Naini Tal.
81. Khurja, Bulandshahr.
82. Aonla, Bareilly.
83. Pilibhit.
84. Baruasagar, Jhansi.

85. Gonda.
86. Ganjdundwara, Etah.
87. Bharthana, Etawah.
88. Kotdwara, Garhwal.
89. Bisalpur, Pilibhit.
90. Hardoi.
91. Ghaziabad, Meerut.
92. Sambhal, Moradabad.
93. Tehri, Tehri-Garhwal.
94. Bhadohi, Varanasi.
95. Amroha, Moradabad.
96. Naini Tal.
97. Aligarh.
98. Atrauli, Aligarh.

#### E—Town Area/Notified Area Committees

1. Bewar, Mainpuri.
2. Sisauli, Muzaffarnagar.
3. Gursarai, Jhansi.
4. Sitarganj, Naini Tal.
5. Farrah, Mathura.
6. Bansi, Basti.
7. Jalalpur, Faizabad.
8. Behat, Saharanpur.
9. Khatima, Naini Tal.
10. Gosainganj, Faizabad.
11. Miranpur, Muzaffarnagar.
12. Titron, Saharanpur.
13. Kachwa, Mirzapur.
14. Tambaur-cum-Ahamedabad, Sitapur.
15. Saithal, Bareilly.
16. Manikpur, Pratapgarh.
17. Bhim Tal, Naini Tal.
18. Khaga, Fatehpur.
19. Tanda, Rampur.
20. Milak, Rampur.
21. Kuraoli, Mainpuri.
22. Kakori, Lucknow.
23. Karhal, Mainpuri.
24. Pipraich, Gorakhpur.
25. Kakore, Bulandshahr.
26. Sarola, Hamirpur.
27. Laharpur, Sitapur.
28. Bilaspur, Rampur.
29. Thanabhawan, Muzaffarnagar.
30. Budhana, Muzaffarnagar.
31. Charthawal, Muzaffarnagar.
32. Kundarki, Moradabad.
33. Khair, Aligarh.
34. Hasrana, Mainpuri.
35. Shamshabad, Agra.
36. Jagner, Agra.
37. Fatehabad, Agra.
38. Pinhat, Agra.
39. Rampur-Maniharan, Saharanpur.
40. Ghatampur, Kanpur.
41. Gangaghat, Unnao.
42. Kishunpur, Fatehpur.
43. Palia Kelar, Kheri.
44. Oel Dhakwa, Kheri.
45. Talgram, Farrukhabad.
46. Tirwaganj, Farrukhabad.

47. Rudrapur, Deoria.
48. Lar, Deoria.
49. Kasyan, Deoria.
50. Sawarahi, Deoria.
51. Hassain, Aligarh.
52. Tundla, Agra.
53. Swamibagh, Agra.
54. Sirauli, Bareilly.
55. Jalalabad, Shahjahanpur.
56. Chhatari, Bulandshahr.
57. Dadri, Bulandshahr.
58. Babrala, Budaun.
59. Gannaur, Budaun.
60. Kharagpur, Gonda.
61. Ramnagar, Bara Banki.
62. Jhinjhak, Kanpur.
63. Bithoor, Kanpur.
64. Pokharayan, Kanpur.
65. Akbarpur, Kanpur.
66. Jhalu, Bijnor.
67. Singhai Bhirauna, Kheri.
68. Dhaurchra, Kheri.
69. Shahabad, Rampur.
70. Mehdawal, Basti.
71. Amethi, Lucknow.
72. Champawat, Pithoragarh.
73. Sarsawan, Saharanpur.
74. Bhon Bahadurnagar, Bulandshahr.
75. Puranpur, Pilibhit.
76. Gangapur, Varanasi.
77. Machlishahr, Jaunpur.
78. Gyanpur, Varanasi.
79. Ranipur, Jhansi.
80. Phulpur, Azamgarh.
81. Awagarh, Etah.
82. Bilram, Etah.
83. Rampur Raja, Etah.
84. Achhaldia, Etawah.
85. Alapur, Budaun.
86. Sasni, Aligarh.
87. Kheri, Kheri.
88. Bilhaur, Kanpur.
89. Narauli, Moradabad.
90. Bhojpur Dharampur, Moradabad.
91. Akbarpur, Faizabad.
92. Mursan, Aligarh.
93. Amila, Azamgarh.
94. Robertsganj, Mirzapur.
95. Dewa, Bara Banki.
96. Rura, Kanpur.
97. Jalali, Aligarh.
98. Beswan, Aligarh.
99. Pilkhana, Aligarh.
100. Nanauta, Saharanpur.
101. Kora Jahanabad, Fatehpur.
102. Chakia, Varanasi.
103. Sarai Mir, Azamgarh.
104. Pali, Hardoi.
105. Katra Medniganj, Pratapgarh.
106. Bansi, Basti.
107. Neoria Husanpur, Pilibhit.
108. Bilsanda, Pilibhit.
109. Pratapgarh City.
110. Sarai Akil, Allahabad.
111. Pachperwa, Gonda.
112. Atraulia, Azamgarh.
113. Harduaganj, Aligarh.
114. Maindu, Aligarh.
115. Nawabganj, Unnao.
116. Kurseth, Unnao.
117. Madhoganj, Hardoi.
118. Pali, Lalitpur.
119. Sikandarpur, Farrukhabad.
120. Gursahaiganj, Farrukhabad.
121. Shamsabad, Farrukhabad.
122. Mehrauni, Lalitpur.
123. Chandauli, Varanasi.
124. Saiyed Raja, Varanasi.
125. Ekdil, Etawah.
126. Jhabrera, Saharanpur.
127. Phulpur, Allahabad.
128. Kamalganj, Farrukhabad.
129. Lohaghati, Pithoragarh.
130. Gopiganj, Varanasi.
131. Pipri, Mirzapur.
132. Bagpat, Meerut.
133. Ahraura, Mirzapur.
134. Nakur, Saharanpur.
135. Gopamau, Hardoi.
136. Richa, Bareilly.
137. Behat, Saharanpur.
138. Jhinjhana, Muzaffarnagar.
139. Sisauli, Muzaffarnagar.
140. Shahpur, Muzaffarnagar.
141. Khalilabad, Basti.
142. Shohratgarh, Basti.
143. Ambehata, Saharanpur.
144. Talbehat, Lalitpur.
145. Etmadpur, Agra.
146. Kemri, Rampur.
147. Seohara, Bijnor.
148. Sultanpur Chilkana, Saharanpur.
149. Vijaigarh, Aligarh.
150. Jattari, Aligarh.
151. Mirganj, Bareilly.
152. Sherkot, Bijnor.
153. Railway Settlement, Jhansi.
154. Badrinath, Chamoli.
155. Joshimath, Chamoli.
156. Modinagar, Meerut.
157. Devprayag, Tehri-Garhwal.
158. Gopeshwar, Chamoli.
159. Tulsipur, Gonda.
160. Railway Settlement, Moghalsarai, Varanasi.

#### F—Zila Parishad

1. Pratapgarh.
2. Tehri-Garhwal.
3. Ghazipur.
4. Azamgarh.
5. Mathura.
6. Fatehpur.
7. Kheri.
8. Hamirpur.
9. Allahabad.
10. Agra.
11. Dehra Dun.

12. Ballia.
13. Pithoragarh.
14. Banda.
15. Jaunpur.
16. Almora.
17. Deoria.
18. Hardoi.
19. Chamoli.
20. Jalaun.
21. Naini Tal.
22. Basti.
23. Bulandshahr.
24. Uttar Kashi.
25. Aligarh.
26. Pauri-Garhwal.
27. Shahjahanpur.

#### G—Other State Governments

1. Cane Commissioner, Punjab.
2. Conservator of Forests, Tripura.
3. Transport Commissioner, Bihar.
4. Transport Commissioner, Trivandrum.
5. Joint Director, Agriculture, Delhi.
6. Director of Agriculture, Andhra Pradesh.
7. Transport Commissioner, Karnataka.
8. Special Secretary, Industries and Sugarcane, Bihar.
9. Secretary, Revenue and Land Reforms, Bihar.
10. Secretary, Agriculture Department, Meghalaya.
11. Chief Conservator of Forests, Assam.
12. Director of Transport, Gujarat.
13. Secretary, Board of Revenue (regarding Entertainment Tax), Tamil Nadu.
14. Inspector-General, Registration, Tamil Nadu.
15. Chief Conservator of Forests, Himachal Pradesh.
16. Under Secretary (Revenue), Himachal Pradesh (rates of Court-fee and Stamp Duty).
17. Chief Conservator of Forests, Trivandrum.
18. Entertainment Tax Officer, New Delhi.
19. Additional Secretary, Revenue, Tamil Nadu (regarding Stamp Duty).
20. Secretary, Meghalaya, Taxation and Resources Enquiry Committee.
21. Chief Conservator of Forests, Punjab.
22. Deputy Secretary, Revenue Department, Punjab.
23. Deputy Secretary, Home Department, Tamil Nadu.
24. Conservator of Forests, Meghalaya.
25. Excise and Taxation Commissioner, Himachal Pradesh.
26. Under Secretary, Government of Gujarat, Agriculture, Forests and Co-operation Department.
27. Chief Conservator of Forests, Haryana.
28. Government of West Bengal, Forests Department.
29. Government of Tripura, Transport Department.
30. Chief Conservator of Forests, Andhra Pradesh.
31. Chief Conservator of Forests, Bihar.
32. Maharashtra Government (regarding Stamp Duty).
33. Finance Department, Manipur (regarding Entertainment and Betting Tax).
34. Excise and Taxation Department, Punjab (regarding Entertainment Tax).
35. Finance Department, Chandigarh (regarding Entertainment Tax).
36. Inspector General, Registration, West Bengal.
37. Home Department, Government of Tamil Nadu (regarding Motor Vehicle Taxation).
38. Chief Conservator of Forests, Madhya Pradesh.

39. Revenue Settlement Department, Assam.
40. Revenue Department, Andhra Pradesh.
41. Agriculture Department, Nagaland (regarding Irrigation).
42. Revenue Department, Himachal Pradesh.
43. Industries and Sugarcane Department, Bihar.
44. Inspector General, Registration, Madhya Pradesh.
45. Law Department, Gujarat (regarding Stamp Duty).
46. Inspector General, Registration, Assam.
47. State Transport Authority, Himachal Pradesh.
48. Inspector General, Registration, Gujarat.
49. Revenue Department (i), Punjab (regarding Stamp Duty and Court Fee etc.).
50. Revenue Department, Haryana (regarding Stamp Duty and Court-fee).
51. Commissioner of Taxes (Nagaland), (regarding Purchase Tax on Sugarcane).
52. Revenue Department, Rajasthan (regarding Forests).
53. Government of West Bengal, Finance Department.
54. Excise and Taxation Department, Himachal Pradesh (regarding Entertainment Tax and Betting).
55. Commissioner of Commercial Taxes, Orissa.
56. Commissioner, Nagaland (regarding Land Revenue).
57. Karnataka Government (Levy and Collection of Stamp Duty).
58. Inspector General, Registration and Stamps, Rajasthan.
59. Government of Andhra Pradesh (regarding Sales-tax).
60. Government of Andhra Pradesh (regarding Excise).
61. Government of Andhra Pradesh (regarding Transport).
62. Government of Andhra Pradesh (regarding Local Bodies).
63. Andhra Pradesh Electricity Board.
64. Government of Karnataka (regarding Sales-tax).
65. Chief Conservator of Forests, Tamil Nadu.
66. Chandigarh Administration (regarding Land Revenue).
67. Government of Maharashtra, Finance Department.
68. Government of Kerala (regarding Entertainment Tax).
69. Government of Gujarat (regarding Entertainment Tax).
70. Government of Gujarat (regarding Stamp and Registration).
71. Government of Karnataka (regarding Land Revenue).
72. Government of Orissa, Agriculture and Co-operative Department.
73. Commissioner, Sales Tax, New Delhi.
74. Government of Nagaland, Forest Department.
75. Excise and Taxation Commissioner, Haryana.
76. Government of Tamil Nadu, Rural Development Department.
77. Transport Commissioner, Tamil Nadu.

#### H—Replies to Questionnaire on Sales Tax

1. Sri Bihari Lal Goel, Rakabganj, Lucknow.
2. Sri H. C. Nigam, Ex-S. T. O. and Advocate, Kanpur.
3. Mohan Footwears, Agra.
4. Sales Tax Commissioner, U. P.
5. Vyaparik Sangh, Meerut City.
6. Northern India Engineering Association, Kanpur.
7. U. P. Foodgrain Dealers Association, Varanasi.
8. U. P. General Merchants Federation, Lucknow.
9. Kashi Vyapar Pratinidhi Mandal, Varanasi.
10. Merchants Association, Bareilly (Sri Umesh Prakash, Secretary).
11. Harnarain Radha Krishna, Kachauri Gali, Varanasi.

12. U. P. Conductor Manufacturers Association, Varanasi.
13. U. P. Optical Association.
14. U. P. Halwai Sangh, Lucknow.
15. Bharati Pen Company, Kanpur.
16. The Small Industries Association, Varanasi.
17. National Chamber of Industries and Commerce, U. P., Agra.
18. Upper India Chambers of Commerce, Civil Lines, Kanpur.
19. U. P. Sharafa Association, Bareilly.
20. Western U. P. Chamber of Commerce and Industry, Meerut.
21. Sri Mohan Lal Garg, Member, U. P. Sales Tax Advisory Committee, Rudrapur, Naini Tal.
22. U. P. Brick Manufacturers Association, Lucknow.

### I—Farmers

#### Saransi—

1. Ram Anjore Misra, Ittauri, Pratapgarh.
2. Chandra Bhal Shukla, Shir Bhoj, Pratapgarh.
3. Sita Ram, Bhawanipur, Bhanbrika, Pratapgarh.
4. Vinayak Prashad Dwivedi, Goghar, Pratapgarh.
5. Udai Bhan Singh, Kaphhara, Pratapgarh.
6. Beni Prashad Singh, Sansatpur, Pratapgarh.
7. Shyam Bahadur Singh, Narharpur, Pratapgarh.
8. Ram Krishna Mishra, Maudara, Pratapgarh.
9. Ram Garib Mauriya, Maudara, Pratapgarh.
10. Soney Lal, Kapurpur, Unnao.
11. Sunder Lal, Atwa Baik, Unnao.
12. Puttu Lal, Madarnagar, Unnao.
13. Maiku Lal, Jamunihan Nagar, Unnao.
14. Surajpal Singh, Galgalha, Unnao.
15. Gokaran Nath, Dharbhat, Unnao.
16. Puran, Dharbhat, Unnao.
17. Bisheshwar Singh, Shankarpur, Unnao.
18. Ram Karan Tripathi, Sanwan, Unnao.
19. Alopi Din, Bhadaura, Unnao.
20. Sita Ram Bajpai, Dhanipur, Unnao.
21. Kham Singh, Chatarsali, Saharanpur.
22. Ranvir Singh Rawat, Kaujda, Uttar Kashi.
23. Kedar Singh Rawat, Kasnapala, Garhwal.
24. Jesa Singh, Garkot, Garhwal.
25. Kunwar Singh, Bhamanau, Garhwal.
26. Virendra Singh, Kapaliagaon, Pauri-Garhwal.
27. Dalip Singh Manram, Ameigadi, Garhwal.
28. Mohan Singh, Nau, Garhwal.
29. Pratap Singh Chauhan, Ameli, Pauri-Garhwal.
30. Raj Kumar Singh, Kumhraur, Farrukhabad.
31. Bishwanath Singh, Laphnawa, Farrukhabad.
32. Ram Bharose Lal, Gadenpur, Dernajhur, Farrukhabad.
33. Bachchan Lal, Mithuria Hajarpala, Farrukhabad.
34. Shri Narain Singh, Katra Bassar, Farrukhabad.
35. Anokhe Lal, Batela, Farrukhabad.
36. Rajeshwar Dayal, Nagarifetalpar Ran Khand Taurikh, Farrukhabad.
37. Jamali, Raipur, Farrukhabad.
38. Ram Nath, Kunva Khera Wazir Alam Khar, Farrukhabad.
39. Bhahal Singh, Bankhera, Farrukhabad.
40. Ajazul Haq Khan, Thivni Math, Farrukhabad.
41. Shital Prashad, Palia, Kheri.
42. Sri Ram Gupta, Subhashnagar, Kheri.
43. Harihar Bux Singh, Kurma, Kheri.
44. Ram Avtar, Raimipapahar, Kheri.
45. Lal Behari, Pabhgavam, Kheri.
46. Nathu Lal, Tilokpur, Kheri.
47. Shyam Naresh Singh, Sandiliva, Kheri.
48. Shyam Lal Sharma, Sakeu, Kheri.
49. Gur Bachan Singh, Banika, Kheri.
50. Chhedi Lal, Jasmarrh, Bara Banki.
51. Saheb Din, Moshmudmue, Bara Banki.
52. Shanker Pd. Dikshit, Bidehelaya, Bara Banki.
53. Hari Dutt Joshi, Danpur, Naini Tal.
54. Jagannath Pali, Khunak, Budaun.
55. Ram Chandra, Khunak, Budaun.
56. Vidya Sagar Sharma, Khunak, Budaun.
57. Gai Singh, Khunak, Budaun.
58. Sia Ram, Khunak, Budaun.
59. Abdul Waris Khan, Khera Buzary, Budaun.
60. Abdul Shami, Sakhana, Budaun.
61. Mahesh, Wazirganj, Budaun.
62. Krishna Pal Singh, Vijargaon, Budaun.
63. Tej Singh, Wazirganj, Budaun.
64. Sarnam Singh, Makrandhur, Budaun.
65. Jaipal Singh, Gotha, Budaun.
66. Ramadhin Sharma, Sursena, Budaun.
67. Har Prasad Singh, Barategdar, Budaun.
68. Hamid Ali, Salarpur, Budaun.
69. Sukh Lal, Vinakar, Budaun.
70. Ganga Ram, Hasanpur, Budaun.
71. Ram Dayal, Hasanpur, Budaun.
72. Ganga Sahay, Dugwaiya Brahmapur, Budaun.
73. Deshraj Taneja, Dugwaiya Brahmapur, Budaun.
74. Udai Singh, Dashabri, Jalaun.
75. Malchand, Niswapur, Jalaun.
76. Bantam Singh, Qomani, Jalaun.
77. Satya Parayan, Pithnipura, Jalaun.
78. Babu Ram Nirjan, Pindari, Jalaun.
79. Balram Dwivedi, Siniriya, Jalaun.
80. Mannu Lal, Karmer, Jalaun.
81. Ishwar Dass, Kharka, Jalaun.
82. Shyam Behari, Gadar, Jalaun.
83. Sahab Singh, Karoli, Jalaun.
84. Ram Dutt Mishra, Jagari, Jalaun.
85. Rajendra Singh, Gona Rathor, Jalaun.
86. Hardutt Misra, Nadi Gaon, Jalaun.
87. Behari Lal Jha, Nawali, Jalaun.
88. Birendra Singh, Pithaupur, Jalaun.
89. Sudama Singh, Nibahana, Jalaun.
90. Ram Swarup Sharma, Modhogarh, Jalaun.
91. Soweram Singh Bhadoria, Kelon, Jalaun.
92. Dhara Singh, Hardovi Sana, Jalaun.
93. Durga Pd. Khattri, Hankapur, Jalaun.
94. Nur Mohammad, Bagla Bhak, Bahraich.
95. Yashkaram Pal Singh, Mangalpurwa, Bahraich.
96. Lallan Behari Pathak, Gilada, Bahraich.
97. Surya Baksh Singh, Ahaisa, Bahraich.
98. Medhoram, Salarpur, Bahraich.
99. Yogeshwar Pd. Pande, Materakalan, Bahraich.
100. Dinesh Shah, Noorpur, Bahraich.
101. Chaudhari Ram Samujh, Chandravon, Bahraich.
102. Kedar Singh, Kasanapala, Garhwal.
103. Jas Singh, Gaitkot, Garhwal.
104. Kuniwar Singh, Ghamnau, Garhwal.
105. Virendra Singh, Kahatia Gaon, Garhwal.
106. Dalip Singh Maral, Anargadi, Garhwal.
107. Mohan Singh, Naun, Garhwal.
108. Pratap Singh Chauhan, Jameli, Garhwal.
109. Hriday Narayan Singh, Khanpur, Bara Banki.

110. Ram Kapal Singh, Jurauli, Bara Banki.
111. Pratap Bahadur, Nayamathpu, Bara Banki.
112. Bhagwati Pd. Verma, Patranga, Bara Banki.
113. Tej Narayan, Narauli, Bara Banki.
114. Ram Sundar Tewari, Bhandur, Bara Banki.
115. Naib, Gainabad, Bara Banki.
116. Bhagwan Singh, Puraina, Pilibhit.
117. Narayan Lal, Kalleya, Pilibhit.
118. Vishnu Swarup, Bisalpur, Pilibhit.
119. Hari Bhagwan, Kabulpur, Pilibhit.
120. Jaswant Singh, Biharipur, Pilibhit.
121. Darwan Singh Negi, Ukhimath, Pilibhit.
122. Mohammad Nabi, Chandoi, Pilibhit.
123. Chandrika Pd. Gupta, Ekderwa, Deoria.
124. Kapil Deo Singh, Khadda, Deoria.
125. Matuk Dhari Ram, Vadhaueh, Deoria.
126. Sri Rana Tewari, Malghort Viraieha, Deoria.
127. Narsingh Bahadur Ram, Barboj, Deoria.
128. Prithvi Nath Misra, Tilei Kelwa, Deoria.
129. Shyam Narayan Tripathi, Surauli, Deoria.
130. Gajendra Mishra, Bijapur Bhangihour, Deoria.
131. Dayanand Yadav, Bava Mupend, Deoria.
132. Ram Pher Verma, Musai, Faizabad.
133. Bhagvan Lal Srivastava, Chethia, Faizabad.
134. Ram Bahadur Singh, Shyampur Almupur, Faizabad.
135. Ram Ujagar Singh, Joldapru, Faizabad.
136. Durga Pd. Tewari, Barauni, Faizabad.
137. Mathura Pd. Tewari, Mawai Khurd, Faizabad.
138. Raja Ram Singh, Ahrauli Salobi, Faizabad.
139. Ramanand, Bariuddinpur, Faizabad.
140. Baba Baksh Singh, Chandaura, Faizabad.
141. Ram Shad, Ganhmia Salomi, Faizabad.
142. Arjan Singh, Hajepur Singhpur, Faizabad.
143. Dr. Sahab Saran, Amasij, Faizabad.
144. Gurdin Varma, Kushmaha Fatehpur, Faizabad.
145. Parmeshwar Din, Fareru, Faizabad.
146. Alam Singh, Cald, Chamoli.
147. Narayan Datt, Merh Gaon, Chamoli.
148. Vasawa Nand, Narayanabad, Chamoli.
149. Atma Singh, Narayanabad, Chamoli.
150. Gyan Singh, Gadaru, Chamoli.
151. Prasadi Mistri, Maithana, Chamoli.
152. Narayan Singh, Sartoli, Chamoli.
153. Jagata Singh, Kuthar, Chamoli.
154. Urbi Dutt, Hungri, Chamoli.
155. Makkhan Singh, Hungri, Chamoli.
156. Balwant Singh, Rabigram, Chamoli.
157. Gaura Singh, Karcho, Chamoli.
158. Devi Prasad Chaudhari, Chopra, Chamoli.
159. Bhudhar Mani Katri, Bamoth, Chamoli.
160. Fateh Singh, Farasi, Chamoli.
161. Shyam Singh, Dabhar, Chamoli.
162. Purashottam Singh, Barara, Agra.
163. Inam Singh, Lalpur, Agra.
164. Dhanwan Singh, Barobrakhurd, Agra.
165. Bateshwer Dayal, Pinahar, Agra.
166. Jaipal Singh, Jagrajpur, Agra.
167. Gorakhnath, Magakodar, Deoria.
168. Rama Shankar Yadav, Eklamithaulya, Deoria.
169. Tej Bahadur Singh Chaudhari, Chakmorwa, Deoria.
170. Durga Prakash Misra, Bharolia, Deoria.
171. Banshi Dutt Shukla, Som Chapara, Deoria.
172. Raj Mani Tewari, Bharthipur, Sultanpur.
173. Ram Awadh Singh, Bikna, Sultanpur.
174. Abdul Rashid Khan, Sidhiyawa, Sultanpur.
175. Sri Ram Naresh Shukla, Khesaina, Sultanpur.
176. Radhe Shyam Singh, Semrainia, Sultanpur.
177. Kashi Pd. Tewari, Derhpasar (Sarayabandh), Sultanpur.
178. Janardan Pd. Mishra, Mohanpur Saraya, Sultanpur.
179. Mahendra Pratap, Durantpur, Sultanpur.
180. Hari Narayan, Karanpur, Sultanpur.
181. Ram Lakhan Singh, Mahmudpur Semari, Sultanpur.
182. Prahallad, Kurwar, Sultanpur.
183. Ahku Mauriya, Dhakhapur, Sultanpur.
184. Lal Kishor Dube, Belashakarpur, Sultanpur.
185. Sri Nath Yadav, Sanda, Sultanpur.
186. Chandra Prakash, Muhammadpur Kashi, Moradabad.
187. Mukata Singh, Umarpur Kashi, Moradabad.
188. Suraj Singh, Chadpur Ganesh, Moradabad.
189. Bhola Nath, Pato, Moradabad.
190. Baldewa, Mannikhera, Moradabad.
191. J. P. Mishra, Sirsanath, Moradabad.
192. Ahmad Hussain, Chinamawali, Moradabad.
193. Harkesh Singh, Kherka, Moradabad.
194. Kashi Ram, Rajakpur, Moradabad.
195. Kallu Singh, Buderana, Moradabad.
196. Trimal Singh, Chabi, Moradabad.
197. Asghar Husain, Rampur Khurda, Moradabad.
198. Brijpal Singh, Khalakpur, Moradabad.
199. Hira Singh, Raypur Shahsadbpur, Moradabad.
200. Gajendra Singh, Jaujkhera, Moradabad.
201. Shiv Shankar Sharma, Shiodara, Moradabad.
202. Raghunath Singh, Sanai, Moradabad.
203. Jai Dev, Uvar Khera, Moradabad.
204. Shyam Sundar Lal, Sahaspur, Moradabad.
205. Surendra Pratap Singh, Lehani, Deoria.
206. Lal Babu Singh, Khatia Khurd, Deoria.
207. Bhim Shanker Singh, Dhara Bujurg, Deoria.
208. Tikam Singh, Chandrapura Kala, Rampur.
209. Samman Lal, Motipura, Rampur.
210. Liakat Ali Khan, Mukatpur Kashi, Rampur.
211. Nasir Ali Khan, Saharia Daraj, Rampur.
212. Shafiq Ahmad Khan, Bhatpura, Rampur.
213. Darshan Lal, Koiala, Rampur.
214. Nakib Singh, Nawabnajarshah, Rampur.
215. Mohammad Iqbal Rahamani, Kundemara, Rampur.
216. Govind Verma, Markhera, Rampur.
217. Jagjit Singh, Pahikalapur, Rampur.
218. Raghuvir Singh, Ramsavad Khavaria, Rampur.
219. Harchand Singh, Sihora, Rampur.
220. Surat Singh, Chandayan, Rampur.
221. Major G. S. Randhava, Chandayan, Rampur.
222. Sohan Lal, Shavalar, Rampur.
223. Banta Singh, Shivanagar, Rampur.
224. Sardar Jarnail Singh, Ambaihata, Saharanpur.
225. Ram Avedh Upadhya, Raksanara, Gorakhpur.
226. Markandey Singh, Bansgaon, Gorakhpur.
227. Krishna Nand Pandey, Rakhat, Gorakhpur.
228. Brij Nath Pandey, Burahnpura, Gorakhpur.
229. Hari Har Chand, Bisra, Gorakhpur.
230. Chandika Prasad, Banswar, Gorakhpur.
231. Hari Har Singh, Matua Bhatui, Gorakhpur.
232. Raj Bahadur Singh, Karmaha, Gorakhpur.
233. Jagdish Narayan Pandey, Hapur Thanari, Gorakhpur.
234. Ram Adhar Yadav, Mahrajganj, Gorakhpur.
235. Dashrath Ram Verma, Saidapur Jamelgot, Gonda.
236. Ram Shankar Khairati, Sirchaiya, Gonda.
237. Mohammad Jalil, Hariharpur, Gonda.
238. Pratap Narain Singh, Gainjhawa, Gonda.

239. Bhagauti Prasad, Dhampur, Gonda.
240. Balram Das, Mansorjot, Gonda.
241. Shiva Kant, Kalniya, Gonda.
242. Mohammad Mehdi Khan, Regavan, Gonda.
243. Dattu Singh, Ratanpur, Gonda.
244. Jamil Ahmad, Gind Gonda, Gonda.
245. Vishwanath Prasad, Bonia, Gonda.
246. Gomti Prasad, Hariajhuman, Gonda.
247. Shiva Baksh Singh, Pekharan, Gonda.
248. Ram Chander, Ashokpur, Gonda.
249. Krishna Gopal Pande, Ramapur, Gonda.
250. Raj Datt Pande, Ramapur, Gonda.
251. Anand Prakash Pande, Ramapur, Gonda.
252. Devi Prasad, Reta Del Singh, Gonda.
253. Jaswant Singh, Vishan, Etawah.
254. Bachchan Lal, Pusauli, Etawah.
255. Udit Narain Singh, Kusmara, Etawah.
256. Atma Ram, Udelapur, Etawah.
257. Gulab Singh, Tejpur, Etawah.
258. Jugal Kishore, Raipuri, Etawah.
259. Har Sharan Sharma, Lalpur Bharan, Bijnor.
260. Chatar Singh, Kadrabad, Bijnor.
261. Ravi Ratan Malik, Akaundha, Bijnor.
262. Kashi Ram, Utraula, Bijnor.
263. Maqsood Hasan, Jalabad, Bijnor.
264. Kriha Ram Verma, Khwaj Gopur, Bijnor.
265. Ram Pal Singh, Khura Heri, Bijnor.
266. Ram Singh, Nasirpur, Bijnor.
267. Ram Kishore Misra, Kaku Purwan, Kanpur.
268. Shiv Bir Singh, Bai Garh, Kanpur.
269. Shiv Ram Tewari, Bholi Mivada, Kanpur.
270. Tulsi Ram Katiyar, Pitambarpur, Kanpur.
271. Jethu Prasad, Hamira Mau, Kanpur.
272. Nathu Lal, Billaur, Kanpur.
273. Parshuram, Chandupura, Kanpur.
274. Sahab Lal Gupta, Kithaura, Kanpur.
275. Jaswant Singh, Itna, Kanpur.
276. Ram Swarup Pandey, Khersa, Kanpur.
277. Ram Singh Sawan, Kalyanpur, Kanpur.
278. Ghasite Prasad, Firozapur, Kanpur.
279. Ram Swarup, Rania, Kanpur.
280. Bhup Narain, Bijahra, Kanpur.
281. Ram Lakhan Singh, Lachhminagar, Gorakhpur.
282. Suraiman Prasad Naik, Indarpur, Gorakhpur.
283. Mohammad Alam, Mainahwan Amwa, Gorakhpur.
284. Ram Chandra Chaturvedi, Parsora, Gorakhpur.
285. Jamuna Swarup Kaushik, Milak, Rampur.
286. Jwala Prasad, Khamiraya, Rampur.
287. Chooramani, Medhanala Kadim, Rampur.
288. Chhotey Lal, Chhittisapur, Fatehpur.
289. Radhey Raman Patel, Gaurasahpur, Fatehpur.
290. Gulab Singh, Tesahi Bujurg, Fatehpur.
291. Deshraj Singh, Tesahi Khurd, Fatehpur.
292. Thuperh Singh, Metu, Chamoli.
293. Ram Swarup, Karnauya, Pilibhit.
294. Gopali Ram, Manniyan, Pilibhit.
295. Vishwambhar Dayal Verma, Bakainiya, Pilibhit.
296. Satya Deo Tripathi, Kareli, Pilibhit.
297. Sohan Lal, Mankapur, Pilibhit.
298. Ram Shankar Agnihotri, Nagaraya Tilagir, Pilibhit.
299. Darwan Singh Negi, Ukhimath, Chamoli.
300. Ram Achal Misra, Khonpur, Allahabad.
301. Ram Charan Budasoti, Balasaur, Pauri-Garhwal.
302. Pati Ram Dhyani, Palamaur, Pauri-Garhwal.
303. Gambhir Singh Negi, Balbhadrapur, Pauri-Garhwal.

304. Radha Singh, Phulwaria, Ballia.
305. Badri Singh, Sarya, Ballia.
306. Lal Baqhan Misra, Sonwani, Ballia.
307. Surendra Vikram Singh, Dokari, Ballia.
308. Nagesar Ram, Fatepur, Ballia.
309. Satya Ram Singh, Kharsara, Ballia.
310. Hardeo Singh, Kharsara, Ballia.
311. Keshav Singh, Chilkahar, Ballia.
312. Chandrika Singh, Sasna Bahadurpur, Ballia.
313. Baijnath Prasad, Bhitkuna, Ballia.
314. Ram Dihal Ram, Jamelpur, Ballia.
315. Vijai Bahadur Singh, Kheroni, Ballia.
316. Paras Nath Singh, Khejuri, Ballia.
317. Babu Lal Chaudhari, Bahadura, Ballia.
318. Shiv Govind Pande, Rampur Katra, Ballia.
319. Dharam Deo Ram, Kathaura, Ballia.
320. Radha Krishna Prasad, Bansdih, Ballia.
321. Rama Shankar Bharat, Harihan Khurd, Ballia.

### J—Replies to General Questionnaire and Miscellaneous suggestions

1. Principal, Raja Harpal Singh Degree College, Singramau, Jaunpur.
2. Principal D. S. B. College, Naini Tal.
3. Principal, Janta Degree College, Patala, Meerut.
4. Sri Mahesh Datta Bajpai, Lecturer in English, Ishwardin Chhedilal Inter. College, Jasra, Allahabad.
5. Sri Gauri Shankar Agarwal, Vakil, Kashipur, Naini Tal.
6. Sri K. B. Srivastava, office of the Directorate of Translation and Publication, Pantnagar.
7. Rikhab Motors, Bareilly.
8. Santosh Kumar Varshney, resident of Atrauli, district Aligarh.

### ANNEXURE 8

#### *Names of Associations, Organizations and Persons with whom the Committee held discussions*

1. Sri K. N. Srivastava, Commissioner and Secretary, Excise, U. P.
2. Sri N. B. Lal, Excise Commissioner, U. P., Allahabad.
3. Sri Jitendra Lal, General Manager, Narang Breweries Ltd., Gonda, U. P.
4. Sri Kapil Mohan, General Manager, Mohan Meakin Breweries Ltd., Mohan Nagar.
5. Sri V. N. Kapoor, Deputy General Manager, Mohan Gold Water Breweries Ltd., Lucknow.
6. Sri H. L. Sabharwal, Representative of Mohan Meakin Breweries Ltd., Lucknow.
7. Sri V. V. Sharma, Assistant Excise Commissioner, Headquarters, Allahabad.
8. Sri N. C. Saxena, Secretary, Irrigation, U. P.
9. Sri Ramesh Chandra, Joint Secretary, Irrigation.
10. Sri Shahzad Bahadur, Executive Engineer (Planning) and P. A. to Chief Engineer, Irrigation Department, U. P.
11. Sri J. N. Mital, Executive Engineer (Tube-well Construction Division), Irrigation Department, U. P.
12. Sri Ifrikhar Husain, Special Secretary, Agriculture, U. P.
13. Sri Brahm Singh, Director of Agriculture, U. P.
14. Sri K. C. Agrawal, Research Officer, Agriculture Department, U. P.
15. Sri G. C. Chaturvedi, Commissioner and Secretary, Revenue, U. P.
16. Sri S. C. Misra, Deputy Secretary, Revenue Department, U. P.

17. Sri Balwant Singh, Deputy Land Reforms Commissioner, Board of Revenue, U. P.
18. Sri B. S. Sharma, Deputy Land Reforms Commissioner, Board of Revenue, U. P.
19. Sri B. R. Gupta, Officer on Special Duty, Board of Revenue, U. P.
20. Sri Babu Ram, Deputy Secretary, Sugar Industry, U. P.
21. Sri G. D. Seth, Joint Cane Commissioner, U. P.
22. Sri S. C. Agrawal, Joint Cane Commissioner, U. P.
23. Sri V. N. Kapoor, Assistant Sugar Commissioner, U. P.
24. Sri G. N. Singh, Chief Conservator of Forests, U. P.
25. Sri S. K. Govil, Chief Statistical Officer, Forest Department, U. P.
26. Sri R. K. Kakkar, Deputy Director, Economic Intelligence and Statistics, U. P.
27. Sri R. K. Satsangi, Chief Electrical Inspector to U. P. Government.
28. Sri R. S. Tripathi, Superintendent of Excise, Allahabad.
29. Sri R. S. Singh, Assistant Accounts Officer, Excise, Allahabad.
30. Sri J. N. Mehrotra, Assistant Excise Commissioner, Lucknow.
31. Sri N. P. Watal, Transport Commissioner, U. P.
32. Sri G. B. Lal, Deputy Transport Commissioner, U. P.
33. Sri Kaushal Kishore, Deputy Secretary, Transport.
34. Sri M. C. Sharma, General Manager, U. P. State Road Transport Corporation.
35. Sri B. S. Saksena, Deputy General Manager, U. P. State Road Transport Corporation, Lucknow.
36. Sri L. Charan, Deputy General Manager, U. P. State Road Transport Corporation.
37. Sri U. C. Sharma, Deputy General Manager, U. P. State Road Transport Corporation.
38. Sri D. N. Srivastava, Chief Accounts Officer, U. P. State Road Transport Corporation.
39. Sri G. N. Bhandari, Inspector-General, Stamps and Registration, U. P., Allahabad.
40. Sri B. S. Sinha, Additional Inspector-General, Stamps, Allahabad.
41. Sri Dubri Dubey, Additional Commissioner, Sales Tax, U. P.
42. Sri H. M. Farooqi, Deputy Commissioner, Sales Tax, U. P.
43. Sri U. P. Sinha, Deputy Commissioner, Sales Tax, U. P., Lucknow.
44. Sri M. N. Roy, Deputy Commissioner, Sales Tax, Lucknow.
45. Sri R. N. Gupta, Assistant Commissioner, Sales Tax, Lucknow.
46. Sri J. P. Nautiyal, Assistant Commissioner, Sales Tax, Lucknow.
47. Sri V. Prasad, Assistant Commissioner, Checkposts, Sales Tax, Lucknow.
48. Sri Satindra Kumar, Sales Tax Officer, Lucknow.
49. Sri Athar Husain, Commissioner and Secretary, Local-Self Government, U. P.
50. Sri P. N. Kaul, Administrator, Nagar Mahapalika, Kanpur.
51. Sri Mahesh Chandra, Deputy Administrator, Nagar Mahapalika, Lucknow.
52. Sri S. C. Rastogi, Deputy Administrator, Nagar Mahapalika, Kanpur.
53. Sri D. K. Doval, Sahayak Nagar Adhikari, Nagar Mahapalika, Lucknow.
54. Sri Raj Kishore Srivastava, Under Secretary, Local-Self Government, U. P.
55. Sri Som Gupta, Member-Secretary, U. P. State Electricity Board.
56. Late Sri C. P. Wanchoo, Member Accounts, U. P. State Electricity Board.
57. Sri P. K. Goel, Director, Commercial, U. P. State Electricity Board.
58. Sri B. S. Sharma, Superintending Engineer, Systems Operation, U. P. State Electricity Board.
59. Sri S. S. Taluja, Representative of Engineering Association of Northern India, 79/7 Latouche Road, Kanpur.
60. Sri S. Charan Singh, Representative of Engineering Association of Northern India, 79/7 Latouche Road, Kanpur.
61. Sri I. S. Kapoor, Representative of Engineering Association of Northern India, 79/7 Latouche Road, Kanpur.
62. Sri M. D. Pandey, Representative of Engineering Association of Northern India, 79/7 Latouche Road, Kanpur.
63. Sri G. C. Jain, Representative of Upper India Chamber of Commerce, Kanpur.
64. Sri A. K. Basu, Representative of Upper India Chamber of Commerce, Kanpur.
65. Sri Laxmi Narain Agarwal, Representative of Kirana Merchants Association, Kanpur.
66. Sri K. C. Lahoti, Representative of Kirana Merchants Association, Kanpur.
67. Sri Debi Prasad, Representative of Kirana Merchants Association, Kanpur.
68. Sri Nand Kishore, Representative of Kirana Merchants Association, Kanpur.
69. Sri N. K. Khanina, Representative of Kirana Merchants Association, Kanpur.
70. Sri Bhagwati Prasad, Representative of Kirana Merchants Association, Kanpur.
71. Sri Ram Kishore, Representative of Kirana Merchants Association, Kanpur.
72. Sri Jagannath Prasad, Representative of Kirana Merchants Association, Kanpur.
73. Sri R. K. Jain, Secretary, U. P. Oil Millers Association, Lucknow.
74. Sri P. C. Kanodia, Office Secretary.
75. Sri Daya Ram, Executive Member, U. P. Oil Millers Association.
76. Sri R. N. Mahendra, Representative of U. P. Traders Association, Kanpur.
77. Sri Rameshwar Jain, Representative of U. P. Traders Association, Kanpur.
78. Sri H. K. Bhatti, Representative of U. P. Traders Association, Kanpur.
79. Sri J. S. Bhatti, Representative of U. P. Traders Association, Kanpur.
80. Sri B. K. Paul, Representative of U. P. Traders Association, Kanpur.
81. Sri R. N. Bhargava, Representative of U. P. Traders Association, Kanpur.
82. Sri Shivswarup Agnihotri, Representative of U. P. Traders Association, Kanpur.
83. Sri B. Das of Das Motor's Ltd., Meerut.
84. Sri G. B. Mathur, Executive Officer, Municipal Board, Meerut.
85. Sri Sharma of Ghaziabad Industries.
86. Sri K. N. Modi of Modi Industries, Modinagar.
87. Sri S. P. Singh, Additional Chief Engineer, Tubewells, Irrigation Department, U. P.
88. Sri P. K. Kaul, Commissioner and Secretary Industries, U. P.
89. Sri G. N. Mehra, Commissioner and Director of Industries, U. P.
90. Sri T. P. Tiwari, Commissioner and Secretary, Planning Department, U. P.
91. Sri Lalji Agarwal, President, U. P. Halwai Sangh.
92. Sri Mathura Prasad Gupta, Up-Pradhan, Kanpur Halwai Sangh.
93. Sri Risal Singh, Representative of Halwai Sangh.
94. Sri Sachidanand Gupta, Prachar Mantri, U. P. Halwai Sangh.

95. Sri Dhani Ram of Merchant Association.
96. Sri Mohan Lal Garg, Member, U. P. Sales Tax Advisory Committee, Naini Tal.
97. Sri Tyagi, Farmer of Rudrapur.
98. Sri Ghasiram, Farmer of Rudrapur.
99. Sri M. C. Joshi, District Magistrate, Naini Tal.
100. Sri Kishen Singh Taragi, President, Municipal Board, Naini Tal.
101. Sri Raj Krishna Das, President, Kashi Vyapar Pratinidhi Mandal, Varanasi.
102. Sri Ram Prakash Kapoor, General Secretary, Kashi Vyapar Pratinidhi Mandal, Varanasi.
103. Sri Jagdish Arora, Vice-President, Kashi Vyapar Pratinidhi Mandal, Varanasi.
104. Sri Hari Prasad Gupta, P. R. O., Kashi Vyapar Pratinidhi Mandal, Varanasi.
105. Sri Shyama Mohan, Secretary, Kashi Vyapar Pratinidhi Mandal, Varanasi.
106. Sri Vinod Bihari Shukla, Secretary, Kashi Sarafa Mandal.
107. Sri Jagdish Kumar, Vice-President, Kashi Sarafa Mandal.
108. Sri Maheshwar Nath Kapoor, Joint Secretary, Kashi Sarafa Mandal.
109. Sri Ashok Kumar Gupta, Representative, Benaras Beads Manufacturing (P) Ltd., Lanka, Varanasi.
110. Sri Mangia Prasad Singh, Block Pramukh, Chola-pur, Varanasi.
111. Sri Prashid Narayan Singh, Block Pramukh, Bara-gaon, Varanasi.
112. Sri Raja Ram Singh, Block Pramukh, Kashi Vidya-peeth, Varanasi.
113. Sri Jalesh Singh, Pradhan, Gaon Sabha, Bhatwat, Varanasi.
114. Sri Lal Bahadur Singh, Pradhan, Mishirpur, Varanasi.
115. Sri Baikunth Narayan Singh, Farmer.
116. Sri P. K. Khanna, President, Sales Tax Bar Association, Varanasi.
117. Sri R. N. Mehrotra } Representatives of Sales  
118. Sri R. B. Gupta } Tax Bar Association,  
119. Sri Virendra Khanna } Varanasi.
120. Sri L. C. Ojha, Administrator, Nagar Mahapalika, Varanasi.
121. Sri Radhemohan Sinha, Up-Nagar Adhikari, Nagar Mahapalika, Varanasi.
122. Sri Sharda Prasad Verma, Up-Nagar Adhikari, Nagar Mahapalika, Varanasi.
123. Sri S. Haider Mehdi Rizvi, Sahayak Nagar Adhikari, Nagar Mahapalika, Varanasi.
124. Sri K. N. Joshi, Nagar Abhiyanta, Jalkal, Nagar Mahapalika, Varanasi.
125. Sri Jhuri Singh, Lekha Adhikari, Nagar Mahapalika, Varanasi.
126. Sri Mahabir Sharma, President, Small Industries Association, Varanasi, President, U. P. Plastic Manufacturing Association, Kanpur.
127. Sri P. C. Misra, Secretary, U. P. Conductor Manufacturer Association, Varanasi.
128. Sri P. C. Gupta, General Secretary, The Small Industries Association, Varanasi.
129. Sri Jagdish Arora, Member, Small Industries Association and Convener, U. P. Udyog Vyapar Pratinidhi Mandal.
130. Sri S. N. Agarwal of Sales Tax Bar Association, Allahabad.
131. Sri R. B. Bhargava } Representatives of  
132. Sri L. R. Chowdhry } Eastern U. P. Chambers  
133. Sri D. M. Tyal } of Commerce and Industries, Allahabad.  
134. Sri S. D. Ghoshal }
135. Sri N. T. Bhanani
136. Sri Ganga Prasad, Sahayak Nagar Adhikari, Nagar Mahapalika, Allahabad.
137. Sri B. N. Misra, Lekha Adhikari, Nagar Mahapalika, Allahabad.
138. Sri Murari Lal Tewari, resident of village Charva, district Allahabad.
139. Sri Gaya Prasad, resident of Charva, district Allahabad.
140. Sri Bugul, resident of Charva, district Allahabad.
141. Sri Guru Prasad, resident of Anwa, district Allahabad.
142. Sri Chandra Bhushan, resident of Biruli, district Allahabad.
143. Sri Nanhe Miyan, resident of Mahagaon, district Allahabad.
144. Sri Anil De, Commissioner of Excise and Second Member, Board of Revenue, Andhra Pradesh.
145. Sri A. Kuppu Rao, Joint Secretary, C. T., Board of Revenue, Andhra Pradesh.
146. Sri Pratap Karan, Joint Secretary, Excise, Board of Revenue, Andhra Pradesh.
147. Sri Hyder Raza, Deputy Commissioner Excise, Hyderabad.
148. Sri P. Chandra Sekhar, C. T. O. (Research, Board of Revenue), Andhra Pradesh.
149. Sri T. Jesudanam, Assistant Secretary C. T., Board of Revenue, Andhra Pradesh.
150. Sri P. Sithapathy, Transport Commissioner, Andhra Pradesh.
151. Sri G. V. Krishna Reddy, Secretary, State Transport Authority, Andhra Pradesh.
152. Sri Amjad Ali Khan, Secretary, Board of Revenue, Andhra Pradesh.
153. Sri R. Prasad Rao, Additional Commissioner, Hyderabad Corporation.
154. Sri D. H. Purushottam Rao, Deputy Commissioner Revenue, Hyderabad Corporation.
155. Sri M. Narsing Rao, Deputy Director, Municipal Administration, Andhra Pradesh.
156. Sri C. Parthasarathy, Chief Controller of Accounts, Andhra Pradesh Electricity Board.
157. Sri G. Ekambanappa, Deputy Chief Controller of Accounts, Andhra Pradesh Electricity Board.
158. Sri J. Subbarao, Deputy Controller of Accounts, Andhra Pradesh Electricity Board.
159. Sri M. Venkatamurthi, Executive Engineer, Andhra Pradesh Electricity Board.
160. Sri K. Krishnamurti, Chief Electrical Inspector to Government of Andhra Pradesh.
161. Sri S. V. Satyanarayana Murty, Deputy Chief Accountant, Government of Andhra Pradesh.
162. Sri K. Balasubramanyam, Advisor, Karnataka Government.
163. Sri T. R. Saish Chandran, Financial Commissioner, Karnataka Government.
164. Sri R. A. Naik, Commissioner of Commercial Taxes, Karnataka Government.
165. Sri Adirajiah, Excise Commissioner, Government of Karnataka.
166. Sri B. S. Hanuman, Commissioner, Home Affairs, Government of Karnataka.
167. Sri C. S. D. Melló, Secretary, Health and Municipal Administration, Government of Karnataka.
168. Sri Ahmed, Transport Commissioner, Government of Karnataka.
169. Sri M. M. Rajendran, Secretary to Government, Rural Development and Local Administration Department, Tamilnadu Government.
170. Sri T. V. Vasudevan, Director of Rural Development, Government of Tamilnadu.
171. Sri T. Raghupathy, Deputy Secretary, Local Administration, Government of Tamilnadu.
172. Sri T. A. Dewan Mahmud, Deputy Secretary (Legislation), Government of Tamilnadu.

173. Sri N. Narayanan, Under Secretary, Finance Department, Government of Tamilnadu.
174. Sri J. V. S. Rao, Joint Director, Municipal Administration, Government of Tamilnadu.
175. Sri Karuppan, Commissioner of Madras Corporation, Tamilnadu.
176. Sri Govind Samy, Joint Director of Rural Development, Government of Tamilnadu.
177. Sri Selvaraj, Chief Accounts Officer, Directorate of Rural Development.
178. Sri S. P. Srinivasan, Transport Commissioner, Government of Tamilnadu.
179. Sri Amrose, Secretary, Home Department, Government of Tamilnadu.
180. Sri K. Nair, Deputy Transport Commissioner, Government of Tamilnadu.
181. Sri C. N. Raghavan, Secretary, C. T. and R. E. Department, Government of Tamilnadu.
182. Sri Kantharaj, Deputy Secretary, C. T. and R. E. Department, Government of Tamilnadu.
183. Sri S. Guhan, Secretary, Finance Department, Government of Tamilnadu.
184. Sri K. Shanmugham, Secretary, C. T. Board, Government of Tamilnadu.
185. Sri V. Subramanyam, Additional Secretary, C. T. Board, Government of Tamilnadu.
186. Sri Jayaraman, Deputy Commissioner, C. T., Madras Division.
187. Sri Anantha Padmanabhan, Secretary, Excise and Prohibition Department and Commissioner, Excise, Government of Tamilnadu.
188. Sri P. D. Kasbekar, Secretary, Finance Department, Maharashtra Government.
189. Sri B. C. Cariapa, Commissioner of Sales Tax, Maharashtra Government.
190. Sri M. G. Sabins, Additional Commissioner of Sales Tax, Maharashtra Government.
191. Sri W. G. Joshi, Deputy Secretary, Finance Department, Maharashtra Government.
192. Sri K. S. Baroi, Secretary, U. D. P. H., and H. D., Maharashtra Government.
193. Sri S. S. Gadkari, Deputy Secretary, U. D. P. H. and H. D., Maharashtra Government.
194. Sri S. Ramakrishna, Secretary to Government, Revenue Department, Maharashtra Government.
195. Sri B. B. Rane, Deputy Collector-in-charge of Entertainment Duty in Greater Bombay, Maharashtra Government.
196. Sri M. A. Deshmukh, Commissioner of Transport, Maharashtra Government.
197. Sri M. A. Adam, Deputy Commissioner of Transport, Maharashtra Government.
198. Sri R. C. Desari, Assistant Commissioner of Transport, Maharashtra Government.
199. Sri A. D. Samant, Commissioner of Prohibition and Excise, Maharashtra Government.
200. Sri Raj Indra Verma, Additional Commissioner, Entertainment Tax, U. P.
201. Sri G. T. Thadani of Mayfair and Basant Cinemas, Lucknow.
202. Sri S. K. Tulsi of Tulsi Theatres, Lucknow.
203. Sri D. L. Mehra of Mehra Talkies, Lucknow.
204. Sri B. Khandelwal of Anand Talkies, Lucknow.
205. Sri K. Kumar of Mayfair Cinema, Lucknow.

## ANNEXURE 6

*Meetings of the U. P. Taxation Enquiry Committee, 1974*

1. April 5, 1974 at 10 a.m. . . . .  
General discussion on terms of reference of the committee and the questionnaires on different subjects.
2. April 19, 1974 at 10 a.m.  
Finalisation of questionnaires and general discussions.
3. April 29, 1974 at 10 a.m.  
Review of progress of work and general discussions.
4. May 6, 1974 at 10 a.m.  
Discussions on the subject of levy of export duty on beer with Commissioner and Secretary, Excise, U. P., Government and Excise Commissioner, U. P., Allahabad.
5. May 6, 1974 at 3 p.m.  
Evidence of representatives of Mohan Meakin Breweries and Narang Breweries Ltd.
6. May 10, 1974 at 10 a.m.  
Evidence of Secretary, Irrigation.
7. May 11, 1974 at 10 a.m.  
Evidence of Special Secretary, Agriculture and Director of Agriculture.
8. May 11, 1974 at 3 p.m.  
Evidence of Commissioner and Secretary, Revenue and Secretary, Board of Revenue.
9. May 16, 1974 at 10 a.m.  
Evidence of Cane Commissioner and other officers of Cane Department.
10. May 16, 1974 at 3 p.m.  
Evidence of Chief Conservator of Forests, U. P.
11. May 17, 1974 at 10 a.m.  
Evidence of Chief Electrical Inspector to U. P. Government.
12. May 17, 1974 at 11 a.m.  
Discussion with officers of Excise Department.
13. May 17, 1974 at 3 p.m.  
Evidence of Transport Commissioner and Deputy General Manager, U. P. State Road Transport Corporation.
14. May 17, 1974 at 4.30 p.m.  
Evidence of Inspector General of Stamps and Registration.
15. May 27, 1974 at 10 a.m.  
Evidence of Additional Commissioner, Sales Tax and other officers of Sales Tax Department.
16. May 27, 1974 at 3 p.m.  
Evidence of Commissioner and Secretary, Excise and Excise Commissioner.
17. May 28, 1974 at 10 a.m.  
Evidence of Commissioner and Secretary, Local Self-Government and Administrators of Nagar Mahapalikas, Lucknow and Kanpur.
18. May 28, 1974 at 4 p.m.  
Evidence of Member-Secretary, State Electricity Board.
19. May 29, 1974 at 10 a.m.  
Discussions on outstanding issues including those relating to export duty on beer.
20. May 29, 1974 at 5.00 p.m.  
Ditto. . . . . ditto.

21. June 6, 1974 at 11 a.m. at Kanpur.  
Evidence of representatives of Engineering Association of Northern India, Kanpur and representatives of Upper India Chambers of Commerce, Kanpur.
22. June 6, 1974 at 3 p.m. at Kanpur.  
Evidence of representatives of Kirana Merchants Association, U. P. Oil Millers Association and U. P. Traders Association, Kanpur.
23. June 8, 1974 at 9.30 a.m. at Meerut.  
Evidence of Western U. P. Chambers of Commerce, Chambers of Commerce and Industries, Yarn Dealers and Consumers Association and All India Manufacturers Association, Ghaziabad.
24. June 8, 1974 at 3.00 p.m. at Meerut.  
Evidence of Sales Tax Bar Association, Meerut.
25. June 8, 1974 at 4 p.m. at Meerut.  
Evidence of Municipal Board, Meerut.
26. June 8, 1974 at 5.00 p.m. at Meerut.  
Evidence of Farmers at Meerut.
27. June 10, 1974 at 10 a.m.  
Evidence of Secretary, Irrigation and Additional Chief Engineer, Tube-wells.
28. June 10, 1974 at 3 p.m.  
Discussions between Chairman and Members on Irrigation.
29. June 10, 1974 at 12.30 p.m.  
Evidence of Commissioner and Secretary, Industries, U. P. Government and Commissioner and Director of Industries, U. P.
30. June 11, 1974 at 11 a.m.  
Evidence of Commissioner and Secretary (Planning).
31. June 15, 1974 at 3 p.m.  
Evidence of Commissioner and Secretary, Revenue, Deputy Land Reforms Commissioner, Board of Revenue, other officers of Revenue Department and Commissioner and Secretary, Industries.
32. June 17, 1974 at 10 a.m.  
Discussions between Chairman and Members on Irrigation.
33. June 19, 1974 at 11 a.m.  
Evidence of Halwai Association, Lucknow.
34. June 26, 1974 at 2.30 p.m. at Naini Tal.  
Evidence of representatives of India Oil Mills, Bareilly, R. R. Rice Mills, Rudrapur, Modern Jewellerics, Bareilly, Sri Raghunir Saran, Merchants Association, Bareilly, Rice Millers Association, Rudrapur and U. P. Sarafa Association, Bareilly.
35. June 27, 1974 at 10 a.m. at Naini Tal.  
Evidence of Bhabar Farmers Association, Haldwani and other farmers.
36. June 27, 1974 at 12 noon at Naini Tal.  
Evidence of President and officers of Municipal Board, Naini Tal.
37. July 5, 1974 at 10 a.m. and 3 p.m.  
Discussion between Chairman and Members on State Irrigation.
38. July 6, 1974 at 10 a.m. and 3 p.m.  
Discussion between Chairman and Members on Land Revenue and Taxation in Agriculture.
39. July 7, 1974 at 9.30 a.m.  
Discussion between Chairman and Members on taxation in Agriculture.
40. July 8, 1974 at 10 a.m. at Varanasi.  
Evidence of representatives of Kashi Vyapar Pratinidhi Mandal, Varanasi, Kashi Sarafa Mandal and Banaras Beads Manufacturers Ltd.
41. July 8, 1974 at 12 noon at Varanasi.  
Evidence of Farmers.
42. July 8, 1974 at 3 p.m. at Varanasi.  
Evidence of Administrator and other officers of Nagar Mahapalika, Varanasi.
43. July 8, 1974 at 3.45 p.m. at Varanasi.  
Evidence of representatives of Sales Tax Bar Association, Varanasi.
44. July 8, 1974 at 5 p.m. at Varanasi.  
Evidence of representatives of Small Industries Association and U. P. Conductor Manufacturers Association, Varanasi.
45. July 9, 1974 at 12 noon at Allahabad.  
Evidence of representatives of Sales Tax Bar Association, Allahabad.
46. July 9, 1974 at 1 p.m. at Allahabad.  
Evidence of representatives of Eastern U. P. Chambers of Commerce and Industries, Allahabad.
47. July 9, 1974 at 2 p.m. at Allahabad.  
Evidence of officers of Nagar Mahapalika, Allahabad.
48. July 9, 1974 at 3 p.m. at Allahabad.  
Evidence of Farmers.
49. July 17, 1974 at 10 a.m. and 3 p.m.  
Final discussions between Chairman and Members on State Irrigation.
50. July 18, 1974 at 10 a.m. and 3 p.m.  
Final discussions between Chairman and Members on direct agricultural taxation.
51. July 25, 1974 at 4 p.m.  
Discussions between Chairman and Members on future programme and the programme of visit to other States.
52. July 26, 1974 at 2.30 p.m.  
Meeting of officers of the Committee with Chairman.
53. August 6, 1974 at 3 p.m.  
Discussion between Members of the Committee regarding State Electricity Board.
54. August 21, 1974 at 3.30 p.m.  
Discussion between Chairman and Members of the committee regarding Sales Tax.
55. September 9, 1974 at 10 a.m. at Hyderabad.  
Discussions between the committee and officers of the Board of Revenue, Andhra Pradesh regarding Sales Tax and Excise Duty.

56. September 9, 1974 at 3 p.m. at Hyderabad. Discussions between the committee and the Transport Commissioner, Andhra Pradesh; Secretary, State Transport Authority and Secretary, Board of Revenue regarding Motor Vehicle Taxation.
57. September 10, 1974 at 10 a.m. at Hyderabad. Discussions between the committee and officers of the Andhra Pradesh State Electricity Board and Chief Electrical Inspector to Government, Andhra Pradesh.
58. September 10, 1974 at 11.30 a.m. at Hyderabad: Discussions between the committee and Deputy Director, Municipal Administration, Andhra Pradesh and officers of the Hyderabad Municipal Corporation.
59. September 11, 1974 at 3 p.m. at Bangalore. Discussion between the committee and the officers of the Karnataka Government regarding Sales Taxation, Excise Duty, Local Taxation and Motor Vehicle Taxation.
60. September 12, 1974 at 3 p.m. at Madras. Discussion between the committee and the officers of the Rural Development and Local Administration Department, Government of Tamilnadu.
61. September 13, 1974 at 10 a.m. at Madras. Discussions between the committee and officers of the Tamilnadu Government regarding Sales Tax, Motor Vehicle Taxation and Excise Duty.
62. September 13, 1974 at 2.30 p.m. at Madras. Discussions between Chairman and Members of the Committee on Local Taxation.
63. September 14, 1974 at 9 a.m. at Madras. Discussions between Chairman and Members of the committee on Local Taxation.
64. September 24, 1974 at 11 a.m. Discussion between Chairman and Members of the committee regarding Excise.
65. September 25, 1974 at 4 p.m. Discussion between Chairman and Members of the committee regarding Sales Tax.
66. September 26, 1974 at 11 a.m. at New Delhi. Discussion between Chairman and Members of the committee regarding State Electricity Board.
67. October 5, 1974 at 3 p.m. Discussion between Chairman and Members of the committee regarding Sales Tax.
68. October 6, 1974 at 9 a.m. and 3 p.m. Evidence of Deputy Commissioner, Sales Tax, U. P.
69. October 7, 1974 at 10 a.m. Discussion between Chairman and Members of the committee regarding Sales Tax.
70. October 7, 1974 at 12.30 p.m. Discussion between Chairman and Members of the committee regarding State Electricity Board.
71. October 14, 1974 at 10 a.m. at Bombay. Discussion between the committee and officers of the Maharashtra Government in regard to Sales Tax and Entertainment Tax.
72. October 14, 1974 at 3 p.m. at Bombay. Discussion between the committee and officers of the Maharashtra Government in regard to Excise, Motor Vehicle Taxation and Local Taxation.
73. October 15, 1974 at 9 a.m. at Bombay. Discussion between the Chairman and Members of the committee regarding State Electricity Board and Local Taxation.
74. October 20, 1974 Discussion between Chairman and Members of the committee regarding Sales Tax.
75. October 21, 1974 at 10.30 a.m. Discussion between committee and staff on outstanding matters.
76. October 22, 1974 at 4 p.m. Discussion between Chairman and Members of the committee regarding Excise.
77. November 4, 1974 at 3 p.m. Discussion between Chairman and Members of the committee regarding Motor Vehicle Taxation.
78. November 5, 1974 at 10 a.m. Discussion between Chairman and Members of the committee regarding State Road Transport Corporation.
79. November 6, 1974 at 3 p.m. Discussion between Chairman and Members of the committee regarding Local Taxation.
80. November 7, 1974 at 10 a.m. Discussion between Chairman and Members of the committee regarding Excise.
81. November 22, 1974 at 3 p.m. Additional evidence of Transport Commissioner, U. P.
82. November 22, 1974 at 4 p.m. Additional evidence of the General Manager, State Road Transport Corporation, U. P.
83. November 23, 1974 at 3 p.m. Evidence of the Additional Commissioner, Entertainment Tax and representatives of the U. P. Cinematograph Association.
84. November 24, 1974 at 11 a.m. Discussion between Chairman and Members of the committee regarding incidence of Taxation.
85. November 25, 1974 at 12 noon. Evidence of Additional Inspector General of Registration and Stamps.
86. December 16, 1974 at 9.45 a.m. Meeting of the committee for signing the final report.

## ANNEXURE 7

*Meetings of the U. P. Taxation Enquiry Committee*

Date	Place	Date	Place
April 5, 1974	... Lucknow.	July 9, 1974	... Allahabad.
April 19, 1974	... Lucknow.	July 17 and 18, 1974	... Lucknow.
April 29, 1974	... Lucknow.	July 25 and 26, 1974	... Lucknow.
May 6, 1974	... Lucknow.	August 6, 1974	... Lucknow.
May 10 and 11, 1974	... Lucknow.	August 21, 1974	... Lucknow.
May 16 and 17, 1974	... Lucknow.	September 9 and 10, 1974	... Hyderabad.
May 27, 28 and 29, 1974	... Lucknow.	September 11, 1974	... Bangalore.
June 6, 1974	... Kanpur.	September 12, 13 and 14, 1974	... Madras.
June 8, 1974	... Meerut.	September 26, 1974	... New Delhi.
June 10 and 11, 1974	... Lucknow.	September 24 and 25, 1974	... Lucknow.
June 15, 1974	... Lucknow.	October 5, 6 and 7, 1974	... Lucknow.
June 17, 1974	... Lucknow.	October 14 and 15, 1974	... Bombay.
June 19, 1974	... Lucknow.	October 20, 21 and 22, 1974	... Lucknow.
June 26 and 27, 1974	... Naini Tal.	November 4, 5, 6 and 7,	... Lucknow.
July 5, 6 and 7, 1974	... Lucknow.	November 22 to 25, 1974	... Lucknow.
July 8, 1974	... Varanasi.	December 16, 1974	... Lucknow.

## ANNEXURE 8

*Co-workers who helped the committee with cyclostyled, mimeographed and typed material*

1. Director, Labour Bureau, Simla, Hamachal Pradesh.
2. Dr. Bhattacharya, Professor of Agricultural Economics, University of Calcutta, Calcutta.
3. Sri K. V. Nambiar, State Planning Board, Kerala State, Trivendrum.
4. Sri Telang, Director, Bureau of Economics and Statistics, Government of Maharashtra, Old Custom House, Port Bombay.
5. Dr. Kanungo, Indian Agricultural Research Institute, Pusa, New Delhi.
6. Sri Ashok Mitra, 2/8 Sarat Bose Road, Calcutta-20.
7. Sri P. B. Buch, Director, Bureau of Economics and Statistics, Government of Gujarat, L. D. Engineering College Premises, Ahmedabad.
8. Dr. Movin Kurve, Research Section, Economics Department, Reserve Bank of India, Bombay.
9. Sri Ram Sahay, Vice-Chancellor, Allahabad University, Allahabad.
10. Sri B. D. Bhatt, Vice-Chancellor, Garhwal University, Srinagar (Garhwal).
11. Sri Apte, Research Programme Committee, Planning Commission, Yojna Bhawan, Parliament Street, New Delhi.
12. Dr. Ashok Sen, Centre for Studies in Social Sciences, 10 Lake Terrace, Calcutta.
13. Dr. B. M. Bhatia, Hindu College, Delhi.
14. Lt.-Col. Fatesingh Rao Gawkwad, Member of Parliament, 7 Duplex Lane, New Delhi-11.
15. Sri Naresh B. Joshi, Principal, Navpura, near Taluka School, Mandvi (Kutch) 370 645.
16. Dr. D. M. Manjundappa, Economic Adviser, Karnataka State, Mysore.
17. Sri R. A. Sharma, Assistant Registrar (Research), Agra University, Agra.
18. Sri B. K. Singh, Reader in Economics, University of Gorakhpur, Gorakhpur.
19. Sri Y. K. Alagh, Sardar Patel Institute of Economics and Social Research, Post Box no. 4062, Navrangpura, Ahmedabad.
20. Dr. Prem Chand Malhotra, President, Madhya Pradesh Economics Association, 32 Shamlia Road, Bhopal.
21. Dr. Nagar, Director, Delhi School of Economics, University of Delhi, Delhi.
22. Sri D. N. Dwivedi, Ramjas College, University Enclave, Delhi-110008.
23. Sri C. H. Shah, Professor of Agriculture Economics, Department of Economics, University of Bombay, Bombay.
24. Sri Bright Singh, Member, Planning Commission, Tamil Nadu Government, Madras.
25. Dr. V. B. Singh, Department of Economics, Lucknow University, Lucknow.
26. Director, Central Statistical Organisation, Sram Aur Punarwas Mantralaya, Government of India, Shram Bureau, Simla.
27. Sri Narottam Shah, Chief Commerce Research Bureau, N. K. M. International House, 178 Backbay Reclamation, Bombay.
28. Sri G. S. Bhatta, Professor of Economics, Punjab University, Chandigarh.
29. Dr. Shailendra Singh, Reader, Department of Economics, University of Lucknow, Lucknow.
30. Director, Economics and Statistics, U. P., Lucknow.

## ANNEXURE 9

## List of Officers and Staff of the Taxation Enquiry Committee

Name	Designation	Date of joining
1	2	3
1. Sri K. P. Bahadur	Joint Secretary	15-2-'74 to 13-10-'74
2. Smt. Sumita Chakravarty	Deputy Secretary	29-10-'74
3. Sri K. S. Sinha	Deputy Secretary	11-4-'74
4. Sri M. P. Jain	Deputy Secretary	6-6-'74
5. Sri Shambhu Nath	Deputy Secretary	13-6-'74
6. Sri Anand Swarup	Senior Research Officer	30-1-'74
7. Sri R. K. Singh	Research Officer	30-1-'74
8. Sri L. N. Sinha	Research Officer	30-1-'74
9. Sri C. C. Misra	Research Officer	22-4-'74
10. Sri K. K. Joshi	Research Officer	7-2-'74
11. Sri O. P. Agarwal	Research Officer	30-1-'74
12. Sri S. R. Mehta	Private Secretary to Chairman	23-3-'74
13. Sri R. C. Joshi	Section Officer	24-2-'74
14. Sri Gaya Prasad	Senior Investigator	1-3-'74
15. Sri Radhey Shyam Gupta	Senior Investigator	1-3-'74
16. Sri Chakradhar Bijola	Senior Investigator	1-3-'74
17. Sri B. M. C. Harbola	Senior Investigator	11-3-'74
18. Sri Madhukar Varshney	Senior Investigator	1-4-'74
19. Sri Bishan Swarup Saxena	Personal Assistant	1-4-'74
20. Sri Ram Krishna Srivastava	Personal Assistant	1-4-'74
21. Sri K. K. Singh Rathore	Personal Assistant	1-6-'74
22. Sri Uma Shanker Srivastava	Personal Assistant	24-6-'74
23. Sri Mehdi Nawab	Personal Assistant	1-8-'74
24. Sri Nokhe Lal	Personal Assistant	8-4-'74
25. Sri Ram Lakhan	Joint Secretary	15-2-'74 to 18-10-'74
26. Sri Prem Kumar	Personal Assistant	1-4-'74 to 30-5-'74
27. Sri Bal Krishna Singh	Personal Assistant	1-4-'74 to 4-7-'74
28. Sri Ravindra Singh	Personal Assistant	1-3-'74
29. Sri Ram Gopal	Personal Assistant	1-3-'74 to 8-8-'74
30. Sri S. H. Siddiqui	Personal Assistant	8-4-'74 to 8-8-'74
31. Sri Harish Chandra Kapri	Personal Assistant	1-3-'74 to 31-3-'74
32. Sri Dinesh Chandra Gupta	Statistical Assistant	1-3-'74
33. Sri Bishambhar Dayal	Statistical Assistant	15-3-'74
34. Sri Sarvadanand Lal Srivastava	Upper Division Assistant	5-3-'74
35. Sri Ram Naresh Tripathi	Upper Division Assistant	23-3-'74
36. Sri G. P. Singh Chauhan	Upper Division Assistant	21-3-'74 to 12-8-'74
37. Sri Syed Mohd. Owais	Reference Clerk	1-3-'74 to 18-6-'74
38. Sri Krishna Kumar Rastogi	Accountant-cum-Cashier	11-4-'74 26-3-'74
39. Sri Prem Ballabh	(Working as Reference Clerk from 19-6-'74)	1-10-'74
40. Sri Lal Pratap Singh	Lower Division Assistant	11-4-'74
41. Sri Ram Swaroop	Typist	11-4-'74
42. Sri Kamta Ram	Typist	11-4-'74
43. Sri Ram Charan	Typist	11-4-'74
44. Sri Dharm Raj	Typist	11-4-'74
45. Sri Jhurai Ram (Satya Prakash)	Typist	11-4-'74
46. Sri Ram Jiawan	Typist	11-4-'74

1	2	3	4
47.	Sri Chhotey Lal	Typist	11-4-'74 to 8-8-'74
48.	Sri Keshram Sankhwar	Typist	11-4-'74 to 26-8-'74
49.	Sri Mohd. Ali	Daftri	1-4-'74
50.	Sri Jagannath	Peon	11-3-'74
51.	Sri Raj Bahadur	Peon	11-3-'74
52.	Sri Kedar Nath	Peon	11-3-'74 to 21-11-'74
53.	Sri Shiv Dayal	Peon	22-11-'74
54.	Sri Harish Chandra	Peon	31-3-'74
55.	Sri Gur Prasad	Peon	4-4-'74
56.	Sri Mohd. Yusuf	Peon	11-3-'74 to 13-10-'74
57.	Sri Matloob Ali	Peon	14-10-'74
58.	Sri Aziz Ahmed	Peon	11-3-'74 to 23-4-'74
59.	Sri Kamal Narain Ojha	Peon	24-4-'74 to 19-11-'74
60.	Sri Mushir Ahmed	Peon	28-3-'74 to 8-8-'74
61.	Sri Parashu Ram	Peon	1-4-'74 to 8-8-'74
62.	Sri Ram Shanker	Peon	11-3-'74 to 8-8-'74
63.	Sri Hukam Singh	Farrash	and again from 20-11-'74 22-4-'74
64.	Sri Ram Khelawan	Chawkidar	9-4-'74 to 9-5-'74
65.	Sri Dil Bahadur	Chawkidar	10-5-'74
66.	Sri Mohd. Halim	Driver	April 1974 to 5-9-'74
67.	Sri Ram Khelawan Mishra	Driver	29-9-'74
68.	Sri Pooranmasi	Casual Labour	5-4-'74
69.	Sri Hidayat	Driver	May 1974 to 27-7-'74

## CHAPTER II

## A REVIEW OF STATE TAXATION

In his 'Economic History of India' Sri R. C. Dutt presented Uttar Pradesh as a land of agricultural prosperity and abundance in manufactures, but today Uttar Pradesh ranks quite low among the States in both these respects. Its geographical area is 2,94,366 sq. km., 9 per cent of the total area of the country. It stands fourth amongst the twenty-three States of the country in this regard. But from the point of view of the population it ranks first claiming about 16 per cent of the total population. According to 1971 census its population was 8.83 crores, density being 300 persons per square kilometre as against 178 for the country as a whole. The rate of growth in population during 1961-71 has been less than that in the country, being 1.8 per cent as against the all India's annual growth rate of 2.2 per cent.

2. Immediately after independence in 1948-49,

Uttar Pradesh shared 17.2 per cent of the total income of the country. In 1960-61 the State income at factor cost at 1948-49 prices declined to 15.5 per cent. At current prices the share declined still further to 13.5 per cent. The figures reveal a growth rate of 2.3 per cent per annum during these 12 years.

3. Estimates after 1960-61 both at State and national levels were prepared on the basis of a somewhat modified methodology. The figures for net domestic products for India and Uttar Pradesh according to new methodology in 1960-61 were Rs.13,294 crores and Rs.1,799 crores respectively. Thus the percentage share of income of Uttar Pradesh to income of India was 13.5. In 1972-73 the percentage share of Uttar Pradesh was reduced to 12.8; surprisingly at current prices, Uttar Pradesh's share increased to 15.2 per cent (Table 1):

TABLE 1—Total income of India and Uttar Pradesh at current and constant prices, 1948-49—1972-73.

(In Crore Rupees)

Year	Total income at current price		Per cent share of U. P. to India	Total income at constants price of 1948-49/1960-61		Per cent share of U. P. to India
	India	U. P.		India	U. P.	
1	2	3	4	5	6	7
1948-49	8650	1400	17.2	8650	1490	17.2
1950-51	9530	1628	17.1	8850	1632	18.4
1955-56	9980	1439	14.4	10480	1797	17.1
1960-61	14140	1974	13.5	12730	1068	15.5
1960-61	13294	1799	13.5	13294	1799	13.5
1965-66	20621	2966	14.4	15021	1996	13.3
1968-69	28678(P)	4022	14.0	17057(P)	2167	12.7
1972-73	3892(P)	5918(P)	15.2	19101(P)	2451	12.8

P—Provisional.

Source—Directorate of Economics and Statistics.

4. The population rise during 1948-49 to 1960-61 was 1.6 per cent per annum. As a result the *per capita* income at 1948-49 prices moved from Rs.243 in 1948-49 to only Rs.269 in 1960-61 showing a small rise of 0.8 per cent per annum.

5. In Annexure 1 *per capita* income of various States of the country and India at current prices have been given for select years between 1960-61 and 1972-73. In each of these select years the *per capita* income of Uttar Pradesh was less than the all India average. Generally it ranked only above Bihar and Orissa in this respect.

6. The figures in Annexure 2 reveal that the growth rate in Uttar Pradesh's economy during the decade 1960-61 to 1970-71 was 2.97 per annum against 3.47 for the country. But for the Fourth Plan, Uttar Pradesh's growth rate in other Plans were lower than national growth rate. Even during the first three years of the Fourth Plan the States of Gujarat, Haryana, Karnataka, Kerala Madhya Pradesh, Punjab, Rajasthan and Tamil Nadu recorded a better growth rate than Uttar

Pradesh. Table 2 depicts the growth rate in India and Uttar Pradesh during various plan periods.

TABLE 2—Growth in India and Uttar Pradesh during Plans

Period	Total income		Per capita income	
	India*	U. P.	India*	U. P.
1	2	3	4	5
I Plan	3.4	1.9	1.6	0.5
II Plan	4.0	1.8	1.8	0.2
III Plan	2.5	2.1	0.3	(—)0.1
Three Annual Plans	4.3	2.8	2.1	1.5
IV Plan (1969-70 to 1972-73)	2.9	3.1	0.6	1.3

\*Net National Product.

†Provisional.

7. The high density, low *per capita* income and relatively slow rate of growth in the State manifest themselves in several ways like small average agricultural holding, low degree of urbanisation, small share of income from industry, low rate of literacy, extremely inadequate economic and social overheads like transport, communications and electric power, and a large part of the State being backward. We shall be referring in detail to many of these features later.

8. Low income in the State has expectedly led to low *per capita* plan expenditure (Table 3). More surprisingly till the end of three Annual Plans, Central assistance *per capita* to Uttar Pradesh has been low. The distribution of plan assistance among States which had been on an *ad hoc* basis earlier was decided in the Fourth Plan on the basis of a more or less objective formula put forth by the Planning Commission and accepted by the National Development Council. As a result, Uttar Pradesh benefited. Principles of Central assistance for the Fifth Plan have not yet been formulated:

TABLE 3—Per capita Plan Expenditure and per capita assistance in Uttar Pradesh and all states.

Plan period	Per capita expenditure		U. P.'s share in the expenditure for all states (excluding Union Territories)	Per capita Central Assistance.	
	U. P.	All States		U. P.	All States
1	2	3	4	5	6
First Plan	23	28	10.8	13	24
Second Plan	33	51	11.2	17	26
Third Plan	72	91	13.5	46	55
Annual Plans	53	61	14.8	30†	36
Fourth Plan (Outlay).	103*	101	14.6	57†	N.A.

\*On the basis of information for provisional expenditure available the *per capita* expenditure for Uttar Pradesh comes to Rs.117.

†Provisional.

N. A.—Not available.

9. *Revenue receipts*—It may be interesting to study the growth of revenue receipts during various Plan Periods in the State. The following table gives revenue receipts from tax and non-

tax revenues, excluding the grants-in-aid. Figures for IV Plan are provisional as the data relating to 1972-73 are based on revised estimates and for 1973-74 on budget estimates:

TABLE 4—Revenue receipts during various Plans in Uttar Pradesh\*.

(In crore Rs.)

Period	State taxes	Share in Central taxes	Total tax revenue	Non-tax revenue	Total revenue receipts
1	2	3	4	5	6
First Plan	183.40 (36.68)	59.99 (12.00)	243.39 (48.68)	102.05 (20.41)	345.44 (69.09)
Second Plan	257.82 (51.56)	117.54 (23.51)	375.36 (75.07)	148.27 (29.65)	523.63 (104.73)
Third Plan	382.35 (76.47)	170.01 (34.00)	552.36 (110.47)	357.66 (71.53)	910.02 (182.00)
Three Annual Plans	359.59 (119.86)	187.62 (62.54)	547.21 (182.40)	338.14 (112.71)	885.35 (295.12)
Fourth Plan†	791.64 (158.33)	756.89 (151.38)	1548.53 (309.71)	719.76 (143.96)	2268.32 (453.66)

\*Excluding Central assistance.

†Provisional.

Figures in brackets are annual averages.

The average annual revenue receipts during the Fourth Plan were estimated to go up up to 6.6 times the average annual collections in the First Plan period. The rise was greater in the case of share in Central taxes (12.6 times) followed by non-tax revenue (7.1 times). The State taxes have gone up only by 4.3 times. If only the tax revenue are examined, the following statement emerges bringing out the growing importance of shared taxes in tax revenue of Uttar Pradesh. Share from Central taxes contributed less than 25 per cent in First Plan; it increased to 49 per cent in the Fourth Plan:

*Percentage distribution of tax revenues between State taxes and Central taxes during Plan Periods in Uttar Pradesh.*

Period	Share from Central tax	State taxes
1	2	3
First Plan .. .. .	24.6	75.4
Second Plan .. .. .	31.3	68.7
Third Plan .. .. .	30.8	69.2
Three Annual Plans .. .. .	34.3	65.7
Fourth Plan .. .. .	48.9	51.1

10. In Annexure 3 a comparison between various States of the country in respect of revenue receipts under four heads viz., State tax revenue, State non-tax revenue, share in Central taxes

and grants-in-aid from the Centre has been presented for the years 1960-61, 1965-66, 1968-69 1972-73 and 1973-74. The total revenue receipts of Uttar Pradesh increased from Rs.156.06 crores in 1960-61 to Rs.664.34 crores in 1973-74 (B.E.), an increase of 325 per cent as compared with 374 per cent for all the States. Non-tax revenue constitute a major chunk in the total revenues in 1960-61, the share being 41.6 per cent. But it gradually declined to 34.5 per cent in 1965-66, 33.4 per cent in 1968-69 and 22.1 per cent in 1973-74. The share of non-tax revenue for all States taken together declined from 36.6 per cent in 1960-61 to 19.7 per cent in 1973-74. Tax revenue was second in importance in 1960-61 in this State although for all States combined it occupied prime position. It supplied 36.8 per cent of the total revenue receipts of Uttar Pradesh in 1960-61, but the share fell in 1973-74 to 27.1 per cent. The fall was not so much visible for all States taken together where tax revenue provided 40.1 per cent of the total revenue receipts in 1960-61 and 38.7 per cent in 1973-74. For all States taken together Central contributions accounted for 23.3 per cent of the total revenues in the year 1960-61. States' dependence on Centre increased and its contribution in 1973-74 was 41.8 per cent of the total revenues. In respect of Uttar Pradesh the increase was even of higher order. In 1960-61 Centre's contribution in total revenue of Uttar Pradesh was 21.6 per cent. In 1973-74 the share increased to 50.8 per cent. The share of Central aids and grants increased nine-fold in thirteen years from 2.5 per cent to 22.4 per cent.

11. A bird's eye view of increase in various constituents of revenue can be obtained from the following table:

TABLE 5—Percentage increase in State Revenues, 1960-61 to 1973-74.

Year	Percentage increase over the last year of the preceding plan									
	Total Revenue		Tax Revenue*		Non-tax revenue		Central assistance		Central grants-in aid	
	U. P.	All States	U. P.	All States	U. P.	All States	U. P.	All States	U. P.	All States
1	2	3	4	5	6	7	8	9	10	11
1965-66 over 1960-61 .. .. .	69.1	80.6	65.8	91.0	40.5	31.3	25.2	54.0	920.0	339.7
1968-69 over 1965-66 .. .. .	44.1	49.8	40.2	45.0	39.3	46.4	93.1	76.5	18.8	45.4
1973-74 (B.E.) over 1968-69 .. .. .	74.7	74.6	34.9	64.3	15.3	31.3	162.6	132.8	210.9	110.3

\*Details in Annexure 4.

It can be seen from the table that since 1965-66, total revenues of Uttar Pradesh were almost increasing as rapidly as of all States combined. Tax revenues, on the other hand, throughout the period and non-tax revenues since 1965-66 were

increasing less rapidly. This was compensated by more proportionate rises in Central assistance since 1965-66 and Central grants-in-aid since 1968-69.

12. The following table gives the increase in total revenue and tax revenue since the inception of the Third Plan:

TABLE 6—State Government revenues during 1960-61 to 1973-74.

(Rs. in lakhs)

Year	Total revenue	Tax revenue	Percentage rise over Preceding Plan		Index number of wholesale prices
			Total revenue	Tax revenue	
1	2	3	4	5	6
1960-61	15,606	5,741	..	..	100.0
1965-66	26,396	9,520	61.1	65.8	163.5
1968-69	38,034	13,846	44.1	40.2	203.7
1973-74	66,434	18,006	74.7	34.9	..

(B-E)

The above figures make impressive reading. The performance should, however, be judged along with the large price rise during this period which makes the increase in tax revenue an illusory one.

13. The aggregate receipts of non-tax revenues admit of no general analysis. They consist of a heterogeneous collection of items which have to be judged in diverse ways. Departmental receipts have to be viewed in relation to expenditure on services which they are levied to finance wholly or partly; gross receipts from commercial departments are the result of the quantum of services and commodities supplied by the Government, their utilization, and rates, and have to be viewed against the expenditure on them; in case where capital accounts are kept, the relevant expenditure is current expenditure including depreciation and interest payments. Of the interest receipts under non-tax revenues, those against commercial departments are purely transfer entries, as there are counter-entries under expenditure heads; some interest receipts like those from the Electricity Board must be viewed against its finances as a whole and the source of their payment; interest receipts from others must be looked at in relation to loans given. We, therefore, do not go into further details in the receipts from non-tax revenues. We shall therefore, be concerned only with the tax revenues of this State. We shall begin with discussion of the aims of State tax policy.

14. *Aims of State tax policy*—Fiscal policy in an economy like ours should have four major objectives, viz. (i) resource mobilization and allocation (ii) redistribution of income and wealth, (iii) curbing of excess demand for commodities, and (iv) stimulation of activities in the private sector through appropriate incentives. State tax policy can be used for all these aims, but as compared with Union fiscal policy, it will be needed more in resource mobilization and to some extent in redistribution of income and wealth and incentives and subsidies. The role of State tax policy with which we are mainly concerned will be very important in resource mobilization and allocation, but its consequences on other aspects have to be carefully considered.

(1) *Resource mobilisation*—For the lower level of authority in a federation, tax policy is the

most powerful method of mobilization, as it cannot resort to deficit financing on a substantial scale and has only limited borrowing powers and capacity. As we shall see later, large additional tax efforts have been made, but they have hardly succeeded in keeping revenue constant as a proportion of national income. This aspect has been discussed in some detail at later stage in this Chapter.

(2) *Inequalities of income and wealth*—A major objective of the fiscal policy should be to reduce the degree of personal and regional inequalities in income distribution, which may not be more than in other developed countries but which are much more galling because of the dire poverty of the masses. Public expenditure has a more distinct role to play in this direction. As Richard Bird puts it—“It is probably to expenditure rather than taxes one would have to look if one took increased income equality in itself as a goal of policy.” By progressive direct tax rates, Union tax policy can help in implementation of the policy of ceiling on income. Given the nature of its tax powers, the State Government can only ensure that its tax policy is mildly progressive. This question is discussed in some detail in Chapter III.

(3) *Excess demand for commodities*—The third aspect of fiscal policy, namely its use to reduce or eliminate the gap between demand and supply prices of individual commodities, raises several intricate issues. Production decisions under planning are not allowed to be fully governed by the market mechanism. It may be deliberately decided that the supply of certain commodities, including imports will be less than their demand. Sometime because of unanticipated difficulties, production may lag behind the target or unforeseen development may suddenly increase the demand for a commodity. In all these cases there will be excess demand at the given supply price. There is no reason why the advantage of this should accrue to the producer. Under such circumstances distribution control can be introduced. But they may not be feasible or they may degenerate into favouritism, corruption and non-functional tax-evasive profits. Demand can also be curbed

through commodity taxation so that the exchequer benefits. Excise and custom duties in the Union sphere have been used for this purpose, but in the State sphere restrictive excises are perhaps the only example of use of this power. Sales taxation with its comparatively low rates can hardly be used for regulatory purposes.

(4) *Incentives*—In a mixed economy tax incentive grants are used to give special encouragement and discouragement in many directions. The higher the level and the greater the coverage of taxation, the more can tax incentives, tax rebates and differential taxation be used. Every tax incentive, however, means a revenue loss, and where resource mobilization is an urgent problem, it entails a serious sacrifice. A tax preference or concession often creates an additional loophole. Only when the objective is really worthwhile and the tax weapon is the optimum instrument to achieve it, a tax loss may be permissible. A tax incentive increases private post-tax profitability by reducing tax liability, and is, therefore, inferior to other promotional activities such as provision of better information and technical guidance and setting up of organizations like co-operative societies which reduce the real social cost of production and distribution. Though a State like Uttar Pradesh will need several special measures to stimulate industrial development, tax concessions by themselves may not normally be the optimum way to secure this end. It will, however, be necessary to use them in certain directions.

15. *Tax structure*—The statement at Annexure 5 gives the changes in importance of major taxes. In 1960-61 sales tax provided 20.4 per cent of total tax revenue of the State. In 1973-74 its share increased to 37.8 per cent. The proportionate share of sales tax in the total revenue of all States taken together in 1973-74 was more important—46.8 per cent but it rose less. The share was already 32.3 per cent in 1960-61.

The statement also tells of the declining importance of the land revenue both at the Uttar Pradesh State and all India levels. In Uttar Pradesh it accounted for only 11.3 per cent of the total tax revenue in 1973-74 as against 40.2 per cent in 1960-61. For all the States taken together its share declined to 6.7 per cent in 1973-74 from 23.9 per cent in 1960-61. With the increase in transport facilities the revenues on motor vehicles and passengers and goods have taken great strides. Its percentage share in total Uttar Pradesh tax revenues has risen from 6.4 in 1960-61 to 17.1 in 1972-73 as against 12.6 per cent and 14.5 per cent for all States. Excise duty now occupies the third position in the tax revenues of the State. During 1961-74 the excise duty accounted for between 13-18 per cent of the total tax revenues in Uttar Pradesh and 11-14 per cent for all States taken together. But for 1972-73 when the share of stamp duty and court-fee declined to 4.9 per cent and 1971-72 when its share increased to 9.8 per cent this tax provided 7.8 per cent of the total tax revenue of the State. The share of cess/purchase tax on sugarcane which was quite important showed an erratic trend. In 1960-61 it was 7.4 per cent. It declined to 6.8 per cent in 1965-66 with a further decline to 3.4 per cent in 1968-69. It was 3.3 per cent in 1973-74. The decline was also visible for all the States taken together. Electricity duties in Uttar Pradesh contributed 0.9-3.6 per cent of tax revenues compared with 2.8-4.9 per cent for all States together.

16. *Tax efforts*—The increase in tax receipts in Uttar Pradesh was due to both the normal growth of revenues and the additional tax effort of the State. The following table gives the additional amount of tax collected during various Plan periods and additional tax efforts made by the State. The difference between the two may be said to measure the normal growth of tax revenues. In each Plan period, additional tax efforts have successively contributed proportionately more to increase in tax revenues:

TABLE 7—Additional tax revenue during the Plans

(Rs. in akhs)

Plan	Increase in tax revenues	of which due to		Percentage share in additional revenue	
		Normal growth including price rise	Additional effort	Normal Growth	Additional effort
1	2	3	4	5	6
III Plan	9,507	8,196	1,311	86.2	13.8
Annual Plans	7,369	5,585	1,784	76.8	24.2
IV Plan*	18,287	13,276	5,011	72.6	27.4

\*Figures from 1969-70 to 1972-73 are based on actuals and for 1973-74 on preliminary actuals.

17. *Additional resource mobilization during IV Plan*—Details of additional measures of taxation and revision of tariff undertaken during the Fourth Plan period (1969-70 to 1973-74) with their yearwise estimated yield along with the concessions allowed are given in Annexure 6. The State Government was able to mobilise additional resources during the Fourth Plan period to an extent of Rs. 160.44 crores as against a target of Rs.175.00 crores. Out of this total amount Rs.108.58 crores was mobilised through additional tax efforts and Rs.28.18 crores through non-tax measures. The remaining Rs.23.68 crores is expected to fall in the net in last two

years of the Plan through revision in the rates of electrical charges (Rs.20.90 crores) and bus fares (Rs.2.78 crores). However, a number of tax concessions were also given during the Fourth Plan period e.g., reduction in sales tax (Rs.8.69 crores), reduction in excise duty (Rs.3.01 crores), abolition of land revenue up to a holding of 6.25 acres (Rs.41.67 crores) and abolition of profession tax (Rs.5.10 crores) mostly in 1971-72 with the result that the net accretion through additional resource mobilisation was estimated at only Rs.101.97 crores. In Tables 8 and 9 additional efforts in respect of tax revenue and non-tax revenue have been given:

TABLE 8—Additional tax efforts in Fourth Plan

(Rs In lakhs)

Tax	Year when levied					Total additional contribution	Total revenue during IV Plan period	Percentage share of additional effort	Percentage share of the tax in total revenue		
	1969-70	1970-71	1971-72	1972-73	1973-74				1968-69	1973-74 (B. E.)	
1	2	3	4	5	6	7	8	9	10	11	
<b>I. Direct tax —</b>											
(1) Land revenue .. .. .	..	..	..	..	1,609	..	1,609	8,188	19.6	18.3	11.3
							(-2,558)				
(2) Stamp duty .. .. .	..	634	..	..	..	..	(-634)	5,936	10.7	7.0	7.2
<b>II. Indirect tax —</b>											
(1) State excise .. .. .	..	590	920	44	..	..	1,554	13,022	11.9	18.3	15.4
							(1,253)				
(2) Sales tax .. .. .	..	2,683	1,707	1,114	60	4	4,568	29,062	15.7	31.4	37.8
							(3,699)				
(3) Purchase tax on Khandsari .. .. .	..	..	..	..	47	..	47	2,874	1.6	3.4	3.3
(4) Entertainment tax .. .. .	..	..	402	..	..	137	539	4,169	12.9	4.1	5.3
(5) Electricity duty .. .. .	..	..	1,027	18	..	118	1,163	1,596	72.7	0.9	2.4
(6) Motor taxation (including motor spirit, taxes on fares and freights).	..	618	..	..	..	126	744	12,383	6.0	13.1	15.6
(7) Profession tax .. .. .	..	..	..	..	..	..	(-510)	..	..	..	..
<b>Total</b> .. .. .	..	4,525	3,056	1,176	1,716	385	10,858	77,155	14.1	..	..
							(5,011)				

(Figures in bracket indicate net additional tax efforts after taking into account the effects of tax reductions).

18. The above table reveals that out of total revenue of Rs.771.55 crores during the Fourth Plan period from above sources 14.1 per cent was raised through additional tax efforts. The largest net contribution of additional tax effort of

Rs.50 crores came from the sales tax (Rs.37 crores), which contributed to the increase in relative importance of the tax from 31.4 per cent in 1968-69 to 37.8 per cent in 1973-74. Land revenue fetched less than before. Additional electricity

duties fetched Rs.11.63 crores more and State excises an almost equal amount (Rs.12.53 crores). Road vehicle taxation additions yielded Rs.7.4 crores. The biggest increase in individual duty burden was in electricity duty (72.7 per cent):

TABLE 9—Additional non-tax efforts in Fourth Plan

(Rs. In lakh)

Item	1969-70	1970-71	1971-72	1972-73	1973-74	Total 1969-74
1	2	3	4	5	6	7
		1969-70				
1. Revision in irrigation rates ..		514	492	514	544	2,064
		1970-71				
1. Levy on brick earth ..		10	15	16	17	58
		1971-72				
1. Revision in rates of bus fare ..			70	18	*	88
		1972-73				
1. Additional yield from Tendu Leaves ..		..	..	175	183	358
2. Revision in irrigation rates ..		..	..	..	250	250
		1973-74				
		Nil	..	..	..	..
Total (1969-74) ..		524	577	723	994	2,818

\*Consequent on formation of the Uttar Pradesh Road Transport Corporation from June 1, 1972, the receipt of bus services will now accrue to the Corporation.

19. In 1968-69 a Committee was appointed by the State Government under the Chairmanship of Sri J. D. Shukla, I.C.S., to examine the tax and non-tax system and mobilise additional resources. Most of the detailed recommendations of Shukla Committee and action taken on them by the State Government have been discussed in the ensuing chapters, but it is interesting to compare the estimates of additional resource mobilization from their proposals with the resource mobilization made during the Fourth Plan:

TABLE 10—Additional resource mobilization from proposals of Shukla Committee.

(Rs. in crores)

Item	Additional revenue
1	2
I. Tax measures ..	115.85
(a) Land revenue ..	41.45
(b) Taxes on motor transport (vehicle tax, passenger tax, goods tax and sales tax on motor spirit) ..	14.40
(c) Sales tax ..	35.00
(d) Excise ..	20.00
(e) Registration, stamps and court fee ..	5.00
II. Non-tax effort ..	45.00
(a) State irrigation ..	30.00
(b) Electricity Board ..	15.00
III. Local finances (tax efforts) ..	15.00
Total (I+II+III) ..	175.85

The gross additional resource mobilization made in the Fourth Plan was of the same order as contemplated by the Shukla Committee. When local taxation proposals are excluded from the former, they would have brought Rs.160.85 crores compared with Rs.160.44 crores actually raised, if tax reductions are excluded. The biggest shortfall was in land revenue, and substantial increases were in entertainment tax and electricity duty.

20. In Annexure 7 *per capita* incidence of State taxes has been worked out. The *per capita* incidence of State taxes in Uttar Pradesh increased from Rs.7.83 in 1960-61 to Rs.19.49 in 1973-74. During the same period the incidence for all States taken together increased to Rs.35.51 in 1973-74 from Rs.10.30 in 1960-61. Thus during 1961-74 there was an increase in the *per capita* incidence for all States taken together by 244 per cent as against 149 per cent in Uttar Pradesh. The *per capita* incidence of Uttar Pradesh in 1960-61 was higher than only three States, viz. Bihar, Jammu and Kashmir and Orissa. The same position continued till 1971-72 with the occasional addition of Assam. In 1973-74 only Bihar and Orissa had a lower *per capita* incidence than Uttar Pradesh. The following table depicts *per capita* incidence of all the taxes for Uttar Pradesh and all the States taken together:

TABLE 11—Per capita incidence of all taxes, Uttar Pradesh and all States, 1960-61—1973-74.

(Rs in lakh)

Year	Uttar Pradesh	All States
1	2	3
1960-61 ..	7.83	10.30
1965-66 ..	11.89	17.69
1968-69 ..	15.80	24.06
1969-70 ..	16.43	26.12
1970-71 ..	17.45	28.74
1971-72 ..	17.46	31.09
1972-73 ..	17.84	33.76
1973-74 ..	19.49	35.51
Percentage increase between 1960-61 and 1973- 74.	148.9	244.8

21. It is but natural that with the same tax system, even regarding State tax revenue, *per capita* incidence should be higher for richer States. An attempt has been made to correlate the State income with the total tax revenue of the States in Annexure 8. In Annexures 9 and 10 ratios of direct tax revenue and indirect tax revenue to State income are presented. Annexure 8 denotes that the State of Uttar Pradesh mopped up about 3 per cent of its net domestic product during 1961-73 against 4.5 per cent mopped by all the States taken together. In 1960-61 the tax revenue as percentage of income in Uttar Pradesh was 3.2. In 1970-71 this ratio declined to 3.0 per cent and in 1972-73 it showed a further decline to 2.7 per cent. The decline in this percentage in spite of additional tax efforts given in Table 8 needs some probing. The trend for all States taken together was otherwise, 3.6 per cent of the income for all States together was taken by way of taxation in 1960-61 and 4.8 in 1972-73. The maximum mopping up was in the year 1971-72 when it was 5.3 per cent of the total income. In 1960-61, Uttar Pradesh taxed more of its income than at least four other States. From 1968-69 onwards, it was almost at the bottom. Some States with lower or nearly the same *per capita* income like Andhra Pradesh, Karnataka, Kerala and Rajasthan obtained a higher percentage of income by way of tax revenues. In table 12 a bird's eye view can be had of tax revenue as percentage of State income in respect of Uttar Pradesh:

TABLE 12—Tax revenue as percentage of State income:

Year	Uttar Pradesh		
	Total tax revenue	Direct tax revenue	Indirect tax revenue
1	2	3	4
1960-61 ..	3.2	1.7	1.5
1965-66 ..	3.2	1.3	1.9
1968-69 ..	3.3	1.1	2.2
1969-70 ..	3.2	1.0	2.2
1970-71 ..	3.4	1.1	2.3
1971-72 ..	3.0	0.7	2.3
1972-73 ..	2.7	0.5	2.2

TABLE 13—Income elasticity and buoyancy of State taxes, 1960-61 to 1972-73.

Taxes	$b_1$	$r_1$	$b_2$	$r_2$
1	2	3	4	5
<i>Direct taxes—</i>				
Agricultural income-tax .. ..	(-)-1.67 (-)-1.56	(-)-0.79 (-)-0.78	(-)-0.97 (-)-0.87	(-)-0.59 (-)-0.55
Land revenue .. ..	(-)-0.14 (-)-0.13	(-)-0.64 (-)-0.63	(+)-0.02 (0.01)	(+)-0.02 (0.02)
Stamp duty and court-fee .. ..	0.80	0.82	0.92	0.91
Registration fee .. ..	1.02	0.95	1.02	0.95
Total Direct taxes .. ..	0.08	0.32	(-)-0.00	(-)-0.00
<i>Indirect taxes—</i>				
Electricity duty .. ..	0.78 (0.84)	0.95 (0.97)	1.37 (1.54)	0.87 (0.92)
Motor vehicle tax .. ..	0.73	0.95	0.90	0.93
Excise duty .. ..	0.51	0.95	1.13	0.98
Sales tax .. ..	0.99	0.98	1.45	0.99
Sales tax on motor spirit .. ..	1.15	0.95	1.71	0.92
Entertainment and betting tax .. ..	1.13	0.98	1.49	0.98
Cess/Purchase tax on sugarcane .. ..	0.12 (0.11)	0.27 (0.26)	0.18 (0.17)	0.37 (0.36)
Total Indirect taxes .. ..	0.76	0.97	1.22	0.99
All taxes .. ..	0.48	0.94	0.83	0.98

$b_1$  = Elasticity coefficient.

$r_1$  = Coefficient of correlation between the tax yield (excluding all additional tax yield resulting from rates changed

The above table indicates the growing importance of indirect taxes in total tax revenue, which increased their share as percentage of State income from 1.5 in 1960-61 to 2.2 in 1972-73. On the other hand, the corresponding share of direct taxes declined from 1.7 to 0.5. There is obviously a great *prima facie* case for increasing direct taxes.

22. *Elasticity and buoyancy of State taxes—* The yields from different taxes react differently to the changes taking place all the while in the State economy. In a developing economy, real income increases every year. Though a stable price level is aimed at, prices also often increase. Money income thus grows fast. A part of the difficult job of resource mobilization consists in devising a tax and revenue system which will favourably respond to changes in money incomes and thus reduce the need for additional tax measures. Before we consider the question of imposition of additional taxes, it becomes imperative for us to study the sensitivity of the present tax system in the State with a view to know how far the yield from the existing State taxes has grown and may be expected to grow automatically with the growth in income, rise in price level and other changes taking place independently in the economy, without any change in tax rates or change of tax formulae.

23. The sensitivity of State taxes can be measured in terms of elasticity of the taxes concerned in relation to changes in income, prices or any other chosen variable. The income elasticity of a tax is measured by the ratio of the percentage change in the normal tax yields, excluding additional taxation, during a given time period to the percentage change in income. If, however, the additional tax measures are not excluded in calculating the degree of response of tax yield to the changes of State income, the result will be known as 'buoyancy of the tax'. The following table gives the income elasticity and buoyancy of Uttar Pradesh State taxes during the period 1960-61 to 1972-73:

after 1960-61) and the State income at current prices.

$b_2$  = Buoyancy co-efficient.

$r_2$  = Coefficient of correlation between the gross tax yield (including all additional tax yield resulting from rates changes after 1960-61) and the State income at current prices.

For the computation of elasticity and buoyancy of various taxes, the same method as adopted by Sahota and Thimmiah, namely fitting the regression equation  $Y = a X^b$  (or  $\log Y = \log a + b \log X$ ) where 'a' = the yield of tax 'Y' when 'b' is zero 'b' the elasticity and buoyancy of the tax, has been used.

For the purpose of calculations of elasticities of various taxes, yearwise yields from individual additional tax measures imposed during the Third Plan period, three Annual Plans and Fourth Plan period were obtained from the memoranda submitted by the State Government to the Fifth and Sixth Finance Commissions. The reliability of the elasticities so worked out depends on the accuracy of additional tax estimates. If the latter are exaggerated, tax elasticities will be underestimated and *vice versa*. We have no reason to suspect any such bias in additional tax estimates. The passengers and goods tax, tax on professions and callings, and land and building tax in urban areas have been left out from this study because these taxes had been imposed after 1960-61.

It would be observed from the above table that the correlation coefficient between the tax yield and the State income is quite high (significant at 1 per cent level) for all the taxes except in the case of land revenue and purchase tax on sugarcane. The high correlation justifies the validity of the regression method adopted here. The above results show that during the period 1960-61 to 1972-73, the sales tax on motor spirits, entertainment and betting and the registration fees had been productive of more revenue with

the growth in income. The general sales tax proved to be mildly elastic showing a rise in the State revenue in proportion to the increase in the income but all the other State taxes proved incapable of moving at pace with the State economy without fresh taxation. In the entire period covered, the elasticity coefficient of the State tax structure as a whole was less than unity, being only 0.48. The land revenue,\* tax on agricultural income\* and the purchase tax on sugarcane\* which are not sensitive to income had been mainly responsible for the sluggishness of the aggregate tax yields. Excise duty, stamp duty and court-fees and motor vehicle tax also contributed to the result. The buoyancy coefficient of the State taxes during the period 1960-61 to 1972-73 worked out to 0.83 as against the elasticity coefficient of 0.48. A higher degree of buoyancy was found in all the State indirect taxes together. It can be taken as an indication that the State Government used the indirect taxes as the main instrument of additional taxation since the beginning of Third Five-Year Plan. No efforts were, however, made to mobilise additional resources by enhancing the land revenue rates and other direct taxes. It can also be said that in spite of additional tax measures taken by the State Government, since 1960-61 the growth in the aggregate tax yield was less than the growth in income.

24. With a view to see as to how the State taxes fared in different circumstances, the entire span of 1961-62 to 1972-73 has been divided into three periods viz., Third Five-Year Plan period (1961-62 to 1965-66), three Annual Plans period (1966-67 to 1968-69) and the first four years of Fourth Five-Year Plan (1969-70 to 1972-73). The buoyancy coefficients of the State taxes have been worked out for each phase. The results obtained are given in the table below:

TABLE 14—Buoyancy of tax efforts in Uttar Pradesh:

State taxes	Periods		
	1960-61 to 1965-66	1965-66 to 1968-69	1968-69 to 1972-73
1	2	3	4
A—Direct taxes .. .. .	0.28	0.33	(—)0.48
1. Agriculture income tax .. .. .	(—)0.95	(—)0.79	(—)1.38
2. Land revenue .. .. .	0.13	0.02	(—)1.08
3. Motor vehicle tax .. .. .	0.57	0.87	1.53
4. Stamp duty and court-fee .. .. .	1.00	1.02	(—)0.30
5. Registration fee .. .. .	0.82	1.05	0.41
B. Indirect taxes .. .. .	1.53	1.61	0.94
6. Excise duty .. .. .	1.35	2.02	0.27
7. Sales tax .. .. .	1.73	1.93	1.17
8. Sales tax on motor spirit .. .. .	6.74	2.38	0.97
9. Entertainment and betting tax .. .. .	1.63	1.85	1.78
10. Electricity duty .. .. .	0.60	1.14	3.99
11. Coss/Purchase tax on sugarcane .. .. .	0.80	(—)0.85	0.54
C. All State taxes .. .. .	0.85	1.08	0.46

N. B.—Buoyancy coefficients are calculated with reference to terminal years.

\* We made an attempt to correlate the receipts from land revenue, agricultural income-tax and purchase tax

on sugarcane with the agricultural income also and that from electricity duty with non-agricultural income. The results are given within brackets. The analysis in respect of these taxes was found similar as indicated above.

The State Government raised revenues through additional taxation during the period 1961-62 to 1972-73 but the results were not the same. The average buoyancy coefficient of direct as well as indirect taxes were higher during the period 1966-67 to 1968-69 as compared with the period 1961-62 to 1965-66. The average buoyancy coefficients during the first four years of the Fourth Plan were the least. It was so for each tax except the motor vehicle tax and the electricity duty in which case the rates were raised sufficiently high during the period 1969-70 to 1972-73.

25. We have considered above the effects of the changes in tax rates and money incomes on the tax revenues. For analytical purposes, it becomes essential to segregate the latter change into that due to real income and due to price level. Considering the nature of the data available, we attempted to study the income elasticity and price elasticity of the State taxes as a whole. Income elasticities and price elasticities, have been calculated by the method of regression analysis, with the form of equation;  $Y = a X^b Z^c$  where 'Y' is the tax yield at the base rates, 'X' = the State income at the base year prices, 'Z' = the wholesale price index. 'b' = the income elasticity, 'c' the price elasticity and 'a' is the tax yield if both the income and price elasticities are zero. Here the data have been considered for the period 1960-61 to 1972-73 with 1960-61 as the base year. It was observed that—

(i) 'R' the coefficient of multiple correlation between the overall State tax yields and State income and wholesale prices was 95 per cent which means that the two factors viz., State income and the wholesale prices considered together explain about 95 per cent of the variations in the State tax revenues. The multiple correlation coefficient estimated here was significant at one per cent probability level.

(ii) The State taxes have been income elastic. According to our estimates, the income elasticity of State taxes as a whole for the

period 1950-61 to 1972-73 amounted to 1.37. This shows that the total revenue from State taxes is expected to increase by 1.37 per cent with one per cent increase in the real income provided the price structure remains the same.

(iii) The price elasticity was 0.14. This shows that the State taxes had been largely inelastic with respect to prices and one per cent rise in the price level will fetch 0.14 per cent more revenue from State taxes, presuming the real income to be the same. The price rises act as a negative force so far as the growth in the real tax receipts is concerned. The resultant effect as would also be seen from table 13 is that the growth in the State tax revenues has been much lower than the growth in income and thus the entire State tax structure becomes inelastic.

Since the calculations are based on tax collections and not tax demand, changes in the arrear position will affect them. The degree of evasion is assumed to remain constant. Further, because of changes in tax structure, especially the greater importance of sales taxation even with no change in tax system, income and price elasticities henceforth will be somewhat different from those in the period 1960-61 to 1972-73.

26. As shown above, in this State one per cent rate of growth in real State income is estimated to increase tax revenue by 1.37 per cent. The 6.5 per cent targeted growth in the Fifth Plan can be expected to increase the State tax revenues by 8.9 per cent per annum during the Plan period; as a percentage of State income-tax revenue will rise by 2.33 per cent annually. A 10 per cent price rise, on the other hand, will increase tax revenues by 1.4 per cent but their purchasing power will go down by more than 8 per cent and as percentage of State income, the tax revenue will go down by 7.7 per cent. It is interesting to see the combined effects of various real income and price changes on tax revenues at the current and constant prices as worked out in the following tables:

TABLE 15—Percentage growth in State tax revenues in money terms (with no change in tax system) at given rates of real growth and given price changes.

Price rise (percentage)	Rates of growth in real income (Percentage)						
	0	1	3	5	6.5	10	
1	2	3	4	5	6	7	
0	0.00	1.37	4.11	6.85	8.90	13.70	
3	0.42	1.80	4.55	7.30	9.36	14.18	
5	0.70	2.08	4.84	7.60	9.66	14.50	
7	0.98	2.36	5.13	7.90	9.97	14.81	
8	1.12	2.51	5.28	8.05	10.12	14.97	
10	1.40	2.79	5.57	8.35	10.43	15.29	
15	2.10	3.50	6.30	9.09	11.19	16.09	
20	2.80	4.21	7.03	9.84	11.95	16.88	
25	3.50	4.92	7.75	10.59	12.71	17.68	

TABLE 16—Percentage growth in State tax revenues in real terms (with no change in tax system) at given rates of real growth and given price changes.

Price rise (percentage)	Rate of growth in real income (percentage)					
	0	1	3	5	6.5	10
1	2	3	4	5	6	7
0	(+)0.00	(+)1.37	(+)4.11	(+)6.85	(+)8.90	(+)13.70
3	(-)2.51	(-)1.17	(+)1.50	(+)4.17	(+)6.17	(+)10.85
5	(-)4.10	(-)2.78	(-)0.15	(+)2.47	(+)4.44	(+)9.04
7	(-)5.63	(-)4.33	(-)1.75	(+)0.84	(+)2.77	(+)7.30
8	(-)6.37	(-)5.09	(-)2.52	(+)0.04	(+)1.96	(+)6.46
10	(-)7.82	(-)6.56	(-)4.03	(-)1.50	(+)0.30	(+)4.81
15	(-)11.22	(-)10.00	(-)7.57	(-)5.14	(-)3.32	(+)0.95
20	(-)14.33	(-)13.16	(-)10.81	(-)8.47	(-)6.71	(-)2.60
25	(-)17.20	(-)16.07	(-)13.80	(-)11.53	(-)9.83	(-)5.86

It is observed from table 15 that although the State tax revenue in money terms will increase at a faster pace with the growth in the State economy and rise in the price levels, it will not be so when the growth in the tax revenues is measured in real terms. It can be seen from table 16 that the real growth in the tax receipts for any level of economic growth will go on decreasing with every increase in the price level. The favourable effects of a three per cent rate of real growth can be counteracted by a 5 per cent price rise, of a 6.5 per cent growth rate,

by a 10 per cent price rise, and of as high a growth rate as 10 per cent by a 15 per cent price rise. Further if the price level goes up, the tax revenues as proportion of State income will be lower than what it would be otherwise. If the tax receipt is assumed as 3 per cent of the State income in a base year, as is the case at present in Uttar Pradesh, the State tax revenues as percentage of State income at various levels of economic growth and price rise would be as shown in the following table:

TABLE 17—State tax revenues as percentage of State income (with no changes in tax structure and when the proportion in the base year is 3 per cent).

Price rise (percentage)	Rate of growth in real income (Percentage)					
	0	1	3	5	6.5	10
1	2	3	4	5	6	7
0	3.00	3.01	3.03	3.05	3.07	3.10
3	2.92	2.94	2.96	2.98	2.99	3.02
5	2.88	2.89	2.91	2.93	2.94	2.97
7	2.83	2.84	2.86	2.88	2.89	2.93
8	2.81	2.82	2.84	2.86	2.87	2.90
10	2.77	2.78	2.80	2.81	2.83	2.86
15	2.66	2.67	2.69	2.71	2.72	2.75
20	2.57	2.58	2.60	2.62	2.63	2.66
25	2.48	2.49	2.51	2.52	2.54	2.57

As high a real growth rate as 10 per cent if combined with a 5 per cent price increase will

bring about a reduction in tax revenues as percentage of State income.

27. Various plans since 1960-61 have witnessed price rises of more than 6 per cent and real economic growth rate of 3 per cent and less, as can be seen from the following table:

TABLE 18—Rates of growth in income and price changes during various Plan periods in Uttar Pradesh.

Periods	Annual rate of growth in total income (percentage)	Average annual price rise (percentage)
1	2	3
1960-61 to 1965-66 .. .. .	2.1	10.3
1966-67 to 1968-69 .. .. .	2.8	8.1
1969-70 to 1972-73 .. .. .	3.1	6.1

This explains that in spite of additional taxation, as a percentage of State income at current prices, the State tax revenues have not risen. Table 17 reveals that, the more the price rise, the greater efforts have to be made by the State Government to mobilize additional tax resources so that the proportion of tax revenues to income may be at least maintained at the base year proportion, if not more.

28. It must be admitted that the concept of tax revenues at constant prices has only limited validity, if the prices of goods and services purchased by the State Government increase at much lower rates than the general price level. There is no reason to believe that goods purchased by the State Government rise less in prices. The wages and salaries of Government employees are decided as a matter of State policy. This policy has, however, to work under various constraints. There was a time when wages and salaries could be frozen for a long time. This is no longer feasible as can be seen from the fact that the Uttar Pradesh Government sanctioned

five instalments of dearness allowance in response to about 25 per cent increase in the cost of living in the year 1973-74, which will add Rs.35.92 crores to Rs.18.21 crores dearness allowance in a salary bill of Rs.154.10 crores during 1974-75 for the Government employees, i.e. an increase of more than 23 per cent in the total salary bill. Interest payments remain fixed but are more than counteracted by interest receipts. The measurements of tax revenues in real terms has, therefore, great utility.

29. *Arrears*—One of our terms of reference asks us to examine the arrears position of the State Government and indicate steps to be taken for effective recovery of arrears of the outstanding dues. While the latter part of the problem is profitably discussed in relation to individual tax and non-tax items, it may be proper here to take up the general position of this State in this regard, and compare it with others. Table 19 below gives the comparative arrear position of this State as on March 31, 1969 and March 31, 1973.

TABLE 19—Arrear position of tax and non-tax revenues in Uttar Pradesh, 1968-69 and 1972-73

(In lakh Rs.)

Item	1968-69 (Actuals)			1972-73 (Actuals)			Percentage increase in 1972-73 over 1968-69
	Amount of arrear	Amount of revenue	Arrears as percentage of revenue	Amount of arrear	Amount of revenue	Arrear as percentage of revenue	
1	2	3	4	5	6	7	8
<b>I. Arrears in tax revenue—</b>							
(1) Land revenue] .. .. .	502 (13.80)	2419	20.8	1836 (24.63)	996	184.3	265.7
(2) Agriculture income tax, Large Land holding tax and Vrihat jot kar.	72 (1.98)	23	313.0	85 (1.14)	13	653.8	18.1
(3) Sales tax .. .. .	2365 (65.01)	4195	56.4	4038 (54.16)	7040	57.4	70.7
(4) Electricity duty .. .. .	37 (1.02)	125	29.6	333 (4.47)	529	62.9	800.0
(5) Cess Purchase tax on sugarcane .. .. .	371 (10.19)	451	82.3	696 (9.34)	886	78.6	87.6
(6) Others .. .. .	291 (8.00)	6133	4.7	467 (6.26)	8325	5.6	60.5
<b>Total Tax revenue .. .. .</b>	<b>3638 (100.00)</b>	<b>13346</b>	<b>27.3</b>	<b>7455 (100.00)</b>	<b>17789</b>	<b>41.9</b>	<b>104.9</b>

	1	2	3	4	5	6	7	8
<b>I—Arrears in non-tax revenue</b>								
(1) Irrigation dues .. ..	205	1741	11.8	1376	2149	64.0	571.2	
	(16.49)			(46.44)				
(2) Forest dues .. ..	554	1909	29.0	1166	2466	47.3	110.5	
	(44.57)			(39.35)				
(3) Others .. ..	484	4962	9.8	421	4160	10.1	(—)13.0	
	(33.94)			(14.21)				
Total, Non-tax revenue .. ..	1243	8612	14.4	2963	8775	33.8	138.4	
	(100.00)			(100.00)				
III—Arrears of interest as maintained by the Accountant General, U. P.	322*	4094	7.9	909	5324	17.1	182.3	
Total, I+II+III .. ..	5203	26,052	20.0	11327	31888	35.5	117.7	

Source—Budget—1970-71 and 1974-75.

\*Finance Accounts 1968-69.

Figures in bracket relates to percentage share in tax and non-tax revenue respectively.

30. During these four years, the tax arrears more than doubled from Rs.36.00 crores to Rs.75.00 crores. In both years, more than half of the arrears were due to sales tax. Land revenue came next, purchase tax on sugarcane ranked third. In 1968-69, tax arrears formed 27 per cent of the tax revenues; collected in 1972-73, they increased to 42 per cent. Non-tax revenues during the same period increased even more from 14 per cent to 34 per cent. Among the non-tax revenues, both forest and irrigation departments shared the blame. Total interest arrears increased from Rs.3 crores to Rs.9 crores.

31. The arrears position must be studied in relation to total demand. This is given in table 20 for 1972-73. In land revenue and sales taxation more than 75 per cent of the total demand was not recovered less than half of the irrigation demand was collected. Stay by the High Court or other authorities and amount unrealizable are often mentioned as important causes of arrears. The latter accounted for only 3.5 per cent of the tax arrears and even less of non-tax ones. Stay by authorities was more important, and responsible for half of land revenue and irrigation arrears. In case of sales tax, however, this reason accounted only for 17 per cent of the arrears.

TABLE 20—Arrear position of Uttar Pradesh in 1972-73.

(In lakh Rs.)

Items	Total demand	Arrear	Arrear as percentage of total demand	Arrear of which		Percentage of columns 5 and 6		Total of columns 7 and 8
				Payment stayed by the High Court or other competent authorities	Amount unrealisable	Payment stayed by the High Court or other authorities	Amount unrealisable	
1	2	3	4	5	6	7	8	9
<b>I—Tax revenue.—</b>								
1. Land revenue .. ..	2308.80	1835.48	79.5	909.09	..	49.5	..	49.5
2. Agriculture income-tax, Large land holding tax and Vrihat jot kar.	98.10	84.81	86.5	19.45	0.26	22.9	0.3	23.2
3. Sales tax .. ..	5248.00	4038.00	76.9	689.00	256.00	17.1	6.3	23.4
4. Electricity duty .. ..	836.88	333.30	39.8	..	..	..	..	..
5. Cess/Purchase tax on Sugarcane.	1538.81	696.28	45.2	62.00	..	8.9	..	8.9
6. Others .. ..	3313.89	467.06	14.1	32.40	2.12	6.9	0.5	7.4
Total I .. ..	13344.48	7454.93	55.9	1711.94	258.38	23.0	3.5	26.5
<b>II—Non-tax revenue —</b>								
1. Irrigation dues .. ..	2407.86	1375.74	57.1	672.83	..	48.9	..	48.9
2. Forest dues .. ..	2796.57	1165.69	41.7	11.28	3.62	1.0	0.3	1.3
3. Others .. ..	600.07	421.41	70.2	1.64	24.99	0.4	5.9	6.3
Total II .. ..	5804.50	2962.84	51.0	685.75	28.61	23.1	1.0	24.1
Total (I and II)	19148.98	10417.77	54.4	2397.69	286.99	23.0	2.8	25.8

32. In attention of this grim picture, it may be said that in case of some important taxes in- to whose arrears position we went in some detail, like purchase tax on sugarcane, the position has recently improved, though the legacy of the past still hangs heavily. A very substantial part of forest arrears were only because of delays in the customers taking delivery of the produce and were safeguarded by securities even when all these factors are duly discounted, the position should cause serious concern; as a large proportion of arrears to tax revenues and demand not only mean a reduction in potential tax collections but also implies a serious inequity to prompt and conscientious tax payers.

33. It is difficult to get parallel arrears figures for other States. The memoranda submitted

to the Sixth Finance Commission give only a partial picture, as latest arrears in respect of all taxes are not included there. Table 21 based on such incomplete information however reveals that in 1971-72 the tax arrears in Uttar Pradesh in respect of land revenue, sales tax, electricity duty, agriculture income-tax and State excise duty constituted 30.8 per cent of the tax revenue while some developed States like Haryana (3.6 per cent), Tamil Nadu (8.6 per cent), Punjab (11.4 per cent), Maharashtra (11.8 per cent) and Gujarat (9.2 per cent) showed much less. Even similar States like Andhra Pradesh (8.7 per cent) and Madhya Pradesh (13.7 per cent) showed better results. Only Orissa and West Bengal were in the same unfortunate position as Uttar Pradesh:

TABLE 21—Arrear of tax revenue as percentage of total tax revenue in some States during 1968-69 to 1971-72

(In lakhs Rs.)

States	1968-69			1969-70			1970-71			1971-72		
	Arrear	Tax revenue	Arrear as percentage of tax revenue	Arrear	Tax revenue	Arrear as percentage of tax revenue	Arrear	Tax revenue	Arrear as percentage of tax revenue	Arrear	Tax revenue	Arrear as percentage of tax revenue
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Uttar Pradesh	3043	13346	22.8	3426	14126	24.3	3975	15275	26.0	4793	15565	30.8
2. Andhra Pradesh.	1747	10687	16.3	2270	10850	20.9	1518	13606	11.2	1203	13810	8.7
3. Gujarat ..	817	6894	10.3	1058	9294	11.4	996	10808	9.2	368	12511	2.9
4. Haryana ..	66	3485	1.9	86	3785	2.3	147	4427	3.3	185	5151	3.6
5. Himachal Pradesh.	11	443	2.5	16	488	3.3	23	692	3.3	26	839	3.1
6. Maharashtra	1870	18765	10.0	2074	21653	9.6	2713	25555	10.6	3235	27456	11.8
7. Madhya Pradesh.	1040	6985	14.9	1145	7993	14.3	1235	8659	14.3	1305	9491	13.7
8. Orissa ..	845	2605	32.4	768	2840	27.0	1047	3326	31.5	1125	3477	32.4
9. Punjab ..	958	6622	14.5	1164	7583	15.4	1180	8609	13.7	1056	9222	11.4
10. Tamil Nadu	1274	11711	10.9	1303	13231	9.8	1559	14886	10.5	1639	19154	8.6
11. West Bengal	3463	11201	30.9	3995	12494	32.0	4326	12897	33.5	5028	14498	34.7

Source—Memoranda submitted by States to Sixth Finance Commission.

N.B.—Amount of arrears shown by various States do not cover the arrears in respect of all items of taxes of the State concerned.

34. *Financing of Fifth Plan*—In a mixed economy like ours the role of the public sector in a programme for rapid economic development becomes vital. It has to make large investments directly or through public corporations in spheres where private parties do not propose or are not allowed to make investments from the view-point of achieving the goal of a socialist economy. The State has also to raise resources for investing in human capital and provide for substantial expansion of education, and public health. The standard of economic services has to be raised and more welfare measures have to be

provided. A substantial part of the steps needed fall within the sphere of the States. There have been substantial price increases after the end of the First Plan. Accordingly, the expenditure of the State Government on various plan schemes increased during every successive Plan period. It was Rs. 561 crores during the Third Plan period and was substantially larger than the combined expenditure (Rs.386 crores) during the First and Second Plan periods. During the Fourth Plan, the State expenditure is likely to be of the order of Rs. 1,075 crores.

35. According to the draft of 'Fifth Five-Year Plan, Uttar Pradesh', as approved by the State Government in May 1973, besides fulfilling certain minimum social objectives, the overall annual growth rate in the State economy during the Fifth Plan has been envisaged at 6.5 per cent as against a target of 5.5 per cent for the country so that the existing economic disparity between the State and the country as a whole is reduced. With a view to achieving the desired level of economic growth, the total State Fifth Plan would need an outlay, of Rs. 3,539 crores at 1972-73 prices including Rs. 770 crores earmarked for the National Programme for Minimum Needs viz. elementary education, rural water supply, rural electrification, rural roads, house sites for landless labourers, public health facilities, and nutrition and slum improvements. The balance of Rs. 2,769 crores would mostly be directed towards creation of infra-structures like power, irrigation, roads etc. The entire expenditure of Rs. 770 crores meant for National Minimum Needs Pro-

grammes was expected to be met by the Government of India. It has been further estimated that out of the remaining outlay for Rs. 2,769 crores, the State Government would be in a position to mobilise about Rs. 1,285 crores from their own resources and the balance of Rs. 1,484 crores will be made available as Central assistance over and above the funds needed for the Minimum Needs Programmes. In view of the tight resources position that developed, the size of the Fifth Plan has been reduced to Rs. 3,000 crores. State resources for the revised Plan has been worked out by the Finance Department of the State Government both for the Plan period (1974-79) and for the first year of the plan (1974-75). It has been given in Annexure 12. According to this the State resources for the Fifth Plan will be of a magnitude of Rs. 1,262.29 crores. Table 22 depicts in brief how the plan resources for the Fifth Plan are proposed to be raised. For comparative purposes the manner of financing the Fourth Plan are given side by side:

TABLE 22—Resources for Fourth and Fifth Plans

(In Crore Rs).

Items	Fourth Plan			Fifth Plan estimates
	Original estimates	Revised estimates	Percentage increase or decrease	
1	2	3	4	5
<b>I. State's budgetary resources other than negotiated loans and State enterprises market borrowings—</b>				
(1) Balance from current revenue .. ..	103.09	120.45	16.8	403.35
(2) Contribution of public enterprises .. ..	12.67	12.27	(—)3.2	33.16
(3) Loans from public (net) .. ..	42.00	67.20	60.00	147.60
(4) Share in small savings .. ..	95.00	115.02	21.1	270.0
(5) State Provident Fund .. ..	40.00	51.39	28.5	73.10
(6) Miscellaneous capital receipts .. ..	(—)68.26	23.47	134.4	(—)179.54
<b>Total, I .. ..</b>	<b>224.50</b>	<b>389.80</b>	<b>73.6</b>	<b>747.67</b>
<b>II. Additional resource mobilisation by the State Government.</b>	<b>175.00</b>	<b>161.97</b>	<b>(—)41.7</b>	<b>250.00</b>
<b>III. Negotiated loans and State market borrowings .. ..</b>	<b>59.50</b>	<b>37.89</b>	<b>(—)4.1</b>	<b>264.62</b>
<b>IV. State total resources .. ..</b>	<b>439.00</b>	<b>529.66</b>	<b>20.7</b>	<b>1262.29</b>
<b>V. Withdrawal from resources and net increase in floating debt.</b>	<b>..</b>	<b>33.89</b>	<b>..</b>	<b>..</b>
<b>VI. Total (IV+V) .. ..</b>	<b>439.00</b>	<b>563.55</b>	<b>28.4</b>	<b>..</b>
<b>VII. Central assistance .. ..</b>	<b>526.00</b>	<b>509.68</b>	<b>(—)3.1</b>	<b>..</b>
<b>VIII. Aggregate resources .. ..</b>	<b>965.00</b>	<b>1073.23</b>	<b>11.2</b>	<b>..</b>

36. The comparative statement of resources for the Fourth and Fifth Plan of Uttar Pradesh given above bring out a few salient features of the present situation. First the estimates of total assistance, which will be given to the States and their distribution *inter se* are not worked out. Only the figures for 1974-75 are estimated and the State Governments have been asked for this purpose to assume assistance on the same scale as in 1973-74. The Sixth Finance Commission which was asked to take into account in recommending grants-in-aid under Article 275 the requirements of the States which are backward in standards of general administration, interpreted the term so as to include in it the needs of primary education, medical and public health and welfare of Scheduled Castes and Tribes and backward classes and recommended grants to such States as to enable them to come up to the average expenditure level in each of these facilities in a period of five years. As a result, Uttar Pradesh, which always turned out to be a surplus State on non-plan account according to the calculations of the Finance Commissions became a deficit State and obtained Rs.199 crores grant (Rs.290 crores requirement—Rs.91 crores surplus) for the Fifth Plan Period (Annexure 12). This will largely be responsible for the large balance from current revenue of more than Rs.400 crores compared with Rs.120 crores earlier. Another substantial advantage obtained by the State from the Sixth Finance Commission which was specifically asked to go into the non-plan capital gap of the States and suggest changes in the existing terms of loan repayment, was a debt relief of Rs.151 crores. The effect of this is not seen in miscellaneous capital receipts because of bigger items due. Against Item V figures are not given, as it is a residuary item. It may be pointed out that Central and other State Government securities have already dwindled from Rs.77.70 crores (March 31, 1969) to Rs. 26.28 crores (March 31, 1974), and the cash balance on March 31, 1973 showed a debit balance of (—) Rs.20.44 crores.

37. The Fifth Plan aims at relying more on internal resource mobilisation as Rs.250 crores have to be raised in this Plan as compared with Rs.102 crores in the Fourth Plan. There was a shortfall in the Fourth Plan in the mobilisation of additional resources by 41.7 per cent. The Fifth Plan is not likely to repeat this history as the first year has commenced with substantial tax efforts. Price increases and consequent dearness allowances have largely eroded balances on current account, so that much more than anticipated tax effort may be called for. Loans from the Centre increased during the Fourth Plan by only 13 per cent. Largely because of this, capital receipts rose by only 38 per cent during that period (vide Annexure 13). At least for the first two years, Central Plan assistance will be of the order of Rs.110 crores a year. Utmost efforts in additional taxation will, therefore, be needed.

38. *Problems of resource mobilisation.*—In approaching the problem of increased mobilization of resources, two major developments of the Plan periods have to be borne in mind. Each plan has witnessed additional tax efforts both at the Central and State levels. While much of it at the Central level and almost the whole of it at the

State level have been needed to maintain the tax revenues at a constant percentage of national and State incomes respectively this is not true in relation to each sector. Some of them are definitely contributing more of the value added or net incomes. The politically and administratively easy areas of revenues have been explored; additional tax efforts have, therefore, now to explore more difficult terrain. Secondly, additional tax efforts for the State have to be thought of in the context of additional Union tax efforts. While the Indian Constitution has taken great care to demarcate Union and State spheres of taxation, their tax measures, especially in the realm of commodity taxation, impinge on one another. Co-ordination of tax measures in national interest calls for restraint on part of both in this sphere, which is the most important source of revenue for both. Within its tax sphere, a State has also to look at the rates in neighbouring States. Not all States are under the same pressure to exploit tax resources. Their interests and perspective make them take differing views on the feasibility and advisability of certain tax measures. Closer co-ordination of tax rates in fields where mutual impact is highly desirable is, therefore, not always possible. This becomes another restraint. States are, therefore, apt to levy very high tax rates in certain tried directions and also go in for unorthodox measures, where there is no past experience to guide them. In both these fields one has to walk warily.

39. When the tax rates were low and in well-established spheres, there were well-established conventions which were scrupulously observed, the chances of making serious mistakes were small, and their impact on the economy was likely to be very limited. Resistance of tax-payers was minimal. Tax measures could, therefore, be embarked upon without any serious contemplation of their non-revenue consequences. Carrying forward of this attitude into the new situation would be disastrous. A change in attitude to be effective would need clearly established criteria and collection collation of information needed for evaluation in light of the tests. We discuss below the considerations that must be taken into account in judging tax measures, and the difficulties we came across in applying them.

40. *Tax criteria*—The first question to ask of a tax measure is the revenue it brings. While the budget documents contain estimates of additional tax revenue from each budget proposal, subsequently there is no check on what actually happens. Surprisingly on some of taxes, no detailed information is available even on this question. One may, as an instance, take the revenue from stamps and registration fees where in many cases revenues and fees from specific items are not available. Taxis, buses and trucks are differently taxed but the revenues from each of them are not known. In such an important tax item as sales tax, in many States commoditywise tax collection are not obtained at all or obtained after a great deal of time. In such cases whether an increase in a tax rate on a specific commodity witnesses the law of diminishing returns into operation and leads to less revenue cannot be ascertained. Of course, impressions are gathered and hunches made, but these are no substitute for scientific data. The procedure

gives conflicting interests, biased views, and prejudices plenty of scope to affect judgment. When revenue figures are obtained, the question of tracing individual cause effects relationships in areas where many factors are at work remains. The Vrihat Jot Kar, in Uttar Pradesh brought in diminishing revenues from year to year due to sub-division of big landholdings, but was the sub-division due to the tax or would it have taken place anyhow? To answer this question will need more data, regarding the tendencies in this sphere when there was no Vrihat Jot Kar, or the effects of land ceilings in this period and the progress in sub-division of smaller landholdings where this tax is not applicable. The tax revenues might increase, but do so only at a less rate because of a tax changes in which case the changes in revenues in absence of a tax change must first be ascertained. To complicate matters, tax changes can have different consequences over a time period and tax changes in one direction may affect revenues in another.

41. The revenue receipts from a tax are dependent on the basis of the tax and the rates. While information is readily available regarding the rates, independent information about changes in the base is difficult to obtain. The behaviour of the base—this is often true only of the broad base as said before—worked out from tax collections will lump together the effects of changes in the real base and those due to differences in the degree of evasion. The two have to be differently dealt with. For this purpose the behaviour of the tax base if there were no change in evasion has to be ascertained from changes in appropriate proxies, or from the behaviour of tax collection; in other States after discounting the effects of differences in other relevant features. Where changes in the basis are genuine, the question would be how far they are desired. A direct taxation may have no effect on the base: but unless the demand for a commodity is absolutely inelastic an increase in commodity tax will affect its potential consumption. Where the Plan lays down consumption targets, there is some ready-made tests of whether the basis is moving in the desired direction but otherwise the criterion of maximum economic welfare has to be applied. Welfare theory lays down that in absence of special reasons the tax policy must be neutral among different uses. There may be a number of reasons to depart from this rule-of-thumb. To somewhat curb their consumption and introduce progressiveness in the tax system, luxuries may be taxed more than necessities and comforts. To reduce their consumption intoxicating drinks may be more heavily taxed than all other commodities. But sometimes tax rates are only pushed up in certain spheres because of old conventions or less chances of evasion. Ease of tax revenue collections is certainly a legitimate ground for pushing up tax rates, but there is a limit to which these can be increased. Where taxes are imposed for regulatory purposes, it has to be seen whether these will be achieved as a result.

42. A tax must be capable of being properly administered. Even a good progressive tax badly administered may do incalculable harm. In principle an agricultural income-tax is ideal. It is because of the difficulties of its administration that several variants like land holdings tax or progressive land revenue are advocated. A goods

tax is levied at different percentages of the freights paid on their transport, but administered in a particular manner, it only becomes a variant of a motor vehicle tax, which is levied on entirely different reasons. In judging a tax administrative twists, it is likely to receive have to be carefully considered.

43. The effects of tax measures on the economy-growth, production optimum, factor supplies etc., which are often difficult to trace, are nevertheless often all important. An illustration is water rates. Increased water-rates may bring more revenues; but if they lead to less use of water and therefore less agricultural production, they will defeat a more fundamental objective. Octroi yields revenue. We have, however, recommended their gradual removal as they constitute unreasonable trade barriers.

44. In the course of evidence before us, rates in neighbouring States were often quoted by State departments and other witnesses in favour of their contentions. In the course of our Report, we have ourselves often done the same. We must make our attitude on this point clear. We have States with different tax policies and it would but be natural to draw on their rich and varied experiences in deciding tax changes. But in a federation, taxes in different States are likely to differ; in fact, this is the essence of State autonomy. Uniformity is, therefore, not to be expected nor to be always desired. It is highly desirable in those matters where differences in tax rates lead to uneconomic diversions and movements among States. For example, once regional quota system is terminated, even a small tax difference in the sales tax on cars between neighbouring States may mean substantial shifting of purchases. A similar difference in tax rates on foodgrains may not. Differences in taxes in land revenue and irrigation rates will hardly matter. Adoption of higher (or lower) taxed rates by other States is only relevant in light of the results that follow. If there is no evidence regarding the latter, they have only a value according to our trust in the wisdom of their tax policies. If States known for their keenness and efficiency continue with certain tax measures, this may be taken to mean that they have not felt the adverse consequences of their measures, and therefore they have not ensued. But this is only a presumption which may be rebutted. Further, the same tax rate in a different tax structure or a different type of economy can have varying effects. One must guard against the often followed practice of borrowing in parts from different good models without regard to whether they would properly fit in.

45. While taxes are levied for different reasons and can be so justified, it is expected of a tax system as a whole that it should be equitable among various groups, especially among the rural-urban groups and income or expenditure groups. We have gone into this question in Chapter III, and tried to give it an important place in our tax recommendations.

46. We had in the course of our report to deal also with the rates of services charged by Government Departments or Public Corporations. We had, in those cases to widen our inquiry into legitimacy of expenditure. Rates in public utilities are not sanctioned without a scrutiny of

expenditures. The latter is also worthwhile in so far as a reduction in them brings greater resources to the Government directly or at one remove. We found that in many cases increases in rates are acceptable only when associated with a reasonable level of services, and the consumers are increasingly insistent on it. We were not called upon to perform the same exercise in case of tax revenues, for the link in the effects of expenditure on tax revenues is only indirect via the effect on income growth. But we must stress that the link must be borne in mind and its snapping can bring serious consequences.

47. It is but proper that since tax policy must work within the sphere of State economic policy, the latter must have precedence over the former. But for an efficient tax policy, three considerations are important in this context. The general economic policy must be clear cut, the implications of the policy on revenue losses must be brought out; and the policy should not lay down

very severe restraints. We have tried to take clearly defined State policies into account, wherever possible we have pointed out the revenue implications of the same. Where the policy lacks precision our natural bias was in favour of courses which meant more revenues.

48. In our tax proposals we have tried to take these considerations into account and attempted to marshal all the available information to this end. The various Departments and officials of the Government helped us ungrudgingly in this job as will be seen from the mass of the data given in the Report. The information was, however, often not enough to enable us to examine the problem in all its aspects, and we had to make recommendations on the basis of such knowledge as we could muster. The needed correctives can come from a careful watch of the situation and compilation and interpretation of the data we have asked for in subsequent chapters.

## SUMMARY

The total revenue receipts of Uttar Pradesh showed continuous increase, 325 per cent during 1960-61—1973-74 against 374 per cent of all States. The share of Central Taxes which formed one-fourth in the First Plan rose to almost half in the Fourth Plan indicating increasing dependence of the State on the Centre. Amounts of Central grants-in-aid have also shown a rising trend.

2. The growth rate in tax revenues of Uttar Pradesh during 1960-61—1973-74 makes an impressive reading, but has been almost counteracted by the price rise.

3. In a mixed economy like ours fiscal policy should have four major objectives viz., (i) resource mobilization and allocation, (ii) redistribution of income and wealth, (iii) curbing of excess demand for commodities, and (iv) stimulation of activity in the private sector through appropriate incentives. State tax policy has a major role to play in (i) and is of limited efficacy in (ii) and (iv).

4. In the tax structure of the State sales tax has gained in importance and land revenue declined. In 1960-61 sales tax provided 20.4 per cent of the total tax revenue of the State. In 1973-74 its share increased to 37.8 per cent. Land revenue accounted for 11.3 per cent in 1973-74 as against 40.2 per cent in 1960-61; it was displaced from its front position, and became fourth in importance. Motor vehicles taxation which formerly accounted for only 6.4 per cent of tax revenue fetched in 1973-74 15.6 per cent, and came to occupy the second rank. Excises retained their third position.

5. In each Plan period additional tax efforts successively contributed proportionately more to increase in tax revenue.

6. The *per capita* incidence of Uttar Pradesh was lower than the average of all States. The incidence in Uttar Pradesh moved from Rs.8 in 1960-61 to Rs.20 in 1973-74 against Rs.10 and Rs.36 for all States taken together. Both the *per capita* incidence and tax revenue, as percentage of State income worked out at lower than not only richer States but for all other States except Bihar and Orissa.

7. In spite of increasing tax efforts during each successive plans since 1960-61, the percentage of tax revenues to income in Uttar Pradesh declined from 3.2 per cent in 1960-61 to 2.7 per cent in 1972-73. This decline calls for an explanation.

8. The share of indirect taxes in the State income showed a rise from 1.5 per cent in 1960-61 to 2.2 per cent in 1972-73. During the same period the percentage share of direct taxes declined from 1.7 to 0.5. There is obviously a strong case for increasing direct taxes.

9. During the period, 1960-61 to 1972-73, all the State taxes excepting general sales tax, entertainment tax, registration fees and the sales tax on motor spirit had an income elasticity of less than one and, therefore, did not increase at the same rate as State money income without increase in rates. Land revenue had a negative income elasticity. Tax revenues as a whole at constant

rates increased only by 0.48 per cent for every one per cent increase in State income at current prices.

10. The buoyancy of States tax revenues was higher 0.83 per cent but less than one, so that State tax revenues as a percentage of State income declined during the period. Dividing the period 1960-61 to 1972-73 into three parts—the Third Plan, the three annual Plans and the first four years of the Fourth Plan, the buoyancy was the lowest in the Fourth Plan period.

11. Analysing the behaviour of State tax revenues at constant tax rates as the resultant of real income and price elasticities, it was found that income elasticity was 1.37 and price elasticity only 0.14.

12. Real income growth in Uttar Pradesh increased tax revenues both in money and real terms and as percentage of State income. Price increase, on the other hand, increased tax revenues in money terms, but in real terms they declined. The favourable effects of a relatively high growth rate, say 10 per cent could be counteracted by the adverse effects of a price rise, say 15 per cent in so far as real tax revenues were concerned, and 5 per cent in so far as tax revenues as a percentage of States income were concerned.

13. The tax arrears more than doubled from Rs.36 crores on March 31, 1969 to Rs.75 crores on March 31, 1973. In 1968-69 tax arrears formed 27 per cent of the tax revenue and in 1972-73 they increased to 42 per cent. Arrears of non-tax revenues during the same period increased from 14 per cent to 34 per cent. In 1972-73 arrear amounted to 54.4 per cent of total demand. In land revenue and sales taxation more than 75 per cent of the total demand was not recovered; less than half of the irrigation demand was collected. The arrear position of Uttar Pradesh has been much worse than most of the States.

14. The Fifth Plan aims at raising Rs.250 crores of additional resource mobilization as compared with Rs.102 crores in the Fourth Plan.

15. The first year of the Fifth Plan has commenced with substantial tax efforts. Price increases and consequent dearness allowances have largely eroded balances on current account, so that much more than anticipated tax efforts may be called for. Central assistance will be much less than assumed at least for the next two years.

16. The politically and administratively easy areas of revenues have so far been explored; additional tax efforts have, therefore, now to explore more difficult terrain. Additional tax efforts for the State have also to be thought of in the context of additional Union tax efforts. Union and State spheres of taxation, especially in the realm of commodity taxation, impinge on one another. The State has also to look at the rates in neighbouring States. Closer co-ordination of tax rates in fields where mutual impact is high is desirable, but not always feasible. Additional tax measures now will demand more care and scrutiny than before.

17. A new tax policy will need clearly established criteria and collection, collation of information needed for evaluation in light of the tests.

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## ANNEXURE 1

Per capita income of States in India at current prices (Rs.)

Sl. no.	States	1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6	7	8	9
1	Uttar Pradesh	246	364	476	521*	520*	591*	652*
2	Andhra Pradesh	275	387	487*	513*	545*	..	..
3	Assam	311	418	556	545*	..	..	..
4	Bihar	211	326	402*	..	..	..	..
5	Gujarat	362	491	592*	671*	778*	..	..
6	Haryana	327	450	634	809*	836*	906*	..
7	Himachal Pradesh	..	..	550*	563*	..	..	..
8	Jammu and Kashmir	..	..	..	..	..	..	..
9	Karnatak	285	389	490*	503*	540*	551*	570*
10	Kerala	265	417	507*	550*	596*	579*	..
11	Madhya Pradesh	288	347	484	534*	553*	583*	632*
12	Maharashtra	409	534	709	752*	772	810*	825*
13	Manipur	195	309	..	..	..	..	..
14	Orissa	211*	325*	450*	467*	..	..	..
15	Punjab	374	559	881*	945*	995*	1054*	..
16	Rajasthan	318	381	426	500	600*	575*	..
17	Tamil Nadu	330	405	491	531	586*	643*	..
18	West Bengal	321	415	484*	516*	539*	550*	..
	INDIA	306	426	555*	589*	628*	645*	688*

\* Provisional.

## ANNEXURE 2

Per capita income of States in India at constant prices (Rs.)

Sl. no.	States	Base year	1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73	Compound rate of growth in income			
										1965-66	1968-69	1971-72	1970-71
										over 1960-61	over 1965-66	over 1968-69	over 1960-61
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Uttar Pradesh	1960-61	246	245	256	268*	275*	264*	270*	2.11	2.75	2.78	2.97
2	Andhra Pradesh	1960-61	275	276	288*	290*	300*	..	..	1.94	1.92	..	2.74
3	Assam	1948-49	254	276	288	285*	..	..	..	4.55	4.28	..	..
4	Bihar	1960-61	211	217	216*	..	..	..	..	2.40	1.61	..	..
5	Gujarat	1960-61	362	371	360*	379*	419*	417*	..	3.28	1.78	7.92	4.30
6	Haryana	1960-61	327	319	352	427	437*	434*	..	2.35	6.29	10.11	5.84
7	Himachal Pradesh	1960-61	..	..	323*	322*	324*	..	..	..	..	..	..
8	Jammu and Kashmir	1955-56	253	255	299	..	..	..	..	2.00	7.61	..	..
9	Karnatak	1956-57	238	245	287*	294*	312*	308*	289*	2.77	7.75	4.56	4.99
10	Kerala	1960-61	265	268	262	269*	279*	290*	..	2.54	1.61	5.88	2.87
11	Madhya Pradesh	1952-53	260	224	249	259*	270*	279*	269*(—)	0.54	6.26	6.47	2.92
12	Maharashtra	1960-61	409	386	423*	425*	416*	418*	399*	1.30	5.62	2.09	2.64
13	Manipur	1960-61	195	189	..	..	..	..	..	3.11	..	..	..
14	Orissa	1960-61	211	230	250	250	253*	..	..	4.25	5.09	..	4.17
15	Punjab	1960-61	374	391	450*	470*	472*	481*	..	4.03	8.12	5.41	5.53
16	Rajasthan	1954-55	237	241	247	268	306	282	..	2.68	3.16	6.97	4.98
17	Tamil Nadu	1960-61	330	319	332	337	364*	369*	..	1.12	3.34	5.62	2.85
18	West Bengal	1960-61	321	337	336	344*	340*	341*	..	3.40	2.28	2.87	2.96
	INDIA	1960-61	306	310	330	339*	346*	344*	338*	2.48	4.34	3.72	3.47

\* Provisional.

Sources—(i) Estimates of State domestic products of various States and their statistical abstracts.

(ii) Estimates of National Product Saving and Capital Formation, 1960-61; 1971-72.

(iii) Letter from various S. S. B.s received in Directorate of Economics and Statistics, Uttar Pradesh.

## ANNEXURE 2

Compound rate of growth in total and per capita income of States in India

Serial no.	State	Compound rate of growth in total income				Compound rate of growth in per capita income			
		1965-66 over 1960-61	1968-69 over 1965-66	1971-72 over 1968-69	1970-71 over 1960-61	1965-66 over 1960-61	1968-69 over 1965-66	1971-72 over 1968-69	1970-71 over 1960-61
1	2	3	4	5	6	7	8	9	10
1	Uttar Pradesh ..	2.11	2.75	2.78	2.97	(-)0.10	1.47	1.03	1.12
2	Andhra Pradesh ..	1.94	1.12	..	2.74	0.10	(-)1.00	..	0.87
3	Assam ..	4.55	4.28	..	..	1.87	1.41	..	..
4	Bihar ..	2.40	1.61	..	..	0.56	(-)0.14	..	..
5	Gujarat ..	3.28	1.78	7.92	4.30	0.50	(-)1.03	5.00	1.47
6	Haryana ..	2.35	6.29	10.11	5.84	(-)0.50	3.31	7.24	2.94
7	Himachal Pradesh ..	..	..	..	..	..	..	..	..
8	Jammu and Kashmir ..	2.00	7.61	..	..	0.17	5.47	..	..
9	Karnatak ..	2.77	7.75	4.56	4.99	0.58	5.36	2.37	2.74
10	Kerala ..	2.54	1.61	5.88	2.87	0.23	(-)0.75	3.44	0.54
11	Madhya Pradesh ..	(-)0.54	6.26	6.47	2.92	(-)3.04	3.59	3.87	0.37
12	Maharashtra ..	1.30	5.62	2.09	2.64	(-)1.16	3.09	(-)0.39	0.17
13	Manipur ..	3.11	..	..	..	(-)0.63	..	..	..
14	Orissa ..	4.25	5.09	..	4.17	1.73	2.81	..	1.83
15	Punjab ..	4.03	8.12	5.41	5.53	0.88	4.81	2.25	2.35
16	Rajasthan ..	2.68	3.16	6.97	4.98	0.35	0.81	4.53	2.59
17	Tamil Nadu ..	1.12	3.34	5.62	2.85	(-)0.67	1.34	3.56	0.99
18	West Bengal ..	3.40	2.28	2.87	2.99	0.98	(-)0.07	0.50	0.57
	INDIA ..	2.48	4.34	3.72	3.47	0.27	2.09	1.37	1.24

## ANNEXURE 3

Tax and non-tax revenues, Central taxes and grants-in-aid for different States

Year 1960-61

(Rupees in lakhs)

Serial no.	State	Total revenue	Total State tax-revenue		Total State non-tax revenue		Share of Central taxes		Central aids and grants	
			Amount	As percent of total revenue	Amount	As percent of total revenue	Amount	As percent of total revenue	Amount	As percent of total revenue
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh ..	15,606	5,741	36.8	6,493*	41.6	2,977	19.1	395	2.5
2	Andhra Pradesh ..	8,666	4,084	47.1	2,458	28.4	1,471	17.0	653	7.5
3	Assam ..	3,599	1,181	32.8	1,095	30.4	446	12.4	877	24.4
4	Bihar ..	8,104	3,208	39.6	2,528	31.2	1,588	19.6	780	9.6
5	Gujarat ..	5,293	2,077	39.2	1,458	27.5	1,639	31.0	119	2.3
6	Jammu and Kashmir ..	1,827	170	9.3	1,131	61.9	212	11.6	314	17.2
7	Karnatak ..	9,207	2,443	26.5	5,320	57.8	832	9.0	612	6.7
8	Kerala ..	5,040	2,017	40.0	1,552	30.8	582	11.6	889	17.6
9	Madhya Pradesh ..	7,215	2,596	36.0	2,785	38.6	1,075	14.9	759	10.5
10	Maharashtra ..	11,785	6,425	54.5	3,750	31.8	1,569	13.3	41	0.4
11	Orissa ..	3,580	855	23.9	998	27.9	625	17.4	1,102	30.8
12	Punjab and Haryana ..	6,614	2,579	39.0	2,901	43.8	871	13.2	263	4.0
13	Rajasthan ..	4,409	1,812	41.1	1,534	34.8	749	17.0	314	7.1
14	Tamil Nadu ..	9,298	4,002	43.0	3,826	41.2	1,462	15.7	8	0.1
15	West Bengal ..	9,633	4,907	50.9	2,313	24.0	1,830	10.0	583	6.1
	All States † ..	1,09,876	44,097	40.1	40,142	36.6	17,928	16.3	7,709	7.0

\* Includes working expenses of Irrigation (Commercial) i.e. Rs.769 lakhs.

† Aggregate of the States shown above.

Source—State Budgets.

## ANNEXURE 3

*Tax and non-tax revenue, Central taxes and grants-in-aid for different States*  
Year 1965-66 (Rupees in lakhs)

Serial no.	State	Total revenue	Total State tax revenue		Total State non-tax revenue		Share of Central taxes		Central aids and grants	
			Amount	As per cent of total revenue	Amount	As per cent of total revenue	Amount	As per cent of total revenue	Amount	As per cent of total revenue
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh ..	26396	9520	36.1	9121	34.5	3726	14.1	4029	15.3
2	Andhra Pradesh ..	15179	6961	45.9	3663	24.1	2165	14.3	2390	15.7
3	Assam* ..	7591	2116	27.9	910	12.0	940	12.4	3625	47.7
4	Bihar ..	12786	5662	44.3	2222	17.4	2632	20.6	2270	17.7
5	Gujarat ..	12069	5089	42.2	3218	26.7	1657	13.7	2105	17.4
6	Jammu and Kash- mir.	3165	316	10.0	1295	40.9	363	11.5	1191	37.6
7	Karnatak ..	12049	4644	38.5	4162	34.5	1418	11.8	1825	15.2
8	Kerala ..	8207	3854	47.0	1715	20.9	1160	14.1	1478	18.0
9	Madhya Pradesh	12306	4896	39.8	3531	28.7	1927	15.6	1952	15.9
10	Maharashtra ..	22742	12244	53.8	4945	21.7	3058	13.5	2495	11.0
11	Orissa ..	8038	1974	24.6	2704	33.6	1300	16.2	2060	25.6
12	Punjab and Har- yana.	13943	5610	40.2	4865	34.9	1497	10.8	1971	14.1
13	Rajasthan ..	9684	3542	36.6	3041	31.4	1254	12.9	1847	19.1
14	Tamil Nadu	17286	8398	48.6	4452	25.8	2066	11.9	2370	13.7
15	West Bengal ..	16982	9381	55.2	2870	16.9	2442	14.4	2289	13.5
	All States† ..	198423	84207	42.4	52714	26.6	27605	13.9	33897	17.1

\*Includes Meghalaya and Nagaland.

†Aggregate of the States shown above.

Source—State Budgets.

## ANNEXURE 3

*Tax and non-tax revenue, Central taxes and grants-in-aid for different States*  
Year 1968-69 (Rupees in lakhs)

Serial no.	State	Total revenue	Total State tax revenue		Total State non-tax revenue		Share of Central taxes		Central aids and grants	
			Amount	As per cent of total revenue	Amount	As per cent of total revenue	Amount	As per cent of total revenue	Amount	As per cent of total revenue
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh ..	38034	13346	35.1	12706	33.4	7195	18.9	4787	12.6
2	Andhra Pradesh	23861	10687	44.8	4746	19.9	3733	15.6	4695	19.7
3	Assam* ..	10721	2300	21.5	1284	11.9	1953	18.2	5184	48.4
4	Bihar ..	17090	7443	43.5	3039	17.8	4458	26.1	2150	12.6
5	Gujarat ..	16373	7894	48.2	3767	23.0	2698	16.5	2014	12.3
6	Jammu and Kashmir	5557	599	10.8	1891	34.0	765	13.8	2302	41.4
7	Karnatak ..	22389	7834	35.0	8065	36.0	2541	11.4	3949	17.6
8	Kerala ..	14255	5689	39.9	2775	19.5	1945	13.6	3846	27.0
9	Madhya Pradesh	17915	6985	39.0	5256	29.3	3334	18.6	2340	13.1
10	Maharashtra ..	36391	18765	51.6	8662	23.8	5808	15.9	3156	8.7
11	Orissa ..	11662	2605	22.3	3137	26.9	1999	17.2	3921	33.6
12	Punjab and Haryana	19783	10107	51.1	6318	31.9	1779	9.0	1579	8.0
13	Rajasthan ..	13047	4942	37.9	2802	21.5	2176	16.7	3127	23.9
14	Tamil Nadu ..	27793	11711	42.1	8056	29.0	3885	14.0	4141	14.9
15	West Bengal ..	22451	11201	49.9	4693	20.9	4448	19.8	2109	9.4
	All States† ..	297322	122108	41.0	77197	26.0	48717	16.4	49300	16.6

\*Includes Meghalaya and Nagaland.

†Aggregate of the States shown above.

Source—State Budgets.

## ANNEXURE 3

## Tax and non-tax revenues, Central taxes and grants-in-aid for different States

Year 1972-73 (R.E.)

(Rupees in lakhs)

Serial no.	State	Total revenue	Total State tax revenue		Total State non-tax revenue		Share of Central taxes		Central aids and grants	
			Amount	As percent of total revenue	Amount	As percent of total revenue	Amount	As percent of total revenue	Amount	As percent of total revenue
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh ..	55,187	16,192	29.3	13,375	24.2	17,632	32.0	7,988	14.5
2	Andhra Pradesh	35,711	13,920	39.0	7,831	21.9	8,052	22.6	5,908	16.5
3	Assam*	17,671	3,144	17.8	1,583	8.9	2,807	15.9	10,137	57.4
4	Bihar ..	32,783	10,008	30.5	5,223	15.9	11,735	35.8	5,819	17.8
5	Gujarat ..	30,263	13,951	46.1	5,770	19.1	5,204	17.2	5,338	17.6
6	Jammu and Kashmir.	9,723	1,666	17.1	2,215	22.8	983	10.1	4,859	50.0
7	Karnatak ..	30,882	12,829	41.6	8,931	28.9	5,344	17.3	3,778	12.2
8	Kerala ..	20,068	8,388	41.8	3,848	19.2	4,318	21.5	3,515	17.5
9	Madhya Pradesh	31,110	10,916	35.1	6,819	21.9	7,435	23.9	5,940	19.1
10	Maharashtra ..	61,604	29,890	48.5	10,988	17.8	10,938	17.8	9,788	15.9
11	Orissa ..	17,090	3,734	21.8	3,894	22.8	4,221	24.7	5,241	30.7
12	Punjab and Haryana.	33,556	16,444	49.0	8,057	24.0	4,281	12.8	4,774	14.2
13	Rajasthan ..	22,811	7,366	33.3	4,310	18.9	4,880	21.4	6,255	27.4
14	Tamil Nadu ..	44,104	21,171	48.0	10,084	22.9	8,578	19.4	4,271	9.7
15	West Bengal ..	37,313	17,076	45.8	6,385	17.1	8,747	23.4	5,105	13.7
	All States ..	4,79,878	1,86,694	38.9	99,313	20.7	1,05,155	21.9	88,716	18.5

\*Includes Meghalaya and Nagaland.  
 †Aggregate of the States shown above.  
 R. E. = Revised Estimates.  
 Source—State Budgets.

## ANNEXURE 3

## Tax and non-tax revenues, Central taxes and grants-in-aid for different States

Year 1973-74 (R.E.)

(Rupees in lakhs)

Serial no.	State	Total revenue	Total State tax revenue		Total State non-tax revenue		Share of Central taxes		Central aids and grants	
			Amount	As percent of total revenue	Amount	As percent of total revenue	Amount	As percent of total revenue	Amount	As percent of total revenue
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh	66,434	18,006	27.1	14,651	22.1	18,893	28.4	14,884	22.4
2	Andhra Pradesh	36,302	14,632	40.3	7,524	20.7	8,515	23.5	5,631	15.5
3	Assam*	19,376	3,493	18.0	1,808	9.3	2,979	15.4	11,096	57.3
4	Bihar ..	35,571	10,962	30.8	5,404	15.2	12,522	35.2	6,683	18.8
5	Gujarat ..	31,976	14,437	45.1	5,967	18.7	5,583	17.5	5,989	18.7
6	Jammu and Kashmir.	10,650	1,636	15.4	2,461	23.1	1,044	9.8	5,509	51.7
7	Karnatak ..	33,079	13,294	40.2	9,641	29.2	5,674	17.1	4,470	13.5
8	Kerala ..	21,090	8,763	41.6	3,635	17.2	4,556	21.6	4,136	19.6
9	Madhya Pradesh	33,381	11,294	33.8	6,979	20.9	8,341	25.0	6,767	20.3
10	Maharashtra ..	6,8820	34,449	50.0	11,841	17.2	12,093	17.6	10,437	15.2
11	Orissa ..	17,581	3,918	22.3	3,940	22.4	4,631	25.8	5,192	29.5
12	Punjab and Haryana.	35,291	17,349	49.2	8,911	25.2	4,558	12.9	4,473	12.7
13	Rajasthan ..	25,205	8,251	32.7	3,896	15.5	5,237	20.8	7,821	31.0
14	Tamil Nadu ..	46,554	22,370	48.1	9,131	19.6	9,638	20.7	5,414	11.6
15	West Bengal ..	37,755	17,773	47.1	5,537	14.6	9,247	24.5	5,198	13.8
	All States †	5,19,065	2,00,627	38.7	1,01,326	19.5	1,13,411	21.8	1,03,701	20.0

\*Includes Meghalaya and Nagaland.  
 †Aggregate of the States shown above.  
 R. E.—Budget Estimates.  
 Source—State Budgets.

## ANNEXURE 4

## Percentage increases in tax revenues of States

Serial no.	State	Percentage increase over 1960-61 in						Percentage increase in		
		1965-66	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1968-69 over 1965-66	1973-74 over 1968-69
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh ..	65.8	132.5	146.1	166.1	171.1	182.0	213.6	40.2	34.0
2	Andhra Pradesh ..	70.4	161.7	165.7	233.2	238.1	240.8	258.3	53.5	36.0
3	Assam ..	79.2	94.8	138.4	116.6	155.4	166.2	195.8	8.5	51.9
4	Bihar ..	76.5	132.0	145.0	146.8	172.9	212.0	241.7	31.5	47.3
5	Gujarat ..	145.0	280.1	347.5	420.4	502.4	571.7	595.1	55.1	82.9
6	Jammu and Kashmir ..	85.9	252.4	293.5	317.6	365.3	880.0	862.4	89.6	173.1
7	Karnatak ..	90.1	220.7	261.4	316.5	364.9	425.1	444.2	68.7	69.7
8	Kerala ..	91.1	182.1	201.4	237.0	270.4	315.8	334.5	47.6	54.0
9	Madhya Pradesh ..	88.6	169.1	207.9	233.6	265.6	320.5	335.1	42.7	61.7
10	Maharashtra ..	90.6	192.1	237.0	297.7	327.3	365.2	436.2	53.3	83.6
11	Orissa ..	130.9	204.7	232.2	289.0	306.7	336.7	358.2	32.0	50.4
12	Punjab and Haryana ..	117.5	291.9	340.8	405.5	457.3	537.6	572.7	80.2	71.7
13	Rajasthan ..	95.5	172.7	196.9	233.4	262.4	306.5	355.4	39.5	67.0
14	Tamil Nadu ..	109.8	192.6	230.6	272.0	378.6	429.0	459.0	39.4	91.0
15	West Bengal ..	91.2	128.3	154.6	161.8	195.5	248.0	262.2	19.4	58.7
	All States*	91.0	176.9	207.2	245.3	281.6	323.4	355.0	45.0	64.3

\*Aggregate of the States shown above.

## ANNEXURE 5

## State Governments' Tax Revenue

Year 1960-61

Serial no.	State	State tax items as percentage of total tax revenue					
		Total State tax revenue (Rs. in lakhs)	Land revenue*	State excise	Tax on motor vehicles †	Sales tax	Tax on luxuries including entertainments
1	2	3	4	5	6	7	8
1	Uttar Pradesh ..	5,741	40.2	13.2	6.4	20.4	2.8
2	Andhra Pradesh ..	4,084	22.9	19.8	11.6	29.1	3.2
3	Assam ..	1,181	42.7	16.3	17.4	15.4	2.4
4	Bihar ..	3,208	28.9	18.0	4.6	29.8	2.2
5	Gujarat ..	2,077	21.1	9.9	12.5	46.7	3.1
6	Jammu and Kashmir ..	170	40.6	24.1	5.9	12.9	7.1
7	Karnatak ..	2,443	21.0	13.1	19.2	28.8	3.6
8	Kerala ..	2,017	18.9	13.0	15.9	40.7	0.5
9	Madhya Pradesh ..	2,596	32.4	19.3	10.4	24.7	2.5
10	Maharashtra ..	6,425	13.7	1.1	15.4	45.7	4.9
11	Orissa ..	855	24.6	15.5	14.9	33.4	1.6
12	Punjab and Haryana ..	2,579	16.5	21.8	13.9	25.9	2.4
13	Rajasthan ..	1,812	39.7	23.2	11.0	18.9	1.4
14	Tamil Nadu ..	4,002	15.8	0.6	21.5	41.4	5.7
15	West Bengal ..	4,907	14.5	12.6	10.1	34.6	4.7
	All States †	44,097	23.9	12.0	12.6	32.3	3.4

## ANNEXURE 5

## State Governments' Tax Revenue

(contd.)

Year 1960-61

State tax items as percentage of total State tax revenue.									
Serial no.	State	Electricity duty	Cess purchase tax on sugarcane	Tax on profession and callings etc.	Tax on land and buildings in urban areas	Stamps and court fee	Registration fee	Others	
1	2	3	4	5	6	7	8	9	
1	Uttar Pradesh ..	1.1	7.4	..	..	7.2	1.3	..	
2	Andhra Pradesh ..	0.2	1.6	..	..	9.2	2.4	0.0	
3	Assam ..	..	..	0.9	..	4.1	0.8	..	
4	Bihar ..	1.8	2.6	..	..	9.7	2.4	..	
5	Gujarat ..	5.2	..	..	1.3	8.5	0.7	..	
6	Jammu and Kashmir ..	..	..	..	..	7.6	1.8	..	
7	Karnatak ..	3.5	1.7	..	..	7.8	1.3	0.0	
8	Kerala ..	0.5	..	..	..	8.2	2.3	..	
9	Madhya Pradesh ..	3.3	..	0.2	..	6.1	1.0	0.1	
10	Maharashtra ..	5.4	2.1	..	2.7	8.4	0.6	0.0	
11	Orissa ..	0.5	..	..	..	7.4	2.1	..	
12	Punjab and Haryana ..	2.8	0.6	0.9	2.8	10.7	1.6	0.1	
13	Rajasthan ..	..	..	..	..	5.1	0.6	0.1	
14	Tamil Nadu ..	0.5	0.5	..	..	11.3	2.7	..	
15	West Bengal ..	8.0	..	..	..	8.2	1.4	5.9	
	All States †	2.8	1.8	0.1	0.6	8.3	1.5	0.7	

\*Includes agricultural income-tax.

†Includes tax on passengers and goods and sales tax on motor spirit.

‡Aggregate of the State shown above.

Source—State Tax Revenue—State Budgets

## ANNEXURE 5

## State Governments' Tax Revenue

Year 1965-66

State tax items as percentage of total State tax Revenue								
Serial no.	State	Total State tax revenue (Rs. in lakhs)	Land revenue*	State excise	Tax on motor † vehicles	Sales tax	Tax on luxuries including entertainments	
1	2	3	4	5	6	7	8	
1	Uttar Pradesh ..	9520	25.5	15.0	11.7	26.1	3.5	
2	Andhra Pradesh ..	6961	20.3	19.7	15.3	32.1	3.0	
3	Assam ..	2116	36.6	10.3	14.9	30.6	2.2	
4	Bihar ..	5662	21.7	14.4	4.5	35.1	2.6	
5	Gujarat ..	5089	14.4	1.0	17.2	50.1	3.4	
6	Jammu and Kashmir ..	316	13.9	28.2	27.8	15.8	3.2	
7	Karnatak ..	4644	15.4	8.7	16.0	41.7	4.0	
8	Kerala ..	3854	12.8	13.0	15.2	46.8	0.9	
9	Madhya Pradesh ..	4896	14.3	18.3	15.2	37.9	3.4	
10	Maharashtra ..	12244	4.8	2.7	15.7	52.7	6.1	
11	Orissa ..	1974	14.9	11.3	12.5	47.1	1.5	
12	Punjab and Haryana ..	5610	7.1	23.6	13.8	33.1	2.7	
13	Rajasthan ..	3542	10.8	22.0	10.3	40.0	1.9	
14	Tamil Nadu ..	8398	9.5	0.6	20.4	44.2	6.9	
15	West Bengal ..	9381	8.4	12.4	10.9	43.4	4.6	
	All States †	84207	14.4	11.4	14.1	40.4	3.9	

## ANNEXURE 5

## State Governments' Tax Revenue

(contd.)

Year 1965-66

State tax items as percentage of total State tax revenue								
Serial no.	State	Electricity duty	Cess/purchase tax on sugarcane	Tax on professions and callings etc.	Tax on land and buildings in urban areas	Stamps and court fee	Registration fee	Others
1	2	9	10	11	12	13	14	15
1	Uttar Pradesh ..	0.9	6.8	..	2.1	7.2	1.2	..
2	Andhra Pradesh ..	0.0	0.7	..	..	6.6	2.3	..
3	Assam ..	0.3	..	0.8	0.2	3.4	0.6	0.1
4	Bihar ..	5.7	3.0	..	..	10.6	2.4	..
5	Gujarat ..	6.0	..	..	..	6.5	0.4	1.0
6	Jammu and Kashmir ..	1.6	..	..	0.6	6.7	1.9	0.3
7	Karnatak ..	4.7	..	..	..	8.2	1.3	0.0
8	Kerala ..	0.0	..	0.0	..	9.7	1.6	..
9	Madhya Pradesh ..	3.4	0.1	0.2	0.6	5.5	1.0	0.1
10	Maharashtra ..	7.3	1.9	0.0	0.1	6.8	0.6	1.3
11	Orissa ..	4.4	..	..	..	6.3	2.0	..
12	Punjab and Haryana ..	4.9	0.3	1.0	1.9	10.4	1.2	..
13	Rajasthan ..	1.1	..	..	..	4.4	0.5	..
14	Tamil Nadu ..	5.2	0.9	..	0.5	9.7	2.1	0.0
15	West Bengal ..	7.4	..	..	..	7.6	1.6	3.7
	All States † ..	4.2	1.4	0.1	0.4	7.6	1.4	0.7

\*Includes agriculture income-tax.

†Includes tax on passengers and goods and sales tax on motor spirit.

‡Aggregate of the States shown above.

Source—State tax revenue—State Budgets .

## ANNEXURE 5

## State Governments' Tax Revenue

Year 1968-69

State tax items as percentage of total State tax revenue							
Serial no.	State	Total State tax revenue (Rs. in lakhs)	Land revenue*	State excise	Tax on motor vehicles†	Sales tax	Tax on luxuries including entertainments
1	2	3	4	5	6	7	8
1	Uttar Pradesh ..	13346	18.3	18.3	13.1	31.4	4.1
2	Andhra Pradesh ..	10687	18.9	16.9	12.8	38.2	3.4
3	Assam ..	2300	16.5	12.8	29.6	30.6	3.1
4	Bihar ..	7443	18.0	14.9	6.7	42.3	2.6
5	Gujarat ..	7894	9.2	7.0	11.8	54.9	3.4
6	Jammu and Kashmir ..	599	11.5	34.7	21.2	19.9	2.5
7	Karnatak ..	7834	11.2	16.7	12.7	43.5	3.9
8	Kerala ..	5089	8.5	17.1	11.1	50.8	0.9
9	Madhya Pradesh ..	6985	11.3	18.6	13.1	42.1	2.8
10	Maharashtra ..	18765	4.7	2.9	15.9	52.6	6.5
11	Orissa ..	2005	6.3	16.0	9.9	50.1	1.5
12	Punjab and Haryana ..	10107	3.3	30.0	8.6	35.1	1.5
13	Rajasthan ..	4942	14.6	19.0	12.1	45.6	2.0
14	Tamil Nadu ..	11711	4.4	0.7	20.6	47.5	7.7
15	West Bengal ..	11201	5.9	12.2	10.5	45.9	4.8
	All States † ..	122108	10.1	13.4	13.3	43.8	4.1

## ANNEXURE 5

## State Governments' Tax Revenue

(contd.)

Year 1968-69

State tax items as percentage of total State tax revenue								
Serial no.	State	Electricity duty	Cess/purchase tax on sugar cane	Tax on profession and callings etc.	Tax on land and buildings in urban areas	Stamps and Court fee	Registration fee	Others
1	2	9	10	11	12	13	14	15
1	Uttar Pradesh ..	0.9	3.4	1.1	1.2	7.0	1.2	..
2	Andhra Pradesh ..	0.0	1.2	..	..	6.8	1.8	..
3	Assam ..	0.7	..	0.9	0.2	4.8	0.8	..
4	Bihar ..	4.7	0.7	..	..	7.6	2.5	..
5	Gujarat ..	5.8	..	..	..	6.3	0.5	1.1
6	Jammu and Kashmir ..	1.5	..	..	0.5	5.9	1.8	0.5
7	Karnatak ..	4.7	..	..	..	6.3	1.0	0.0
8	Kerala ..	2.4	..	0.0	..	7.6	1.6	0.0
9	Madhya Pradesh ..	3.8	..	0.7	0.6	6.1	0.9	0.0
10	Maharashtra ..	7.6	1.8	..	0.0	5.8	0.6	1.6
11	Orissa ..	8.0	..	..	..	6.3	1.9	..
12	Punjab and Haryana ..	8.8	0.1	0.0	1.1	9.7	1.8	..
13	Rajasthan ..	1.3	..	..	..	4.8	0.6	..
14	Tamil Nadu ..	6.6	1.0	..	0.0	9.3	2.2	..
15	West Bengal ..	8.2	..	..	..	6.6	1.6	4.3
	All States† ..	4.9	0.9	0.2	0.3	7.0	1.3	0.7

\*Includes agriculture income-tax.

†Includes tax on passengers and goods and sales tax on motor spirit.

‡Aggregate of the States shown above.

R. E.—Revised estimates.

Source—State Tax Revenue—State Budgets.

## ANNEXURE 5

## State Governments' Tax Revenue

Year 1972-73 (R. E.)

State tax items as percentage of total State tax revenue							
Serial no.	State	Total State tax revenue (Rs. in lakhs)	Land revenue*	State excise	Tax on motor vehicles†	Sales tax	Tax on luxuries including entertainments
1	2	3	4	5	6	7	8
1	Uttar Pradesh ..	16192	7.3	17.0	17.1	40.2	6.2
2	Andhra Pradesh ..	13920	11.0	25.0	12.7	39.5	5.8*
3	Assam ..	3144	20.6	11.2	8.4	49.1	3.9
4	Bihar ..	10008	7.7	14.1	12.5	40.9	3.0
5	Gujarat ..	13951	4.3	0.6	18.8	58.5	4.7
6	Jammu and Kashmir ..	1666	4.1	34.3	10.5	14.1	2.3
7	Karnatak ..	12829	5.7	22.3	11.6	44.6	4.6
8	Kerala ..	8387	9.0	10.7	12.0	55.8	1.1
9	Madhya Pradesh ..	10916	10.4	16.5	12.1	44.8	3.5
10	Maharashtra ..	29890	3.9	3.0	16.4	54.1	6.5
11	Orissa ..	3734	4.8	12.7	15.1	48.2	1.9
12	Punjab and Haryana ..	16444	2.2	24.3	15.4	39.8	3.1
13	Rajasthan ..	7366	8.3	16.3	13.9	52.2	2.4
14	Tamil Nadu ..	21171	2.2	16.6	17.0	46.5	6.1
15	West Bengal ..	17076	5.1	11.2	9.7	45.7	6.3
	All States‡ ..	186894	6.0	14.0	14.5	46.8	4.8

## ANNEXURE 5

## State Governments' Tax Revenue

(contd.)

Year 1972-73 (R. E.)

State tax items as percentage of total State tax revenue									
Serial no.	State	Electricity duty	Cess/purchase tax on sugarcane	Tax on profession and callings etc.	Tax on land and buildings in urban areas	Stamps and Court fee	Registration fee	Others	
1	2	9	10	11	12	13	14	15	
1	Uttar Pradesh ..	2.2	3.5	0.3	0.1	4.9	1.2	..	
2	Andhra Pradesh ..	..	..	..	..	4.6	1.4	..	
3	Assam ..	0.8	..	0.8	..	4.4	0.7	0.1	
4	Bihar ..	7.6	2.0	..	..	8.6	3.6	..	
5	Gujarat ..	5.8	..	..	..	5.7	0.5	1.1	
6	Jammu and Kashmir ..	1.3	..	..	0.4	3.9	0.9	28.2	
7	Karnatak ..	4.4	..	..	..	5.7	1.1	0.0	
8	Kerala ..	2.5	..	0.0	..	7.2	1.7	..	
9	Madhya Pradesh ..	3.8	0.0	0.6	1.6	5.9	0.8	0.0	
10	Maharashtra ..	6.5	2.2	..	0.0	4.5	0.4	2.5	
11	Orissa ..	10.0	..	..	..	5.7	1.6	..	
12	Punjab and Haryana ..	8.3	0.3	0.2	0.6	9.2	1.6	..	
13	Rajasthan ..	1.6	..	..	..	4.7	0.6	..	
14	Tamil Nadu ..	2.1	0.4	..	0.7	7.0	1.4	..	
15	West Bengal ..	7.1	..	..	..	5.3	0.9	8.7	
	All States†	4.2	0.8	0.1	0.2	5.9	1.2	1.5	

\*Includes agriculture income tax.

†Includes tax on passengers and goods and sales tax on motor spirit.

\*\*Includes electricity duty and cess purchase tax on sugarcane.

‡Aggregate of the States shown above.

R. E.—Revised estimates.

Source—State Tax Revenue—State Budgets.

## ANNEXURE 5

## State Governments' Tax Revenue

Year 1973-74 (R. E.)

State tax items as percentage of total State tax revenue									
Serial no.	State	Total State tax revenue (Rs. in lakhs)	Land revenue*	State excise	Tax on motor vehicles†	Sales tax	Tax on luxuries including entertainments	Electricity duty	
1	2	3	4	5	6	7	8	9	
1	Uttar Pradesh ..	18006	11.3	15.4	15.6	37.8	5.3	2.4	
2	Andhra Pradesh ..	14632	11.2	25.6	12.9	41.1	4.2	..	
3	Assam ..	3493	21.5	8.2	8.3	48.6	5.3	0.9	
4	Bihar ..	10962	12.1	13.4	12.3	38.4	3.0	7.6	
5	Gujarat ..	14437	4.0	0.6	19.0	58.6	4.4	6.1	
6	Jammu and Kashmir ..	1636	3.7	31.7	11.9	16.0	2.8	1.8	
7	Karnatak ..	13294	5.3	22.0	11.5	45.9	4.5	4.4	
8	Kerala ..	8763	7.3	10.6	12.9	57.2	0.7	2.6	
9	Madhya Pradesh ..	11294	11.8	16.0	10.8	45.5	2.6	4.1	
10	Maharashtra ..	34449	4.4	5.7	16.4	52.3	5.9	6.4	
11	Orissa ..	3918	4.6	12.4	15.2	48.7	1.6	11.1	
12	Punjab and Haryana ..	17349	2.0	23.4	16.5	40.1	2.4	3.3	
13	Rajasthan ..	8251	13.4	14.5	12.9	51.2	2.2	1.5	
14	Tamil Nadu ..	22370	2.2	16.3	16.7	48.0	6.0	1.2	
15	West Bengal ..	17773	4.9	11.0	9.7	46.9	5.7	7.2	
	All States ‡	200627	6.7	13.9	14.4	46.8	4.4	4.2	

## ANNEXURE 5

## State Governments' Tax Revenue

Year 1973-74 (B.F.)

(conld.)

State tax items as percentage of total State tax revenue							
Serial no.	State	Cess /purchase tax on sugarcane	Tax on profession and calling etc.	Tax on land and buildings in urban areas	Stamps and court fee	Registration fee	Others
1	2	10	11	12	13	14	15
1	Uttar Pradesh ..	3.3	0.2	0.1	7.2	1.4	..
2	Andhra Pradesh ..	..	..	..	3.7	1.3	..
3	Assam ..	..	1.0	0.9	4.1	0.7	0.5
4	Bihar ..	2.0	..	..	7.9	3.3	..
5	Gujarat ..	..	..	..	5.8	0.5	1.0
6	Jammu and Kashmir ..	..	..	0.6	4.4	0.9	26.2
7	Karnatak ..	..	..	..	5.3	1.1	0.0
8	Kerala ..	..	0.0	..	7.0	1.7	..
9	Madhya Pradesh ..	0.0	0.6	10.7	6.0	0.9	0.0
10	Maharashtra ..	1.9	..	0.0	4.8	0.4	1.8
11	Orissa ..	..	..	..	4.9	1.5	..
12	Punjab and Haryana ..	0.3	0.2	0.6	9.6	1.6	..
13	Rajasthan ..	..	..	..	3.7	0.6	..
14	Tamil Nadu ..	0.4	..	0.9	6.9	1.4	..
15	West Bengal ..	..	..	..	4.8	0.9	8.9
	All States† ..	0.8	0.1	0.3	5.9	1.1	1.4

\*Includes agriculture income-tax.

†includes tax on passengers and goods and sales tax on motor spirit.

‡Aggregate of the States shown above.

B. E.—Budget Estimates.

Source—State tax revenue—State Budgets.

## ANNEXURE 6

## Additional resource mobilisation by State Government and State Enterprises in Uttar Pradesh during Fourth Plan

(Rupees in Crores)

	1969-70	1970-71	1971-72	1972-73	1973-74 latest Ests	Total 1969-74	
1	2	3	4	5	6	7	8
I Charges in tax rates, freights fares etc., in 1969-70.							
(1) Sales tax .. ..	2.99	5.24	5.62	6.22	6.76	26.83	
(2) States excise duty .. ..	0.95	1.10	1.16	1.32	1.37	5.90	
(3) Sales tax on motor spirit .. ..	0.09	0.13	0.15	0.18	0.22	0.77	
(4) Motor vehicles tax .. ..	0.28	1.14	1.22	1.32	1.45	5.41	
(5) Stamp .. ..	0.70	1.50	1.59	1.20	1.35	6.34	
(6) Revision in irrigation rates .. ..	..	5.14	4.92	5.14	5.44	20.64	
Total .. ..	5.01	14.25	14.66	15.38	16.59	65.89	
II Concession of reduction in taxation freights, fares etc. 1969-70.							
(1) Sales tax .. ..	..	2.00	2.12	2.24	2.33	8.69	
III Charges in tax rates, freights fares etc. in 1970-71.							
(1) Sales tax .. ..	..	0.50	8.00	2.19	2.38	7.07	
(2) State excise duty .. ..	..	1.97	2.20	2.44	2.59	9.20	
(3) Electricity duty .. ..	..	0.68	2.87	3.54	3.18	10.27	
(4) Entertainment and betting tax .. ..	..	0.50	1.08	1.17	1.27	4.02	
(5) Levy on brick earth .. ..	..	0.10	0.15	0.16	0.17	0.58	
Total .. ..	..	3.75	8.30	9.50	9.59	31.14	

## ANNEXURE 6

## STATEMENT I

(Rupees in Crores)

Serial no.		1969-70	1970-71	1971-72	1972-73	1973-74 latest Ests	Total 1969-74
1	2	3	4	5	6	7	8
IV	<i>Concession or reduction :</i>						
	(1) State excise duty	.. ..	0.61	0.80	0.80	0.80	3.01
V	<i>Changes in tax rates, freights, fares etc. in 1971-72:</i>						
	(1) Sales tax	.. ..	..	0.54	5.06	5.54	11.14
	(2) State excise duty	.. ..	..	0.13	0.15	0.16	0.44
	(3) Bus services	.. ..	..	0.70	0.18	..	0.88
	Total	.. ..	..	1.37	5.39	5.70	12.46
VI	<i>Concession or reduction in taxation, freights, fares etc. in 1971-72:</i>						
	(1) Land revenue	.. ..	..	13.89	13.89	13.89	1.67
	(2) Profession tax	.. ..	..	1.50	1.70	1.90	5.10
	Total	.. ..	..	15.39	15.59	15.79	46.77
VII	<i>Changes in tax rates, freights, fares etc., in 1972-73:</i>						
	(1) Sales tax	.. ..	..	..	0.12	0.48	0.60
	(2) Development levy on land revenue	.. ..	..	..	3.09	13.50	16.59
	(3) Purchase tax on khandsari units in free areas	.. ..	..	..	0.12	0.35	0.47
	(4) Electricity duty	.. ..	..	..	0.10	0.08	0.18
	(5) Revision in irrigation rates	.. ..	..	..	..	2.50	2.50
	(6) Nationalisation of Tendu leaves	.. ..	..	..	1.75	1.83	3.58
	Total	.. ..	..	..	5.18	18.24	23.42
VIII	<i>Concession or reduction in taxation in freights, fares, etc. in 1972-73.</i>						
IX	<i>Changes in tax rates, freights fares etc. in 1973-74.</i>						
	(1) Sales tax	.. ..	..	..	..	0.04	0.04
	(2) Surcharge on motor vehicles tax	.. ..	..	..	..	0.11	0.11
	(3) Surcharge on entertainment and betting tax	.. ..	..	..	..	1.37	1.37
	(4) Surcharge on goods and passengers tax	.. ..	..	..	..	1.15	1.15
	(5) Surcharge on stamp duty	.. ..	..	..	..	1.18	1.18
	Total	.. ..	..	..	..	3.85	3.85
X	<i>Concessions or reduction in taxation, freights, fares etc. in 1973-74.</i>						
XI	<i>Changes in tax rates, freights, fares, etc. in 1973-74</i>						
	Total, Additional Resource Mobilisation through State Sources	.. ..	..	..	..	..	78.29

## ANNEXURE 6

## STATEMENT II

*Additional resource mobilization by the State Electricity Board and Uttar Pradesh Road Transport Corporation*

(Rupees in crores)

Serial no.	Enhancement in the rates			Total				
	1971-72	1972-73	1973-74					
1	2	3	4	5	6			
1	Revision in the rates of electric charges	..	..	..	..	9.50	11.40	20.90
2	Revision in rates of bus fares	..	..	..	..	1.10	1.68	2.78
		Total		..	..	10.60	13.08	23.68
Total Additional Resource Mobilization by the State				..	..	..	..	101.97
Source—State Finance Department								

## ANNEXURE 7

*Per Capita Incidence of all Taxes (Rs.) 1960-61 to 1973-74*

Serial no.	States	1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73 (R. E.)	1973-74 (B.E.)	
1	2	3	4	5	6	7	8	9	10	
1	Uttar Pradesh	..	7.83	11.89	15.80	16.43	17.45	17.46	17.84	49.49
2	Andhra Pradesh	..	11.42	17.75	25.75	25.65	31.57	31.45	31.11	32.09
3	Assam	..	9.69	15.10	15.02	17.85	15.75	18.03	18.25	19.68
4	Bihar	..	6.96	11.16	13.86	14.35	14.18	15.39	17.26	18.54
5	Gujarat	..	10.17	21.94	31.52	36.17	41.00	46.27	50.29	50.73
6	Jammu and Kashmir	..	4.79	7.89	13.84	15.06	15.58	16.91	34.72	33.22
7	Karnatak	..	10.44	17.84	28.22	31.12	35.10	38.35	42.40	43.00
8	Kerala	..	12.04	20.51	28.24	29.48	32.21	34.60	37.95	38.74
9	Madhya Pradesh	..	68.9	13.49	17.85	19.92	20.05	22.50	25.24	25.47
10	Maharashtra	..	16.39	27.72	39.53	44.53	51.30	53.81	57.19	64.34
11	Orissa	..	4.91	10.16	12.55	13.38	15.32	15.67	16.46	16.89
12	Punjab and Haryana	..	12.82	25.81	44.47	49.28	55.68	60.48	68.18	70.87
13	Rajasthan	..	9.08	15.72	20.38	21.65	23.75	25.18	27.56	30.13
14	Tamil Nadu	..	11.94	22.75	29.88	33.08	36.50	46.03	49.87	51.66
15	West Bengal	..	14.22	24.11	26.81	29.21	29.45	32.33	37.19	37.81
All States*		..	10.30	17.69	24.06	26.12	28.74	31.09	33.76	35.51

R.E.—Revised Estimates.

B. E.—Budget Estimates.

\*Aggregate of the States shown above.

Per capita incidence—Tax Revenue/State Mid-year Population.

Source : (1) Tax Revenue—State Budgets.

(2) Mid-year Population—Projected.

## ANNEXURE 8

*Tax Revenues as percentage of State income 1960-61 to 1972-73*

Serial no.	State	1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6	7	8	9
1	Uttar Pradesh	3.2	3.2	3.3	3.2	3.4	3.0	2.7
2	Andhra Pradesh	4.2	4.6	5.3	5.0	5.8	..	..
3	Assam	3.2	3.8	2.8	3.4	..	..	..
4	Bihar	3.3	3.4	3.5	..	..	..	..
5	Gujarat	2.8	4.4	5.3	5.3	5.2	..	..
6	Jammu and Kashmir	..	..	..	..	..	..	..
7	Karnatak	3.7	4.6	5.8	6.2	6.5	7.0	7.5
8	Kerala	4.5	4.9	5.6	5.4	5.5	6.0	..
9	Madhya Pradesh	2.8	3.9	3.7	3.7	3.8	3.9	4.0
10	Maharashtra	4.0	5.2	5.6	5.9	6.6	6.6	6.9
11	Orissa	2.3	3.1	2.8	2.9	..	..	..
12	Punjab and Haryana	3.9	5.1	5.5	5.3	5.6	5.7	..
13	Rajasthan	2.9	4.2	4.9	4.4	4.1	4.5	..
14	Tamil Nadu	3.6	5.6	6.1	6.3	6.3	7.2	..
15	West Bengal	4.4	5.8	5.5	5.7	5.5	5.9	..
	*All States	3.6	4.4	4.7	4.8	5.2	5.3	4.8

\*Excludes States for which income figures are not available.

## ANNEXURE 9

*Direct Tax Revenues as percentage of State income 1960-61 to 1972-73*

Serial no.	State	1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6	7	8	9
1	Uttar Pradesh	1.7	1.3	1.1	1.0	1.1	0.7	0.5
2	Andhra Pradesh	1.7	1.9	2.1	1.6	1.9	..	..
3	Assam	1.7	1.8	0.8	1.4	..	..	..
4	Bihar	1.4	1.2	1.1	..	..	..	..
5	Gujarat	1.1	1.3	1.2	1.1	1.1	..	..
6	Jammu and Kashmir	..	..	..	..	..	..	..
7	Karnatak	1.6	1.7	1.6	1.5	1.4	1.5	1.6
8	Kerala	1.9	1.7	1.5	1.5	1.5	1.6	..
9	Madhya Pradesh	1.3	1.1	0.9	0.8	0.8	0.9	0.9
10	Maharashtra	1.5	1.0	1.0	1.0	1.0	1.0	1.0
11	Orissa	1.0	1.0	0.7	0.7	..	..	..
12	Punjab and Haryana	1.4	1.2	1.0	0.9	1.0	1.0	..
13	Rajasthan	1.5	1.2	1.3	1.1	1.2	1.1	..
14	Tamil Nadu	1.6	1.9	1.7	1.7	1.8	1.6	..
15	West Bengal	1.3	1.4	1.1	1.1	0.9	0.9	..
	*All States	1.5	1.4	1.2	1.1	1.2	1.0	0.9

\*Excludes States for which income figures are not available.

Direct Taxes include :

- (i) Agriculture Income-tax,
- (ii) Land Revenue,
- (iii) Profession tax,
- (iv) Tax on buildings,
- (v) Stamps and court-fees,
- (vi) Registration fees, and
- (vii) Motor vehicle tax

## ANNEXURE 10

Indirect-Tax Revenues as percentage of State income 1960-61 to 1972-73

Serial no.	State	1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6	7	8	9
1	Uttar Pradesh	1.5	1.9	2.2	2.2	2.3	2.3	2.2
2	Andhra Pradesh	2.5	2.7	3.2	3.4	3.9	..	..
3	Assam	1.5	2.0	2.0	2.0	..	..	..
4	Bihar	1.9	2.2	2.4	..	..	..	..
5	Gujarat	1.7	3.1	4.1	4.2	4.1	..	..
6	Jammu and Kashmir	..	..	..	..	..	..	..
7	Karnatak	2.1	2.9	4.2	4.7	5.1	5.5	5.9
8	Kerala	2.6	3.2	4.1	3.9	4.0	4.4	..
9	Madhya Pradesh	1.5	2.8	2.8	2.9	3.0	3.0	3.1
10	Maharashtra	2.5	4.2	4.6	4.9	5.6	5.6	5.9
11	Orissa	1.3	2.1	2.1	2.2	..	..	..
12	Punjab and Haryana	0.5	3.9	4.5	4.4	4.6	4.7	..
13	Rajasthan	1.4	3.0	3.6	3.3	2.9	3.4	..
14	Tamil Nadu	2.0	3.7	4.4	4.6	4.5	5.6	..
15	West Bengal	3.1	4.4	4.4	4.6	4.6	5.0	..
	All States*	2.1	3.0	3.5	3.7	4.0	4.3	3.9

\*Excludes States for which income figures are not available.

Indirect taxes includes all State taxes other than direct taxes enumerated in Annexure 9.

## ANNEXURE 11

## STATEMENT I

Estimate of State's resources for the Fifth Plan (1974-79) and Annual Plan (1974-75)

(Rupees in crores)

1	2	Fifth Plan		1974-75	
		As furnished by the State Government	As worked out by the Planning Commission	As furnished by the State Government	As worked out by the Planning Commission
3	4	5	6		
I. State's budgetary resources other than negotiated loans and State enterprises, market borrowings.					
(1) Balance from current revenue	.. ..	48.22	403.35*	27.73	24.90*
(2) Contribution of public enterprises	.. ..				
(a) State Electricity Board	.. ..	(-)-138.55	(-)-4.14	(-)-37.56	(-)-11.15
(b) Road Transport Corporation	.. ..	24.50	24.50	5.00	5.00
(c) Others	.. ..	12.80	12.80	1.50	1.50
(3) Loans from market by State Government (Net)	.. ..	400.00	147.60	60.00	29.52
(4) Share in small savings	.. ..	222.00	270.00	44.00	48.00
(5) State Provident Fund	.. ..	73.10	73.10	12.80	12.80
(6) Miscellaneous capital receipts (Net)	.. ..	(-)-43.79	(-)-179.54	(-)-13.11	(-)-28.11
Total I	.. ..	598.28	747.67	44.80	82.46

**ANNEXURE II**  
**STATEMENT I—(Concl'd.)**

*Estimate of State's resources for the Fifth Plan (1974-79) and Annual Plan 1974-75*

(Rupees in crores)

1	2	Fifth Plan		1974-75	
		As furnished by the State Government	As worked out by the Planning Commission	As furnished by the State Government	As worked out by the Planning Commission
		3	4	5	6
II- Additional resource mobilization by the State Government.		250.00	250.00	40.00	30.00
III. Negotiated loans and State enterprises, market borrowings.					
1. State Government:					
(a) Loans from L.I.C.	.. ..	11.25	20.16†	1.75	3.30†
(b) Loans from R.B.I.	.. ..	22.50	22.50	3.50	3.50
2. State Enterprises:					
(a) Loans from L.I.C.	.. ..	60.00	80.00	10.00	12.65
(b) Market borrowing	.. ..	70.00	38.50	12.00	7.70
(c) Loans from R.E.C.	.. ..	..	75.00	..	13.00
3. Others :					
(a) Loans from L. I. C. (for water supply)	.. ..	10.00	28.46	2.00	4.67
	Total III	173.75	264.62	29.25	44.82
States total resources	.. ..	1,022.03	1,262.29	114.15	157.28
Central assistance	.. ..	..	..	..	106.89
Aggregate resources	.. ..	..	..	..	264.17

\*Detail furnished in Statement II

74-75      74-79

†For housing to State Government .. ..

1.10      6.72

For Housing Board .. ..

2.20      13.44

Total .. ..

3.30      20.16

Source—State Finance Department.

**ANNEXURE II**  
**STATEMENT II**

*Balance from Current Revenues for the Fifth Plan (1974-75) and Annual Plan (1974-75)*

1	Fifth Plan		3
	2	1974-75	
I. Revenue Receipt			
1. Share of Central taxes	.. ..	1134.12	196.39
2. State taxes at 1973-74 rates of taxation	.. ..	1236.51	215.71
3. Non-tax revenue	.. ..	630.82	103.19
4. Transfer from funds	.. ..	..	..
5. Grants from Centre :			
(a) Statutory grants	.. ..	198.83	21.61
(b) Grants for natural calamities	.. ..	..	..
(c) In lieu of tax of Railway fares	.. ..	16.10	3.22
(d) Other non-plan grants	.. ..	0.68	0.12
	Total I	3217.06	540.24
II. Revenue Expenditure			
1. Non-Development.			
(a) Debt services :			
(i) Interest payments	.. ..	256.75	59.17
(ii) Appropriation for reduction or avoidance of debt	.. ..	..	..
(b) Other non-development	.. ..	812.18	144.46
2. Non-Plan Development :			
(a) Normal	.. ..	1192.99	208.27
(b) Maintenance expenditure on Fourth Plan Schemes expected to be completed by 1973-74.	.. ..	298.74	55.93
3. Transfer of funds	.. ..	37.15	7.43
4. Revision of D. A. and pay scales etc. not included under above items	.. ..	215.90	40.80
	Total II	2813.71	515.34
III. Balance from current revenue at 1973-74 rates of State (I&II)	.. ..	403.35	24.90

Source—State Finance Department

## ANNEXURE 12

Transfers from Centre to the State by way of Shares of Taxes and Duties and Grants-in-Aid under Article 275 of the Constitution

(Rupees in crores)

Serial no.	States	Transfer during 1969-74 on the basis of the recommendations of the Fifth Finance Commission				Estimated transfer during 1974-79 on the basis of the recommendations of the Sixth Finance Commission			
		Taxes and duties*	Article 275 Grant	Total	Percentage of the total	Taxes and duties*	Article 275 Grant	Total	Percentage of the total
1	2	3	4	5	6	7	8	9	10
1	Uttar Pradesh	772.47	..	772.47	14.53	1150.22	198.83	1349.05	14.05
2	Andhra Pradesh	347.78	65.01	412.79	7.77	570.08	205.93	776.01	8.08
3	Assam	109.91	84.13	194.09	3.65	185.09	254.53	489.62	4.57
4	Bihar	508.73	..	508.73	9.57	738.44	106.28	844.72	8.79
5	Gujarat	230.82	..	230.82	4.34	368.64	..	368.64	3.83
6	Haryana	75.27	..	75.27	1.42	120.66	..	120.66	1.26
7	Himachal Pradesh	22.54	27.68	50.22	0.94	43.10	160.96	204.06	2.12
8	Jammu and Kashmir	41.66	73.68	115.34	2.17	58.79	173.49	232.28	2.42
9	Kerala	183.13	49.65	232.78	4.38	271.04	208.93	479.97	5.00
10	Madhya Pradesh	343.10	..	343.10	6.45	543.57	..	543.57	5.66
11	Maharashtra	486.82	..	486.82	9.16	711.53	..	711.53	7.40
12	Manipur	3.43	23.37	26.80	0.50	13.48	114.53	128.01	1.33
13	Meghalaya	7.60	11.24	18.84	0.35	12.85	74.67	87.52	0.91
14	Mysore	229.29	17.99	247.28	4.65	383.64	..	383.64	3.99
15	Nagaland	3.66	77.95	81.61	1.54	6.83	128.84	135.67	1.41
16	Orissa	182.70	104.67	287.37	5.41	272.59	304.73	577.32	6.01
17	Punjab	113.17	..	113.17	2.13	168.97	..	168.97	1.76
18	Rajasthan	213.56	51.49	265.05	4.99	333.39	230.53	563.92	5.87
19	Tamil Nadu	347.96	22.82	370.78	6.97	538.57	..	538.57	5.60
20	Tripura	5.10	28.64	33.74	0.64	19.69	112.50	132.19	1.38
21	West Bengal	376.30	72.62	448.92	8.44	588.07	234.86	822.93	8.56
Total		4605.00	710.99	5315.99	100.00	7099.24	2509.61	9608.85	100.00

\*Includes share of grants in lieu of Railway Passenger Fares Tax.

Source—Report of the Finance Commission, 1973

## ANNEXURE 13

Capital Receipts of Uttar Pradesh Government, 1968-69 to 1973-74

Item	Amount of receipt (in lakhs Rs.)			Percentage rise in 1973-74 over 1968-69*
	1968-69	1973-74*	Total during IV Plan 1969-74	
1	2	3	4	5
1. Permanent debt	1081	3536	10456	227.1
2. Loans from Centre	(4.90)	(11.56)	(8.25)	13.4
3. Other loans from autonomous bodies	10332	11721	59738	456.0
4. Unfunded debt	(46.86)	(38.33)	(47.16)	263.2
5. Loans and advances repaid to State Government	100	556	2159	116.3
6. Contingency Fund (Net)	(0.46)	(1.82)	(1.70)	211.1†
7. Deposits and Advances (Net)	530	1925	5256	116.3
Total Receipts (Items 1 to 7)	22050	30581	126669	38.7
	(100.00)	(100.00)	(100.00)	

N. B.—(1) Aggregate in col. 4 include figures for 1972-73 based on revised and for 1973-74 based on budget estimates.

(2) Figures in bracket relate to percentage share in the total receipts.

\*Budget Estimates.

†Percentage rise in 1972-73 over 1968-69.

Source—Reserve Bank of India Bulletin August 1970, August 1971, September, 1972 and June 1973.

## CHAPTER III

## INCIDENCE OF STATE TAXATION

One of our terms of reference is to assess the incidence of taxation on various classes of people in the State. It requires a study of the tax system in its distribution aspects i. e. an investigation of the manner in which the burden of the tax system is distributed among different groups. While from the viewpoint of distribution of tax burden there may be different types of interesting groups like regional groups, occupational groups, different family sizes, etc., the vertical distribution groups have for various reasons aroused the greatest excitement. Income groups are comparatively immobile. Whereas a person can easily move from one occupation to another, it is difficult to move from one income group to another. The taxation in the modern society is so devised that the variations in tax burdens are more marked by income groups rather than by other groups. In the Indian context, however the rural-urban differentiation becomes of equal importance. These two groups pursue different nature of economic activities; they find it very difficult to shift from one to another; they consume widely varying proportions of their requirements in cash, and have different patterns of consumptions of taxed commodities even when they have the same overall income or expenditure. Further, the general income-tax system applicable to non-agricultural income is different from the taxation of agricultural income.

2. The tax incidence on a particular group of the community is the combined effect of incidence of direct taxes as well as that of indirect taxes. The burden of direct taxes falls on the persons on whom they are levied and is, therefore, comparatively easy to calculate; only the position of the tax payers with reference to the group classification has to be ascertained. The incidence of indirect taxes is assumed to be finally shifted to the persons who consume the taxed commodities. The persons from whom the tax is collected are different from those who bear it. For this purpose the consumption of taxed commodities has to be ascertained from the family budgets of different groups of people. Where there are wide variations in expenditure patterns on taxed items of the same groups or even in expenditure on a single heavily taxed item like drinks, the average expenditure and tax calculations based on it may lose much of their relevance; further sub-groups based on consumption habits have to be thought of to reduce intravariations. Proceeds from taxes on raw material intermediate goods and capital goods which are not final consumer goods, have to be allocated on the basis of expenditure on corresponding final goods.

3. Four broad types of data are needed for estimating the liability of households direct taxes and for calculating the element of indirect taxes in the expenditure incurred by them on different commodities and services viz :—

- (i) Distribution of household incomes, both in urban and in rural areas, according to income classes;

1. Incidence of Taxation in Mysore State—N.C.A.E.R., New Delhi.

- (ii) direct taxes paid by these households;

(iii) detailed expenditure and consumption data of different income classes on specific items subject to different indirect taxes like excises and sales tax, and

(iv) detailed input-output table and other information giving the use of various raw materials, intermediate goods etc., in final consumption goods.

4. No detailed information about the distribution of income according to income brackets is available either for Indian Union or any State thereof. The same holds good regarding (iv). One cannot identify the income groups of persons paying direct State taxes like land revenue and stamp duties on transfer of property. However, household expenditure data are collected regularly and on comprehensive basis by almost every State in collaboration with the National Sample Surveys. It is for this reason that in most of the existing studies on tax incidence, such as carried out by the Taxation Enquiry Commission (1953-54), Ministry of Finance, Government of India in 1958-59 and 1963-64, U. P. Taxation Enquiry Committee (1968-69) and also Kerala Taxation Enquiry Committee (1968), it was not possible to assess the tax burden on different income groups. The studies were limited in their coverage, being based on household expenditure data and, therefore, were confined to the incidence of indirect taxes only. The N. C. A. E. R. however, studied recently the incidence of taxes on various income groups and also on expenditure groups in the rural and urban areas of the State of Mysore<sup>1</sup> and in the urban sector of Gujarat<sup>2</sup> after collecting the required data through sample surveys specially designed for the purpose. While the Gujarat study did not take into account the burden levied via non-final consumption goods, the Mysore study was more comprehensive.

5. Since it was not possible for us to collect the income distribution data in U. P. through a special large scale sample survey owing to limitations of time, we had to fall back upon the household expenditure data, already collected by the National Sample Survey Unit of the State Bureau of Economics and Statistics, U. P. so as to get a broad idea of the incidence of State taxes in U. P. The latest data of the household expenditure which could be made available to us related to the year July 1969—June 1970 and the same have been assumed to hold good for the fiscal year 1969-70. The reference period for which the information was actually collected from each sample household was 30 days preceding the date of enquiry. Not only the information of total expenditure but also value of cash purchases and in relevant cases, even the data regarding the quantities of purchases were collected. The expenditure estimates were based on 3,897 sample households in 1,056 sample villages and 2,365 sample households in 376 sample blocks of the urban areas.

2. Incidence of Taxation in Gujarat—N.C.A.E.R., New Delhi.

In order to suit the requirements of this study, the Economics and Statistics Division of the State Planning Institute, U. P. were requested to undertake special tabulation of the National Sample Survey data on consumer expenditure collected during the 24th round of N. S. S. (1969-70).

6. With a view to compare our results with the incidence studies done by the U. P. Taxation Enquiry Committee (1968-69) and Ministry of Finance, Government of India in 1958-59 and 1963-64 we classified the households in both urban and rural areas into nine monthly household expenditure levels viz. Rs. 0—50, Rs. 51—100, Rs. 101—150, Rs. 151—200, Rs. 201—250, Rs. 251—300, Rs. 301—400, Rs. 401—500 and above Rs. 500. The actual tax collections during the year 1969-70 (i.e. the year for which latest consumer expenditure data are available) of each type of indirect State tax has been allocated among different expenditure groups and between rural and urban sectors in proportion to household expenditure on taxed commodities as is revealed by the National Sample Survey consumer expenditure data.

7. It must be pointed out that while limitations of data made expenditure group classification mandatory, the results as translated into the usual categories of progressive, proportional and regressive will not have the same implications in terms of income groups. The lower the income group the higher the expenditure as proportion of income, so that a proportional tax system with reference to expenditure groups may become regressive in terms of income groups, and the same may happen even to a mildly progressive tax system in expenditure terms.

8. The total amount of each type of indirect tax thus allocated to different household expenditure groups has been expressed as a percentage of total estimated expenditure in the groups concerned. Further the *per capita* incidence among different expenditure groups in the rural/urban sectors has been also estimated by dividing the allocated tax by the estimated group population.

9. The detailed methodology for working out the incidence of various State indirect taxes and the assumptions therein are indicated in the Appendix. The results of the present study given in Annexures 1, 2 and 3 should be read keeping the assumptions described in the Appendix in mind.

10. It may be mentioned that the picture of the burden of State taxation as depicted here is necessarily somewhat partial, as the benefits are not taken into account. Benefits are difficult to calculate and there are hardly any satisfactory data to enable even broad calculations. Local taxation was not included in this study. Many of the local taxes such as octroi and urban property tax are mainly levied in urban areas. They vary from locality to locality. It would not be fair to take them into account without considering benefits of local services. The incidence of State direct taxes on the rural and urban sectors of the State has, however, been considered.

#### Results

11. *Incidence of State indirect taxation.*—The burden of indirect taxes on the rural and urban sectors as also on different expenditure groups depends upon the cash expenditure on various items of consumption. The incidence of indirect taxes, thus, tends to increase or decrease with the rise or fall, as the case may be, in the proportion of cash expenditure to the total consumer expenditure. As is revealed from Annexure I in 1969-70 the proportion of cash purchase in the consumer expenditure varied from 45.0 per cent for the expenditure group Rs.0—50 to 57.6 per cent for the expenditure group Rs. 501 and above, with an overall average of 51.0 per cent in the case of rural households and from 63.2 per cent for the expenditure group Rs.0—50 to 84.4 per cent for the expenditure group Rs.301—500 in the urban areas, wherein the overall average was 79.1 per cent.

12. The incidence of State indirect tax system as a whole in 1969-70 is summarised below (For details see Annexures 2 and 3):

TABLE 1—Incidence of State indirect taxes

Monthly house-holder expenditure levels (Rs.)	Per capita (Rs) annual incidence		Tax as percentage of consumer expenditure		
	Rural	Urban	Rural	Urban	Ratio of urban/rural tax incidence
1	2	3	4	5	6
0—50	2.25	16.11	0.81	4.25	5.2
51—100	2.94	15.12	0.99	3.71	3.7
101—150	4.50	16.55	1.35	3.70	2.7
151—300	6.55	21.31	1.56	4.22	2.7
301—500	19.95	37.46	3.31	5.23	1.6
501 and above	36.54	90.27	3.96	7.94	2.0
All levels	9.12	27.28	2.10	4.91	2.3

It would be seen that the average *per capita* tax burden in the urban areas was Rs.27.28 which was about three times the burden on the rural households. The *per capita* incidence of every tax in the rural sector was progressive and it was so in case of urban households for all the taxes except for the passenger and goods tax, electricity duty and State excise duty where a mild regressivity was observed in the incidence on the households in the monthly expenditure group Rs. 101—150.

13. The burden of indirect taxation in the consumer expenditure was higher for the urban households as compared with that on the rural households. This applied not only to all the households taken together but to households in different expenditure levels. The overall incidence of State's indirect taxes on households in the urban sector was 4.91 per cent which was 2.3 times of that in the rural. This inter-sectoral disparity of tax incidence existed at all levels of expenditure but was more prominent at the lower levels. The ratio of urban to rural tax incidence was 5.2 in the lowest expenditure group (Rs.0—50) and it decreased to 2.0 for the households in the highest expenditure group viz. Rs.501 and above. Further, in the urban sector, the total tax incidence as a proportion of household expenditure increased from 4.25 per cent in the lowest expenditure group (Rs.0—50) to 7.94 per cent in the highest expenditure group (Rs. 501 and above) while in the rural sector, it increased from 0.81 per cent to 3.96 per cent in the corresponding expenditure groups. The overall tax incidence in the rural areas was progressive over the entire range of expenditure but in the case of urban households, there was a tendency for the tax incidence to be regressive for the households with a monthly expenditure up to Rs. 150 which was mainly due to regressivity of State excise duty and it was progressive in the higher range of expenditure. As is evident from Annexure 3, except for the State Excise Duty, the burden of all other indirect taxes was higher in the urban areas than in the rural areas.

14. The analysis of incidence of each indirect tax revealed that—

(a) Although the urban sector shared only 36.7 per cent of the total sales tax burden, the *per capita* incidence on the urban households (Rs. 13.29) was more than 3 1/2 times that in the rural areas (Rs.3.69) and the average incidence as production of household expenditure was 2.38 per cent in the urban areas as against 0.85 per cent in the rural areas. The incidence of sales tax was progressive both in rural and urban regions of the State except a mild regressivity in case of urban households in the monthly expenditure group Rs.151—300. The degree of progression was more steep in the rural areas in comparison to the urban areas. The sales tax incidence in the urban sector increased from 1.87 per cent in the lowest expenditure group to 3.43 per cent in the highest expenditure group while the corresponding increase in the rural areas was from 0.50 to 1.58. Two factors were mainly responsible for the sharp rise in the sales tax incidence on the households in the higher expen-

diture groups viz., proportionately higher increase in the expenditure on durable goods and also the highly differentiated rates of sales tax levied on such goods. Further, the tax incidence on the households in the lowest expenditure group (Rs.0—50) in the urban areas was about 3.7 times of that in the rural areas and this disparity among various expenditure groups of the two regions declined continuously with the rise in the expenditure levels, it being 2.2 times for the households with monthly expenditure of Rs. 501 and above. This phenomenon was mainly due to the fact that the expenditure of households on foodgrains formed a much higher proportion in the lower expenditure groups than in the higher ones but did not bear any sales tax in the rural areas because they were obtained from the local sources.

(b) The motor vehicle tax as a proportion of household expenditure and also its *per capita* incidence were generally progressive in both the urban and rural sectors but the pace of progression was comparatively faster in the rural areas. The incidence of the tax on the rural households falling in the lowest expenditure class (Rs.0—50) was 0.05 per cent of the household expenditure, which increased to 0.24 per cent (i.e. 4.8 times) for the households in the highest expenditure group (Rs. 501 and above). In the case of urban households, the tax incidence increased from 0.25 per cent to 0.68 per cent (i.e. an increase by 2.7 times) in the corresponding expenditure ranges. Further, the tax incidence in the urban sector at each level of expenditure was higher than that in the rural but the gap between the incidence of the two sectors decreased with the rise in the consumer expenditure. Similar observations could be made in respect of passenger and goods tax but the most revealing feature of these two taxes was that in the urban areas, the incidence of motor vehicle tax at each level of expenditure was higher than that of passenger and goods tax and *vice versa* in the rural sector. This is mainly due to the incidence of the tax on the personal vehicles viz, cars, scooters, etc. in the urban areas.

(c) The average incidence of sales tax on motor spirit on the urban households was more than five times of that on the rural households, being 0.36 per cent of the household expenditure in the urban areas as against 0.07 per cent in the rural and the higher tax burden on urban households, with varying degree, was observed for each class of expenditure. Further, the tax incidence was progressive both in the rural and urban areas. There was a sudden rise in the incidence on the rural households with a monthly expenditure of more than Rs. 500 and it was mainly due to higher expenditure incurred by them on diesel oil for tractors.

(d) In 1969-70, the electricity duty in this State was levied on the electricity consumed for domestic and commercial purposes and 70 per cent of the duty was realised on the electricity consumed for domestic purpose. The incidence of the electricity duty as a proportion of household expenditure was very small in the rural areas, being only 0.01 per cent against 0.17 per cent in the urban areas. Its burden was uniform

for all the categories of rural households but it was generally progressive in the urban sector.

(e) About 72.2 per cent of the total burden of entertainment and betting tax fell on the urban households, the average incidence in the consumer expenditure being 0.67 per cent against 0.05 per cent on the rural households. In the rural areas, there was no tax burden on the lowest two categories of households (i.e. households having a monthly expenditure upto Rs. 100) and was progressive for the remaining expenditure groups of households. In case of urban households, the proportion of tax to the consumer expenditure was also progressive with a slight decline in the third expenditure group.

(f) The amount of tax on the purchase of sugarcane was Rs. 678 lakhs in 1969-70. Although about two-third of it was the burden on the rural households, the *per capita* tax incidence and also tax as percentage of household expenditure was very low in the rural areas as compared to that in the urban areas. This was so for households in each expenditure group. The incidence of tax on the rural households in the highest expenditure group, i.e. having monthly expenditure of more than Rs 500 did not differ very much from that on their counterparts in the urban areas. It was 0.30 per cent of the household expenditure in the urban region and 0.28 per cent in the rural. It would also be seen from Annexure 3 that the tax incidence in the rural areas was progressive throughout the range of various expenditure classes as also in the case of urban areas except a fall in the incidence on households in the highest expenditure class Rs. 501 and above, which indicates that the elasticity of expenditure for sugar in that expenditure group was less than unity.

(g) The incidence of State excise duty in the rural sector of the State was generally progressive except in the highest expenditure group viz., households with a monthly expenditure of Rs. 501 and above, where the tax burden declined as compared to that on the previous expenditure group. In the case of urban households, the tax structure showed a tendency of regressiveness between the lower three expenditure groups where the incidence decreased from 1.63 per cent in the expenditure group Rs. 0—50 to 0.09 per cent in the expenditure group Rs. 101—150 but it became progressive for the higher expenditure groups, the incidence in the highest expenditure group being 1.28 per cent. The average tax burden on the urban households was 0.37 per cent of the consumer expenditure and it was 0.65 per cent on the rural households. It would also be seen that except the lowest and the highest expenditure groups, the incidence at all levels of expenditure was higher in the rural areas than in the urban. In case of lowest expenditure group viz. Rs. 0—50, the incidence was much higher in the urban sector because of comparatively higher expenditure on country spirit and toddy and similar was the position for the households in the expenditure group of above Rs. 500 because of higher consumption of foreign liquor by the latter group.

15. *Comparison with 1965-66 results*—A similar tax incidence study was made by the U.P. Taxation Enquiry Committee (1968-69) for the year 1965-66. In order to analyse the shift in the distribution of tax burden over a period of time the results of the earlier as also of the present studies in the parallel expenditure brackets have been given in Annexures 4, 5 and 6. The findings of the two studies reveal that—

(a) The *per capita* annual consumer expenditure in the rural areas increased from Rs. 308.04 in 1965-66 to Rs. 431.64 in 1969-70 i.e. an increase of about 40.1 per cent. The corresponding increase was 49.5 per cent in the urban areas where the *per capita* annual consumer expenditure was Rs. 557.52 in 1969-70 as against Rs. 372.84 in 1965-66. The resultant effect was that during the period 1965-66 to 1969-70 the gap between the rural and urban *per capita* consumer expenditure was widened. In 1965-66, the *per capita* expenditure in the urban sector was about 21.0 per cent higher than that in the rural sector but in 1969-70 this gap increased to 29.2 per cent. Moreover, the increase in the *per capita* consumer expenditure in 1969-70 over 1965-66 was observed for each level of household expenditure with, of course, varying degrees both in the rural and urban areas.

(b) During the period 1965-66 to 1969-70, the average proportion of cash expenditure in the consumer expenditure rose from 49 per cent to 51 per cent for the rural households. There was, however, a slight fall in the lowest (Rs. 0—100) and the highest, (Rs. 501 and above) expenditure groups. In the case of urban households, the percentage of cash expenditure went down significantly from 95 to 79 and here the decline in the cash proportion, practically of the same order, was observed for all categories of households.

(c) Between 1965-66 and 1969-70 the average *per capita* incidence of State indirect taxes increased from Rs. 5.16 to Rs. 9.12 in the case of rural households and from Rs. 22.87 to Rs. 27.28 in the case of urban households. Thus the increase in the *per capita* tax incidence in the rural areas was 76.7 per cent which was about four times that in the urban areas where it was only 19.3 per cent. This resulted in a reduction in the disparity between the rural and urban *per capita* tax burden. In 1965-66, the *per capita* tax burden on the urban households was about 4.4 times that on the rural households and about three times in 1969-70. While analysing the *per capita* tax burden on households of various expenditure classes, it would be observed that the *per capita* incidence in the rural areas decreased in the lowest two expenditure brackets but increased in the rest whereas the position was just the reverse in the case of urban households.

(d) The overall incidence of State indirect taxes in the consumer expenditure increased

from 1.68 per cent in 1965-66 to 2.10 per cent in 1969-70 in the rural areas, the percentage increase being about 25. The increase in the incidence during the period 1965-66 to 1969-70 was observed in respect of each tax except a fall of about 38 per cent in the case of entertainment and betting tax; the maximum increase of 41.3 per cent was in the State excise duty. The burden of the State indirect taxes went up in the rural areas because of increases in monetisation as well as increase in the coverage of taxation. Unlike the rural sector, the tax burden on urban households declined from 6.13 per cent to 4.91 per cent during the period 1965-66 to 1969-70 i.e. a reduction in the urban tax incidence by 20 per cent during the aforesaid period. Here except the two taxes viz., sales tax on motor spirit and entertainment and betting tax, the incidence of every other indirect tax showed a fall, the maximum decrease (66 per cent) was in the incidence of State excise duty. The reduction in the urban tax burden as indicated above may be partly attributed to the fact that the proportion of cash purchase in the family budget decreased from 95 per cent to 79 per cent, meaning thereby an increase in the proportion of the consumption of home-produce goods which have no indirect tax. Although the difference

between the proportion of taxes in the consumer expenditure paid by the households in the two sectors viz., rural and urban have narrowed down since 1965-66, the average incidence on the urban households continued to be more than double the incidence on the rural households in 1969-70.

(c) Between 1965-66 and 1969-70, some narrowing down of the difference between the proportion paid in taxes by the highest and lowest expenditure classes was witnessed. This was true for both rural and urban households. In 1969-70 the proportions of indirect taxes to consumer expenditure paid by the top expenditure group were 4.1 times and 2.1 times the proportion paid by the bottom group in the rural and urban areas respectively, whereas in 1965-66 the corresponding proportions were 4.7 and 2.8. Moreover, the gaps between the tax incidence on the rural and urban households in the monthly expenditure groups Rs. 101-250, Rs. 251-400 and Rs. 401-500 reduced considerably during the period 1965-66 to 1969-70.

#### Compensation with Karnataka State

16. The table below presents in a summary form the relative tax burden borne by the rural and urban households in Mysore (Karnataka) State. This study of tax incidence was made by N.C.A.E.R. in 1968-69:

TABLE 2—Incidence of State indirect taxes in Karnataka State 1968-69

Tax	Per capita annual tax (Rs.)		Tax as percentage of consumer expenditure	
	Rural	Urban	Rural	Urban
1. Sales tax (including sales tax on motor spirit) ..	6.65 (3.98)	19.88 (15.30)	1.44 (0.92)	2.94 (2.74)
2. Motor vehicle tax (including passenger and goods tax)	2.50 (1.42)	4.46 (3.47)	0.54 (0.33)	0.66 (0.63)
3. Electricity duty .. .. .	0.82 (0.05)	2.32 (0.92)	0.18 (0.01)	0.34 (0.17)
4. Entertainment and betting tax .. .. .	0.40 (0.23)	2.03 (3.71)	0.09 (0.05)	0.30 (0.67)
5. State excise duty .. .. .	4.28 (2.82)	3.75 (2.05)	0.93 (0.65)	0.55 (0.37)
Total .. .. .	14.65 (8.50)	32.44 (25.45)	3.18 (1.96)	4.79 (4.58)

Source—Incidence of taxation in Mysore State;  
National Council of Applied Economic Research, New Delhi.

NOTE—The figures in bracket relate to Uttar Pradesh for the year 1969-70.

17. It is revealed from the above results that the *per capita* tax burden as well as the proportion of State indirect taxes in the consumer expenditure in U.P. in 1969-70 was lower than that in Mysore in 1968-69. This was true for both the rural and urban sectors of the States but the tax disparity between the two states was found to be more marked for the rural areas than for the urban. In the case of rural sector, the overall incidence of State indirect taxes (excluding the purchase tax on sugarcane) in Uttar Pradesh was 1.96 per cent of the consumer expenditure and it was about 61.6 per cent of the incidence in Mysore. The proportion of tax incidence on the rural households in U.P. to that in Mysore State varied from 5.6 per cent in electricity duty to 69.9 per cent in State excise duty. As regards the tax burden on the urban households, the average tax incidence in U. P. was 95.6 per cent of that in Mysore but while considering the incidence of taxes separately, substantial differences in the tax burden on the urban households in the two States were observed in some cases. The proportion of electricity duty in the consumer expenditure in U. P. was half of the proportion in Mysore and it was 67.3 per cent for State excise duty. Further, unlike other taxes, the incidence of entertainment tax on the urban households in U. P. was more than two times that in Mysore. In the State of Mysore, the tax incidence on urban households was one and half times that on rural households whereas it was more than double in Uttar Pradesh, but the *per capita* consumer expenditure in urban areas was 30 per cent more in U. P. and 39 per cent more in Mysore as compared to that in the rural areas.

18. While comparing the results of the present study with the Finance Ministry's study (State taxation only) on the incidence of indirect taxation in the country for 1963-64 (details shown in Annexure 7), it would be seen that in spite of increase in the coverage of taxation and also in tax rates during the period 1963-64 to 1969-70, the average incidence of State indirect taxes in the State was lower in 1969-70 as compared to the average tax burden which was observed at the national level in 1963-64. The proportion of indirect taxes in the consumer expenditure was 2.61 per cent in the State as a whole in 1969-70, 2.10 per cent being in the rural and 4.91 per cent in the urban areas of the State, as against the corresponding tax burden of 2.70, 1.93 and 5.05 per cent in the country in 1963-64. The incidence of electricity duty in the State in 1969-70 was very low as compared to that in the country in 1963-64. This was so not only for all the households taken together but also for households at different expenditure levels in the rural and urban sectors separately. In the case of urban households, the incidence of entertainment and betting tax in U. P. in 1969-70 was, much higher (being about  $1\frac{1}{2}$  times) than that observed in 1963-64 at the national level and it was so for all households at different expenditure levels except the lowest one. The burden of other indirect taxes at different household expenditure levels in the State in 1969-70 did not deviate much from the all India average incidence in 1963-64.

19. The latest figures of over all *per capita* consumer expenditure based on National Sample

Surveys for various States are for the year 1968-69. The Statewise position of *per capita* annual consumer expenditure, *per capita* State indirect taxes and their incidence in the consumer expenditure is indicated in Annexure 8. An analysis of the tax incidence shows that the *per capita* expenditure in U. P. in 1968-69 was Rs.410.28 which was below the all States average of Rs.429.12. The position of U. P. in respect of *per capita* consumer expenditure was ninth among the States but in relation to the *per capita* tax incidence, its rank lowered down to eleventh. The tax element in the consumer expenditure in 1968-69 in this State was 2.58 per cent which was the lowest except the State of Assam, Bihar and Jammu and Kashmir. Further there were some States viz. Andhra Pradesh, Madhya Pradesh, Tamil Nadu and Mysore (Karnataka) where the *per capita* expenditure was lower than that in U. P. and more so in the rural areas, but the indirect taxes as percentage of consumer expenditure were much higher, being 3.81, 3.39, 5.38 and 4.97 respectively as compared to the U. P. figure of 2.58 per cent. Assam and Jammu and Kashmir, however, were the only States where in spite of comparatively higher *per capita* consumer expenditure the tax incidence was lower than that in U. P.

20. *Incidence of State direct taxation*—Besides indirect taxes, the U. P. Government levied in 1969-70 certain direct taxes viz.:

*Actual collections in 1969-70*

(Rs. in lakhs)

(a) Land revenue	...	2,128
(b) Vrihat jot kar	...	22
(c) Tax on profession and callings	...	173
(d) Urban land and building tax	...	88
(e) Stamps, court-fees and registration		1,318

The yield from these taxes constituted about 26.4 per cent of the total revenue from the State taxes. To have a complete picture of the burden of the State taxes, it would be desirable to cover them in our study of incidence. There are, however, no studies on the payment of these taxes by income/expenditure groups in U. P. It was only possible to allocate them by the rural and urban areas. The receipts from the land revenue and Vrihat jot kar were considered as the burden on the rural households alone. Likewise the entire collections from taxes on professions and callings and also on urban property were allocated among the urban households. As adopted by the the U. P. Taxation Enquiry Committee (1968-69) 80 per cent of the tax receipts from stamps, court-fees and registration were treated as the burden borne by the urban population and the rest 20 per cent by the rural population. The detailed estimates of tax incidence on the urban and rural sectors are given in Annexure 9.

21. The incidence of State direct taxes on urban households was 2.6 times of that on the rural ones, being 1.98 per cent and 0.75 per cent of the consumer expenditure in the urban and rural areas respectively. This disparity between the rural and urban incidence of direct taxes is widened if the income-tax which is a Central tax on non-agricultural income and a counterpart of the State tax viz. land revenue and Vrihat jot kar on agricultural income is also accounted for. The income-tax assessed in U. P.

in 1967-68 was about 3.14 per cent of the total assessment in the country. Using this proportion and the all India estimate for 1969-70, the income-tax in this State for 1969-70 is assessed to be of the order of Rs.2,077 lakhs. This being a tax on non-agricultural income was mostly borne by the urban population. If the burden of income-tax is included, direct taxes as proportion of consumer expenditure accounted for 5.26 per cent in the urban areas as against 0.75 per cent in the rural. Thus the incidence of direct taxes on urban households worked out at about seven times of the incidence on the rural households. These results when compared with those in 1965-66 as estimated by the U. P. Taxation Enquiry Committee (1968-69), show that the incidence of direct taxes reduced considerably in the rural sector during the period 1965-66 to 1969-70 but it was more or less the same in the urban sector. It may be mentioned here that the burden of land revenue and Vrihat jot kar fell on the households engaged in cultivation only. In the chapter on land taxation some attempt has been made to judge the incidence of land revenue on different groups of farmers. Further the incidence of tax on professions and callings was progressive for the households having annual income up to Rs.12,000 but was regressive for the higher income groups of households.

22. The burden of State taxes, direct and indirect, on the urban households was 2.4 times of the tax burden on the rural households and it became 3.6 times after considering the incidence of income-tax. During the period 1965-66 to 1969-70 total tax incidence in the rural areas remained more or less stable but in the case of urban areas it declined from 11.35 per cent in 1965-66 to 10.17 per cent in 1969-70. Considering the tax burden in the State as a whole, we find that the total tax incidence decreased slightly during the period 1965-66 to 1969-70 mainly due to the decline in the incidence of direct taxes in the rural sector.

23. The data pertaining to the total tax receipts and State income as given in Chapter II reveal that although in this State the tax burden on a *per capita* basis increased by 8.6 per cent during the period 1969-70 to 1972-73, the incidence as a proportion of State income declined from 3.15 per cent in 1969-70 to 2.95 per cent in 1971-72 and it declined further to 2.74 per cent in 1972-73 while in other States viz., Andhra Pradesh, Karnataka, Madhya Pradesh, Maha-

rashtra and Rajasthan for which State income estimates are available up to the year 1972-73, the tax incidence increased continuously throughout the period 1969-70 to 1972-73. It was further observed that in case of Kerala, Orissa, Tamil Nadu and West Bengal where State income estimates were available up to 1971-72 the tax as proportion of State income was higher in 1971-72 in comparison to the proportion in 1969-70.

24. The households in the rural and urban areas of State of Uttar Pradesh pay also the Union taxes, direct and indirect. While the direct Union taxes are known to be progressive and mainly paid by the Urban groups we have already examined general income-tax in this connection, it may well be asked as to whether the rural-urban and expenditure group distribution of Central indirect taxes makes a difference to our conclusions. The latest information that we have on this subject is only for 1963-64 and it pertains to all States combined. This is given in Annexure no. 10. It is revealed that in 1963-64 the incidence of both the Central indirect taxes viz., Central excise duty and import duty was 7.08 per cent, it being about twice in the urban areas as compared to that in rural one. The disparity between the tax incidence on the urban and rural households increased with the rise in expenditure levels. The percentage incidence of Central indirect taxes on the urban households in the lowest expenditure group (Rs.0—50) was about 1.8 times the incidence on the rural households and this gap increased to 2.2 for households in the highest expenditure group (Rs.501 and above). Further both the Central indirect taxes were progressive in the rural as well as in urban areas.

There have been many changes in customs and excise duty rates during the last ten years. One of us has elsewhere attempted a broad analysis of Central commodity taxation\* and we find no reason to believe that the distribution of the incidence of Central indirect taxes among various categories of rural and urban households has radically changed during the last decade.

25. The above analysis of tax incidence leads to a feeling that in the past Uttar Pradesh did not make as much efforts as the other States have made in raising their resources and there exists an untapped tax potential particularly in the rural sector of the State of Uttar Pradesh.

\*Commodity taxation in India, by D. T. Lakdawala

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## ANNEXURE 1

Cash purchase as per cent of consumer expenditure

Per capita per month

Monthly household expenditure groups (Rs.)	Rural			Urban			Rural and Urban combined		
	Consumer expenditure (Rs.)	Cash purchase (Rs.)	Cash purchase as per cent of consumer expenditure (%)	Consumer expenditure (Rs.)	Cash purchase (Rs.)	Cash purchase as per cent of consumer expenditure (%)	Consumer expenditure (Rs.)	Cash purchase (Rs.)	Cash purchase as per cent of consumer expenditure (%)
1	2	3	4	5	6	7	8	9	10
0—50 .. ..	23.16	10.43	45.03	31.66	20.02	63.23	23.59	10.92	46.29
51—100 .. ..	24.67	12.49	50.63	33.91	24.77	73.05	25.41	13.48	53.05
101—150 .. ..	27.64	13.14	47.54	34.97	25.25	72.20	28.44	14.45	50.81
151—300 .. ..	34.88	17.58	50.40	42.18	34.03	80.68	35.86	19.79	55.19
301—500 .. ..	50.07	25.84	51.61	59.60	50.27	84.35	51.26	28.89	56.36
501 and above .. ..	76.98	44.37	57.64	94.82	75.53	79.66	79.57	48.90	61.40
All levels .. ..	35.97	18.36	51.04	46.46	36.77	79.14	37.20	20.52	55.16

## ANNEXURE 2

Per capita annual incidence of indirect taxes in Uttar Pradesh (1969-70).

Serial no.	Tax	Household monthly consumer expenditure levels (Rs.)							
		0—50	51—100	101—150	151—300	301—500	Above 500	All level	
1	2	3	4	5	6	7	8	9	
(Rural)									
1	General sales tax .. ..	1.40	1.58	2.07	3.02	6.22	14.56	3.69	
2	Motor vehicles tax .. ..	0.14	0.22	0.31	0.49	1.03	2.20	0.57	
3	Passenger and goods tax .. ..	0.10	0.26	0.45	0.69	1.69	3.23	0.85	
4	Sales tax on motor spirit .. ..	0.05	0.06	0.12	0.18	0.38	1.98	0.20	
5	Electricity duty .. ..	0.03	0.03	0.03	0.04	0.06	0.11	0.05	
6	Entertainment and betting tax .. ..	..	..	0.04	0.18	0.50	1.34	0.23	
7	Purchase tax on sugarcane .. ..	0.12	0.23	0.28	0.54	1.05	2.63	0.62	
8	State excise duties .. ..	0.41	0.54	1.20	1.41	9.02	10.49	2.82	
	Total .. ..	2.25	2.94	4.50	6.55	19.95	36.54	9.12	
(Urban)									
1	General sales tax .. ..	7.09	8.35	9.12	10.89	16.54	39.03	13.29	
2	Motor vehicles tax .. ..	0.94	1.19	1.19	1.75	2.88	7.73	2.21	
3	Passenger and goods tax .. ..	0.63	0.86	0.79	1.21	1.67	2.69	1.26	
4	Sales tax on motor spirit .. ..	0.35	0.44	0.44	1.34	4.25	8.05	2.01	
5	Electricity duty .. ..	0.04	0.41	0.33	0.74	1.48	3.23	0.92	
6	Entertainment and betting tax .. ..	0.37	2.31	2.31	2.87	5.19	11.61	3.71	
7	Purchase tax on sugarcane .. ..	0.48	0.97	1.00	1.81	2.94	3.39	1.83	
8	State excise duties .. ..	6.21	0.59	0.37	0.70	2.51	14.54	2.05	
	Total .. ..	16.11	15.12	15.55	21.31	37.48	90.27	27.28	

1	2	3	4	5	6	7	8	9
								(Total)
1	General sales tax .. ..	1.75	2.23	2.97	4.26	7.73	18.73	5.02
2	Motor vehicles tax .. ..	0.19	0.31	0.42	0.69	1.30	3.14	0.80
3	Passenger and goods tax .. ..	0.14	0.32	0.50	0.77	1.69	3.14	0.91
4	Sales tax on motor spirit .. ..	0.07	0.12	0.16	0.36	0.95	3.02	0.53
5	Electricity duty .. ..	0.03	0.07	0.07	0.15	0.27	0.64	0.17
6	Entertainment and betting tax .. ..	0.02	0.22	0.33	0.60	1.19	3.09	0.71
7	Purchase tax on sugarcane .. ..	0.14	0.30	0.37	0.74	1.33	2.76	0.79
8	State excise duties .. ..	0.76	0.54	1.10	1.30	8.07	11.18	2.71
	Total .. ..	3.10	4.11	5.92	8.87	22.53	45.70	11.64

## ANNEXURE 3

## Consumer expenditure and tax as percentage of consumer expenditure in U. P. (1969-70)

Serial no.	Tax	Household monthly consumer expenditure levels (Rs.)						All levels
		0-50	51-100	101-150	151-300	301-500	Above 500	
1	2	3	4	5	6	7	8	9
								(Rural)
I—	Per capita annual consumer expenditure (Rs.0.00).	277.92	296.04	331.68	418.56	600.84	923.76	431.64
II—	Per capita tax as percentage of per capita consumer expenditure :							
1	General sales tax .. ..	0.50	0.53	0.62	0.72	1.04	1.58	0.85
2	Motor vehicles tax .. ..	0.05	0.07	0.09	0.12	0.17	0.24	0.13
3	Passenger and goods tax .. ..	0.04	0.09	0.14	0.16	0.28	0.35	0.20
4	Sales tax on motor spirit .. ..	0.02	0.03	0.04	0.04	0.06	0.21	0.07
5	Electricity duty .. ..	0.01	0.01	0.01	0.01	0.01	0.01	0.01
6	Entertainment and betting tax .. ..	..	..	0.01	0.04	0.08	0.15	0.05
7	Purchase tax on sugarcane .. ..	0.04	0.08	0.08	0.13	0.17	0.28	0.14
8	State excise duties .. ..	0.15	0.18	0.36	0.34	1.50	1.14	0.65
	Total .. ..	0.81	0.99	1.35	1.56	3.31	3.96	2.10
								(Urban)
I—	Per capita annual consumer expenditure (Rs.0.00).	379.91	406.92	419.66	506.16	715.20	1137.84	557.52
II—	Per capita tax as percentage of per capita consumer expenditure :							
1	General sales tax .. ..	1.87	2.05	2.17	2.15	2.31	3.43	2.38
2	Motor vehicles tax .. ..	0.25	0.29	0.28	0.35	0.40	0.68	0.40
3	Passenger and goods tax .. ..	0.17	0.21	0.19	0.24	0.23	0.24	0.23
4	Sales tax on motor spirit .. ..	0.09	0.11	0.10	0.26	0.59	0.71	0.36
5	Electricity duty .. ..	0.01	0.10	0.08	0.15	0.21	0.28	0.17
6	Entertainment and betting tax .. ..	0.10	0.57	0.55	0.57	0.73	1.02	0.67
7	Purchase tax on sugarcane .. ..	0.13	0.24	0.24	0.36	0.41	0.30	0.33
8	State excise duties .. ..	1.63	0.14	0.09	0.14	0.35	1.28	0.37
	Total .. ..	4.25	3.71	3.70	4.22	5.23	7.94	4.91

1	2	3	4	5	6	7	8	9
								(Total)
I—Per capita annual consumer expenditure (Rs.0.00).		283.08	304.92	341.28	430.32	615.12	954.84	446.40
II—Per capita tax as percentage of per capita consumer expenditure.								
1 General sales tax .. ..		0.62	0.73	0.87	0.99	1.26	1.96	1.12
2 Motor vehicles tax .. ..		0.07	0.10	0.12	0.16	0.21	0.33	0.18
3 Passenger and goods tax ..		0.05	0.10	0.15	0.18	0.27	0.33	0.20
4 Sales tax on motor spirit ..		0.02	0.04	0.05	0.08	0.15	0.32	0.12
5 Electricity duty .. ..		0.01	0.02	0.02	0.03	0.04	0.07	0.04
6 Entertainment and betting tax ..		0.01	0.07	0.10	0.14	0.19	0.32	0.16
7 Purchase tax on sugarcane ..		0.05	0.10	0.11	0.17	0.22	0.29	0.18
8 State excise duties .. ..		0.27	0.18	0.32	0.30	1.31	1.17	0.61
Total ..		1.10	1.34	1.74	2.05	3.65	4.79	2.61

## ANNEXURE 4

## Incidence of State indirect taxes in Uttar Pradesh (1965-66)

Tax	Per capita annual tax burden (Rs.)			Per capita tax as percentage of per capita consumer expenditure		
	Rural	Urban	Total	Rural	Urban	Total
1	2	3	4	5	6	7
I—Per capita annual consumer expenditure (Rs.0.00) ..	..	..	..	308.04	372.84	317.76
1 General sales tax .. ..	..	2.07	9.58	3.06	0.68	2.57
2 Motor vehicles tax .. ..	..	0.38	1.62	0.55	0.12	0.44
3 Passenger and goods tax ..	..	0.44	1.06	0.53	0.14	0.28
4 Sales tax on motor spirit ..	..	0.21	0.95	0.30	0.07	0.25
5 Electricity duty .. ..	..	..	0.83	0.11	..	0.22
6 Entertainment and betting tax ..	..	0.25	1.44	0.41	0.08	0.39
7 Purchase tax on sugarcane ..	..	0.41	3.32	0.80	0.13	0.89
8 State excise duty .. ..	..	1.40	4.07	1.75	0.46	1.09
Total of Indirect Taxes ..	..	5.16	22.87	7.51	1.68	6.13

Sources—Uttar Pradesh Taxation Enquiry Committee Report, 1968-69.

## ANNEXURE 5

Per capita incidence of indirect taxes in Uttar Pradesh (1965-66 and 1969-70)

(Rs. 0.00)

Expenditure group	1965-66			1969-70		
	Rural	Urban	Total	Rural	Urban	Total
1	2	3	4	5	6	7
Rs. 0—100 .. ..	3.01	12.30	3.99	2.85	15.21	3.99
Rs. 101—250 .. ..	5.46	17.50	7.06	5.13	17.99	6.99
Rs. 251—400 .. ..	9.91	35.79	14.89	14.38	30.58	16.88
Rs. 401—500 .. ..	16.55	73.67	26.03	21.96	43.68	25.12
Above Rs.500 .. ..	35.14	100.99	71.74	36.54	90.27	45.70
All levels .. ..	5.16	22.87	7.51	9.12	27.28	11.64

Source—For 1965-66; Uttar Pradesh Taxation Enquiry Committee Report, 1968-69.

## ANNEXURE 6

Per capita indirect taxes as percentage of per capita consumer expenditure in Uttar Pradesh (1965-66 and 1969-70)

Expenditure group	1965-66			1969-70		
	Rural	Urban	Total	Rural	Urban	Total
1	2	3	4	5	6	7
Rs. 0—100 .. ..	1.21	4.34	1.58	0.97	3.76	1.32
Rs. 101—250 .. ..	1.69	5.11	2.16	1.38	3.90	1.85
Rs. 251—400 .. ..	2.22	7.17	3.25	2.77	4.93	3.17
Rs. 401—500 .. ..	3.25	9.26	4.62	3.28	5.52	3.67
Above Rs.500 .. ..	5.69	12.20	9.66	3.96	7.93	4.79
All levels .. ..	1.68	6.13	2.36	2.10	4.91	2.61

Source—For 1965-66, Uttar Pradesh Taxation Enquiry Committee Report, 1968-69.

## ANNEXURE 7

Consumer expenditure and taxes as percentage of consumer expenditure (1963-64)

(ALL INDIA)

Serial no.	Tax	Household monthly expenditure level.						All levels
		Rs. 0-50	Rs. 51-100	Rs. 101-150	Rs. 151-300	Rs. 301-500	Rs. 501 and above	
1	2	3	4	5	6	7	8	9
(Rural)								
I—Per capita annual consumer expenditure (Rs.0.00).		176.76	214.92	274.68	362.88	524.52	870.60	294.36
II—Per capita tax as percentage of per capita consumer expenditure.								
1	General sales tax .. ..	0.67	0.68	0.72	0.78	0.98	1.73	0.82
2	Motor vehicle tax .. ..	0.19	0.22	0.24	0.37	0.42	0.62	0.32
3	Passenger and goods tax. ..							
4	Sales tax on motor spirit .. ..	0.05	0.06	0.06	0.11	0.11	0.41	0.10
5	Electricity duty .. ..	0.08	0.08	0.10	0.12	0.14	0.15	0.11
6	Entertainment and betting tax .. ..	0.03	0.04	0.05	0.06	0.09	0.17	0.06
7	Purchase tax on sugarcane .. ..	..	..	..	..	..	..	..
8	State Excise duty .. ..	0.44	0.37	0.44	0.67	0.48	0.67	0.52
	Total .. ..	1.46	1.45	1.61	2.11	2.22	3.75	1.93
(Urban)								
I—Per capita annual consumer expenditure. (Rs.0.00).		273.96	279.36	317.88	426.84	638.88	1,140.84	420.84
II—Per capita tax as percentage of per capita consumer expenditure								
1	General sales tax .. ..	1.86	2.22	2.31	2.45	2.55	4.88	2.79
2	Motor vehicles tax .. ..	0.46	0.44	0.53	0.56	0.60	1.17	0.63
3	Passenger and goods tax .. ..							
4	Sales tax on motor spirit .. ..	0.13	0.14	0.15	0.17	0.16	1.57	0.40
5	Electricity duty .. ..	0.17	0.23	0.28	0.31	0.43	0.40	0.32
6	Entertainment and betting tax .. ..	0.23	0.36	0.37	0.42	0.58	0.59	0.43
7	Purchase tax on sugarcane .. ..	..	..	..	..	..	..	..
8	State Excise duty .. ..	0.42	0.42	0.27	0.51	0.16	0.94	0.48
	Total .. ..	3.27	3.81	3.91	4.42	4.48	9.55	5.05
(Total)								
I—Per capita annual consumer expenditure (Rs.0.00)		186.24	223.56	282.72	377.64	557.40	963.72	317.76
II—Per capita tax as percentage of per capita consumer expenditure.								
1	General sales tax .. ..	0.84	0.95	1.05	1.21	1.50	3.01	1.32
2	Motor vehicle tax .. ..	0.23	0.26	0.30	0.42	0.47	0.85	0.39
3	Passenger and goods tax. ..							
4	Sales tax on motor spirit .. ..	0.06	0.07	0.08	0.13	0.13	0.89	0.19
5	Electricity duty .. ..	0.09	0.11	0.13	0.16	0.23	0.26	0.16
6	Entertainment and betting tax .. ..	0.05	0.09	0.11	0.16	0.26	0.34	0.15
7	Purchase tax on sugar cane .. ..	..	..	..	..	..	..	..
8	State Excise duty .. ..	0.45	0.38	0.41	0.64	0.38	0.78	0.49
	Total .. ..	1.72	1.86	2.08	2.72	2.97	6.13	2.70

Source—Incidence of Indirect Taxation, Government of India, 1963-64 by Economic Division, Department of Economic Affairs, Ministry of Finance, New Delhi.

## ANNEXURE 8

Per capita consumer expenditure, State indirect taxes and tax as per cent of consumer expenditure in various States of Indian Union (1968-69)

Serial no.	State	Per Capita annual consumer expenditure (Rs.0.00)			Per capita State indirect taxes (Rs.0.00)	State indirect taxes as percent of consumer expenditure
		Rural	Urban	Total		
1	2	3	4	5	6	7
1	Uttar Pradesh	397.08	492.96	410.28	10.57	2.58
2	Andhra Pradesh	377.64	533.28	407.04	15.52	3.81
3	Assam*	450.84	664.68	469.80	10.47	2.23
4	Bihar	357.36	529.68	373.92	9.52	2.55
5	Gujarat	414.36	482.52	433.08	24.30	5.61
6	Jammu and Kashmir	457.44	465.36	458.88	10.14	2.21
7	Karnatak	374.52	514.80	407.88	20.26	4.97
8	Kerala	434.16	460.68	438.36	20.52	4.68
9	Madhya Pradesh	373.56	532.20	398.64	13.53	3.38
10	Maharashtra	384.48	624.72	457.56	32.66	7.14
11	Orissa	338.88	579.12	357.84	9.48	2.65
12	Punjab and Haryana	621.48	627.72	622.80	36.53	5.87
13	Rajasthan	492.72	557.88	504.00	15.16	3.01
14	Tamil Nadu	360.24	488.16	397.80	21.41	5.38
15	West Bengal	358.20	624.24	428.28	21.56	5.03
All States		399.36	552.48	429.12	17.75	4.14

\*Includes Nagaland and Meghalaya.

Sources—(1) For columns 3 and 4—Consumer Expenditure—Nss 23rd round July 1968—June 1969 (Bulletin no. 251).

(2) For column 5—Worked out by taking the projected population as weights.

(3) For column 6—State Budget and projected population.

## ANNEXURE 9

Incidence of State direct and indirect taxes in Uttar Pradesh (1969-70)

Taxes.	Per capita Tax (Rs.)			Per capita tax as per cent of per capita consumer expenditure.		
	Rural	Urban	Total	Rural	Urban	Total
1	2	3	4	5	6	7
I—Per capita annual expenditure	..	..	..	431.64	557.52	446.40
II. 1. Land revenue	..	2.87	..	0.66	..	0.55
2. Vrihat Jot Kar	..	0.03	..	0.01	..	0.01
3. Tax on professions and callings	..	..	1.45	..	0.26	0.04
4. Tax on land and buildings	..	..	0.74	..	0.13	0.02
5. Stamp duty, court-fees and registration	..	0.36	8.85	0.08	1.59	0.34
Total Direct taxes	..	3.26	11.04	0.75	1.98	0.96

## ANNEXURE 9

	1	2	3	4	5	6	7
6. General sales tax .. ..	3.69	13.29	5.02	0.85	2.38	1.12	
7. Motor vehicle tax .. ..	0.57	2.21	0.80	0.13	0.40	0.18	
8. Passenger and goods tax .. ..	0.85	1.26	0.91	0.20	0.23	0.20	
9. Sales tax on motor spirit .. ..	0.29	2.01	0.53	0.07	0.36	0.12	
10. Electricity duty .. ..	0.05	0.92	0.17	0.01	0.17	0.04	
11. Entertainment and betting tax .. ..	0.23	3.71	0.71	0.05	0.67	0.16	
12. Purchase tax on sugarcane .. ..	0.62	1.83	0.79	0.14	0.33	0.18	
13. State Excise duty .. ..	2.82	2.05	2.71	0.65	0.37	0.61	
<i>Total Indirect taxes</i> .. ..	<b>9.12</b>	<b>27.28</b>	<b>11.64</b>	<b>2.10</b>	<b>4.91</b>	<b>2.61</b>	
<i>Total State taxes</i> .. ..	<b>12.88</b>	<b>38.32</b>	<b>15.97</b>	<b>2.85</b>	<b>6.89</b>	<b>3.57</b>	

## ANNEXURE 10

*Incidence of Central indirect taxes (1963-64)*

Monthly house-hold expenditure levels (Rs.)	Tax as per cent of consumer expenditure								
	Central excise duty			Import duty		Central excise and import duty combined			
	Rural	Urban	Rural and urban combined	Rural	Urban	Rural and urban combined	Rural	Urban	Rural and urban combined
1	2	3	4	5	6	7	8	9	10
0-50 .. ..	2.76	4.87	3.05	1.34	2.48	1.50	4.10	7.35	4.55
51-100 .. ..	3.01	5.01	3.34	1.42	2.34	1.58	4.43	7.35	4.02
101-150 .. ..	3.29	5.72	3.80	1.56	2.54	1.78	4.85	8.20	5.58
151-300 .. ..	4.33	6.43	4.87	1.98	2.68	2.16	6.31	9.11	7.03
301-500 .. ..	4.89	7.06	5.60	2.23	3.12	2.53	7.12	10.18	8.13
501 and above .. ..	7.47	16.10	10.99	3.01	7.06	4.66	10.48	23.16	15.65
All house-holds .. ..	3.95	7.70	4.89	1.81	3.37	2.19	5.76	11.07	7.08

*Source*—Incidence of Indirect Taxation, 1963-64, Economic Division, Department of Economic Affairs, Ministry of Finance, New Delhi (1969)

## APPENDIX

## Methodology and Assumptions

This note attempts to take up each major State indirect tax and to state the precise manner in which the burden of each was distributed among different groups.

## (a) General sales tax

2. The total yield from sales tax excluding the receipts from sales tax on motor spirit amounted to Rs.47.13 crores in 1969-70; of this the burden of Rs.43.14 crores was borne by the households within the State of Uttar Pradesh and the remaining portion of Rs.3.99 crores was on account of inter-State sales tax whose incidence fell on the consumers outside the State. A part of the inter-State sales tax proceeds of other States must be by this analogy falling on Uttar Pradesh consumers. No detailed quantitative information is, however, available on this point. Further, in this exercise we are only taking into account the proceeds of U. P. taxes, and omitting the burden of central taxation. Accordingly, no attempt has been made to allocate any portion of the inter-State sales tax receipts of other States to Uttar Pradesh residents. In order to calculate the sales tax burden on consumers within the State, a commoditywise break-up of the tax yield of Rs.43.14 crores for all the items which were subject to sales tax was made available by the Sales Tax Commissioner, Uttar Pradesh. Items of expenditure in family budgets, however, do not correspond with the commodities, and raw materials, intermediate goods etc., are not purchased directly by consumers. There is often no uniform tax rates on a single item of consumption. For instance the Sales Tax Act provides for the exemption of dealers with annual turnover of less than Rs.12,000 in general and Rs. 25,000 in respect of foodgrains from the registration and liability to sales tax. Moreover, certain commodities and services provided through certain channels are wholly exempt from sales tax. A number of ingenious compromises, therefore, become essential.

3. While estimating the tax burden, all the taxable commodities were divided into 58 groups on the basis of their nature of consumption by various sections of the society and the available consumer expenditure data. The general approach has been to apportion the sales tax receipts of each group among different categories of households of the rural and urban sectors in proportion to their expenditure on the items or like items included in the group. But for certain commodities special assumptions had to be made. The more interesting ones are described below:

(a) In rural areas, the liabilities for sales tax on foodgrains, deshi ghee, gur, fuel wood and furniture were not taken into account, since they are generally purchased from such local sources as are not subject to tax. Therefore, the total tax receipts from these items were apportioned among different expenditure groups of the urban areas only.

(b) The edible oil produced with Ghanis and hand presses is tax free in this State. In the rural areas, the proportion of consumption of Ghanis oil to mill oil is generally higher than that consumed in the urban areas, but no data are available to indicate the actual proportion of consump-

tion of the Ghanis oil to the total consumption for the two sectors. Under the circumstances, as adopted by the Department of Economic Affairs, Ministry of Finance, Government of India, in their study 'Incidence of Indirect Taxation, 1963-64', only 40 per cent of the rural consumption and 90 per cent of the urban consumption of edible oil has been considered as subject to sales tax.

(c) While expenditure on footwear by the higher expenditure groups attracted sales tax, this was not so in case of expenditure groups at the bottom, as these households would be buying mostly from the local manufacturers who may not be subject to sales tax due to small turnover. Thus the total cash purchase of footwear in the rural areas and 50 per cent of that in the urban areas by the households with monthly expenditure up to Rs.300 has been treated as tax free. In case of households with monthly expenditure of more than Rs.300, 50 per cent of the cash expenditure on footweares by the rural households and entire cash expenditure by the urban households has been treated as fully taxable. These percentages of exemptions are again based on the Government of India's Study, as no relevant data were available for Uttar Pradesh.

(d) The sales tax receipts from motor vehicles and their parts and from motor lubricants were allocated to different expenditure groups of rural and urban sectors in proportion to the incidence of motor vehicles tax and sales tax on motor spirit respectively. Likewise in case of those items which are subject to both sales tax and U. P. excise duty, the basis of allocation of sales tax receipts was the same as adopted for State excise duty.

(e) The incidence of sales tax receipts from electrical goods, sanitary goods, army canteen and auction goods, photogoods, ice, fruit syrup, treated water and refrigerators was assumed to be entirely on the urban sector, as the consumption of these commodities, if any, in the rural areas was considered negligible. Similarly, since the expenditures on agricultural implements and arms, ammunitions etc., are mostly done by the rural households, the incidence of sales tax receipts from the purchase of these items was taken on the rural sector only.

(f) There are a number of producers goods such as bricks, cement, iron and steel, timber and bamboo, mill stores, radiogramophone, wireless instruments, sewing machines, typewriters and their parts, watches etc., for which either no household expenditure data were available and/or where available, the same were not considered reliable. In the absence of reliable expenditure data pertaining to these items the estimated cash expenditure on manufactured goods by different expenditure groups of households in the rural and urban areas was taken as the basis for apportioning sales tax receipts from such items.

## (b) Motor vehicle tax

4. Incidence of motor vehicle tax has been estimated separately for the four components of the tax viz., tax on (i) private cars, (ii) scooters and motor-cycles, (iii) taxis, auto-rickshaw and passenger buses, and (iv) trucks. The total tax yield

from this source amounted to Rs.689 lakhs in 1969-70. Although details relating to the number and tax rates of different categories of vehicles for the year 1969-70 have been obtained from the Transport Department, the category-wise tax yield figures were not available. Under the circumstances, categorywise hypothetical revenue figures were worked out by applying the average tax rates to the number of each category of vehicles on road and the proportions thus yielded by these hypothetical figures were used for the allocation of actual collections among the above mentioned categories of vehicles.

5. The portion of tax receipts attributable to private cars was allocated to the urban households in the highest expenditure group of above Rs.500 and from scooters and motor-cycles was assigned to urban households in various expenditure groups of Rs.251 and above in proportion to their expenditure on owned conveyance.

6. The tax portion on taxis, auto-rickshaws and buses is shifted to the households through increased fare. The amount of tax attributable to these vehicles was, therefore, distributed among the rural and urban households and among different expenditure groups in proportion to their expenditure on bus and taxi fares.

7. On the assumption that the portion of road tax on trucks, which are mostly used for transporting foodstuffs to non-rural area and industrial raw materials and manufactured goods everywhere, is shifted to households through prices of the items consumed by them, the estimated amount of road tax realised by the State for such vehicles was allocated to different expenditure groups in proportion to the cash expenditure on industrial goods by the rural households and in proportion to the total cash expenditure by the urban households.

#### (c) Passengers and goods tax

8. During the year 1969-70, the passenger tax was levied on every passenger carried by a stage-carriage or a contract-carriage at a rate equivalent to 15 per cent of the fare payable by such passenger. The estimated collection of passenger tax in the year under study was Rs.511 lakhs. Assuming this tax to be shifted to the households through increased bus fare, the revenue from this source has been distributed between the rural and urban sectors and in the different expenditure groups within each sector in proportion to the households expenditure on bus and taxi-fare.

9. The goods tax in 1969-70 was realised at 8 per cent of the freight charged on the basis of the pay load of the trucks and other goods vehicles which are used mostly for carrying the foodgrains and other agricultural produce from rural to urban areas and also used for transporting raw materials and finished manufactured goods within the State. The amount of the tax collected in the year 1969-70 was about Rs.268 lakhs. The burden of goods tax is also passed on to households through the increased prices of agricultural produce and other manufactured items consumed by them. The receipts from this tax were apportioned into rural and urban sectors and among different expenditure classes in proportion to household cash expenditure on industrial goods in the rural areas and total cash expenditure by the households in the urban areas.

#### (d) Sales tax on motor spirit

10. This includes tax on both petrol and diesel oil. It yielded Rs.452 lakhs in 1969-70. Petrol is mostly consumed by cars, taxis, motor-cycles and other light vehicles while diesel oil is used by buses, trucks and tractors. The sales tax rate on diesel oil is seven paise per litre since December 1, 1962 (raised to 10 paise now) but in case of petrol it is 10 paise per litre since October 1, 1969 (raised to 25 paise now) and prior to that the rate was 9 paise per litre. As such the incidence of sales tax on petrol and that on diesel oil will be different on the same expenditure class of households within each of the urban and rural sectors of the State. To take into account all these factors it would be essential to estimate the incidence of sales tax on petrol and on diesel oil separately.

11. Since the figures of tax yields are not available separately for petrol and diesel oil, the total yield from sales tax on motor spirits was first of all bifurcated into two parts viz., yield of sales tax on petrol and yield of sales tax on diesel oil. This could be done on the basis of the estimated consumption of petrol and diesel oil and their sales tax rates, in the manner indicated below:

(i) *Petrol*—The data regarding the number of various types of light vehicles, viz., cars, motor-cycles and taxis on road are published, every year separately for those owned by Roadways Corporation and by private owners, but no statistics are regularly available in respect of consumption of petrol by such vehicles. The figures of petrol consumed by the Roadways taxis in the year 1968-69 and also its total consumption in the State in 1972-73 were, however, available. The total consumption of petrol by Roadways taxis in 1969-70 and 1972-73 could be estimated with the help of number of taxis on road in the respective years and the consumption rate of petrol in 1968-69. The figures of consumption of petrol by private vehicles on road during 1972-73 was obtained by subtracting the petrol consumption by Roadways taxis from the State's total consumption and thereby the rate of consumption for privately owned light vehicles, consisting of cars, motor-cycles and taxis. Assuming this rate to hold good for 1969-70 also, the consumption of petrol by private vehicles was estimated for the year 1969-70. The total consumption of petrol by all the light vehicles in the State during 1969-70, thus arrived at was 1,653 lakhs litres, and the sales tax receipts from the consumption of petrol in 1969-70 at the rate 9½ paise per litre was estimated as Rs.157 lakhs.

(ii) *Diesel oil*—The information about the number of buses and trucks owned by the Roadways Corporation and the quantity of diesel oil consumed by them is available for every year from the office of the Roadways Corporation. In 1969-70, the total consumption of diesel oil by these vehicles was to the extent of 411 lakh litres. In the case of vehicles owned privately, although the number of various types of heavy vehicles on road in different years is published by the Transport Commissioner in the Annual Administrative Report, the data of consumption of diesel oil by such vehicles are not available regularly. The total consumption of diesel oil in the State in 1972-73 was, however, available to us and it was of the order of 65 crore litres. The quantity of diesel oil consumed by public vehicles in 1972-73 was about 549 lakh litres and thus the residual portion,

viz., 5951 lakh litres was assumed as that consumed by the private vehicle in the year 1972-73. The rate of consumption of diesel oil by private vehicles in 1969-70 was estimated on the basis of their consumption rate in 1972-73 and the ratio of the consumption rates in 1969-70 to that in 1972-73 by Roadways vehicles. The quantity of diesel oil consumed by private vehicles on road in 1969-70 was thus, estimated as 3,153 lakh litres. The consumption of diesel oil by both private and public vehicles in 1969-70 was, thus estimated to be about 3,564 lakh litres and the tax receipts at the rate of 7 paise per litre from the sale of diesel oil was estimated at about Rs.250 lakhs.

The actual tax receipts of Rs.452 lakhs was apportioned into the tax yields from petrol and diesel oil separately in proportion to the hypothetical tax yields as arrived at above.

12. Information regarding the number of U. P. Roadways buses and trucks and also the quantity of diesel oil consumed by them is available regularly for each type of vehicles but in case of private vehicles on road, only their number is available. Assuming the average consumption of diesel oil by a private bus as 50 per cent of that of Roadways bus, the consumption of diesel oil by private buses in the State in the year 1969-70 was also estimated. The consumption of diesel oil by private trucks could be estimated on the basis of average consumption as arrived from the information collected recently by the State Bureau of Economics and Statistics, U. P. from various districts of the State. While estimating the quantity of diesel oil consumed by the tractors, the norm of per tractor consumption, as adopted for working out the State income estimates, has been used. The total tax yield from the sale of diesel oil was allocated among buses, trucks and tractors in proportion to the consumption of diesel oil by different categories of vehicles thus arrived at above. The consumption of petrol by taxis was estimated on the basis of average consumption per taxi as is revealed from the data collected by the State Bureau of Economics and Statistics and the tax yield attributable to it was estimated at the rate of 9½ paise per litre. The residual of the tax yield from petrol was assigned to cars, motor-cycles and other light vehicles.

13. The tax portion on the consumption of diesel oil by tractors was allocated to the rural households in the expenditure group above Rs.500, that on cars and motor-cycles was attributed to urban households in different expenditure groups with monthly expenditure of Rs.251 and above in proportion to their expenditure on owned conveyance, while the portion of tax burden on buses and taxis and that on trucks was allocated to different expenditure groups of rural and urban households in the same way as done in case of motor vehicles tax/passenger and goods tax.

#### (c) Electricity duty

14. As empowered under the Constitution, the State Governments levy electricity duty on energy consumed for various purposes viz., domestic, commercial, industrial and agricultural. The rates of electricity duty differ from State to State and also vary for different categories of users.

15. In the year 1969-70 the consumption of energy in this State for industrial and agricultural operations was exempted from electricity duty. Tax was levied on the electricity consumed for domestic and commercial purposes only. The rate of electricity duty depended upon the electricity rates, but it was not less than one paise per unit or more than six paise per unit with an overall ceiling of forty paise per unit on the rate of electricity plus electricity duty. The duty rates were uniform whether the energy was consumed by the households or by the commercial establishments. The total yield from this duty in 1969-70 was about Rs.144 lakhs.

16. The data on purposewise consumption of electricity in various States are published every year by the Central Water and Power Commission, New Delhi. In U. P. the consumption of energy for commercial lighting in 1969-70, was about 30 per cent of that consumed for both domestic and commercial purposes. Since the rates of electricity duty were the same both for domestic and commercial consumption, 30 per cent of the total collections of electricity duty in 1969-70 was taken as realised on account of commercial uses and was allocated to rural and urban areas and also among different expenditure groups in proportion to the total expenditure on cash purchases. The remaining 70 per cent of the tax receipts was considered as a burden on the urban households alone and as such it was allocated to different expenditure brackets in the urban areas in proportion to their expenditure on the electricity consumed for domestic purposes.

#### (f) Entertainment and Betting tax

17. The entertainment tax is at present levied at varying rates depending upon the pre-tax value of the ticket. In case of cinematograph exhibitions it is 80 per cent of the payment for admission where such fees do not exceed one rupee, and 110 per cent for the payments exceeding rupee one; in respect of other entertainments the rates vary from 12½ per cent to 50 per cent. Prior to October 1, 1970, this tax was realised at a flat rate of 75 per cent of the value of cinema tickets and 60 per cent of the payment for other entertainments.

18. The total yield from the entertainment tax in 1969-70 amounted to Rs.610 lakhs of which Rs.604 lakhs (about 99 per cent) was received from cinematograph exhibitions; the remaining income was derived from other sources of entertainment such as circus, housie games and sports, classical music and dance, variety show etc. Since during 1969-70 the tax rate on moving pictures was levied at the same percentage rate irrespective of the admission fees, the burden of the tax on cinemas was allocated to the rural and urban sectors, and to different expenditure groups within the sector in proportion to the expenditure incurred by the households on cinema and theatre. The tax receipts amounting to Rs.6 lakhs from other sources of entertainment were distributed among urban households of expenditure group Rs.201—250, Rs.251—300, Rs.301—400, Rs.401—500 and above Rs.500 in proportion to their expenditure on other amusements. It was assumed that the entire expenditure on other amusements in rural areas and of Rs.200 and below expenditure group in urban areas was on items which were not taxed like *mela*, fair.

19. The betting tax in Uttar Pradesh is levied on horse races at 10 per cent of all moneys paid into any totalisator by way of stakes of bets and also all moneys paid or agreed to be paid as a bet to licensed bookmaker or by a backer. The rate of betting tax has not been changed since 1947. This tax is paid by the well-off section of the urban society. The receipt from this tax during 1969-70 was only Rs.2.52 lakhs. It was allocated to the urban households in the highest expenditure bracket.

**(g) Purchase tax on sugarcane**

20. This tax is levied on the sugarcane purchased by the sugar factories for the manufacture of sugar and by the power-crusher mainly for the production of Khandsari. The rate of the tax in the case of sugar factories is 51 paise per quintal and for Khandsari units, it is 50 paise per quintal. These rates were prevalent in 1969-70 also. It is assumed that the amount of purchase tax on sugarcane enters into the final price of sugar and Khandsari as cost elements and is thus borne by the consumers of these commodities.

21. The total yield from this tax in 1969-70 amounted to Rs.678 lakhs. According to the information obtained from the office of the Cane Commissioner, U. P., about 92 per cent of the total collection from this source during 1969-70 was from sugar mills and the remaining 8 per cent from the power-crushers. Therefore, 92 per cent of the actual receipts from purchase tax on sugarcane during 1969-70 has been allocated among the urban and rural households and among various expenditure groups within each sector in proportion to their cash expenditures on sugar and its products, while the remaining portion of the tax collected

was allocated in proportion to cash expenditure on Khandsari.

**(h) State Excise Duties**

22. The yield from this source amounted to Rs.2,331 lakhs in 1969-70; of this Rs.1,641 lakhs accrued from country made spirits and fermented liquors, Rs.512 lakhs from foreign liquors viz., Malt liquor, wines and beer, Rs.114 lakhs from commercial spirits including medicinal toilet preparations and Rs.64 lakhs from hemp and other drugs. In the family consumption enquiry survey, information was collected on the average consumption of different types of liquor and other intoxicants. The figures of consumption of foreign and country-made liquor of some expenditure groups did not appear convincing and thus some adjustments were made in the consumption data of such groups of households before working out the incidence.

23. The collections from country spirits and country fermented liquor were allocated among different expenditure groups of urban and rural areas in the ratio of cash expenditure on country liquor including toddy and those from malt liquor, wines and India made spirits were distributed in proportion to cash expenditure on foreign liquors. The tax yield from the sale of commercial spirits including denatured medicated wine and also for medicinal purposes was apportioned among various expenditure classes according to cash expenditure on drugs, medicines and toilet articles. The proceeds from duty on the sale of hemp and other drugs were distributed on the basis of cash purchases on opium, *ganja* and other liquors.

## CHAPTER IV

## DIRECT AGRICULTURAL TAXATION

1. *Agricultural productivity and production*—The agricultural sector occupies a dominating position in the economy of Uttar Pradesh. According to 1971 census, 75 per cent of the total working population of the State earned their livelihood from cultivation. The contribution of agriculture and allied sector to net domestic product of the State varied from 56.4 per cent to 66.2 per cent during the period 1960-61 to 1972-73 (Annexure I).

2. It has been realised that the success of the strategy of rapid economic development depends upon its ability to bring about a substantial rate of growth in agricultural production. Outlay on agriculture and irrigation has, therefore, been stepped up both absolutely and as proportion of State income from Plan to Plan. As seen in the table below, public investment in agriculture and irrigation went up from 0.77 per cent of State income during First Plan to 1.31 per cent in Fourth Plan:

TABLE I—Plan outlay in agriculture

Plan period	State income at current prices (Rs. in crores).	Plan outlay on agriculture and irrigation (Rs. in crores.)	Plan outlay on agriculture as percentage to State income Col. 3 × 100 Col. 2.
1	2	3	4
I Plan	7,465.40	57.44	0.77
II Plan	8,646.31	60.30	0.70
III Plan	12,049.32	146.92	1.22
3 Annual Plans	11,860.66	156.67	1.33
IV Plan (1969-70 to 1972-73.)	20,225.05	264.75	1.31

Source—Col. 3: Draft Fifth Five Year Plan, U. P., Vol. I.

Col. 2: State Income Cell of Economics and Statistics Division.

3. As a result of direct State encouragement, new opportunities created by increased public investment, increased credit facilities, and adoption of improved methods and techniques of production, private investment in agriculture also increased. Reliable figures of growth of private investment in agriculture are not available. But according to a survey conducted by the Economics and Statistics Division of the State Planning Institute, U. P., rural investment in 1969-70 was Rs.155 crores—much more than plan outlay for that year. (Annexure 11).

4. Annexures 2 to 8 give the growth of some indicators showing progress in agriculture—

spread of irrigation; power, improved seeds, fertilisers, plant protection, tractors, implements etc. As these show the total area irrigated from all sources increased from about 52 lakh hectares in 1950-51 to 83 lakh hectares in 1970-71. The net irrigated area also went up from 48 lakh hectares in 1950-51 to 72 lakh hectares in 1970-71 i.e., an increase of about 50 per cent (Annexure 2).

5. Before the First Five-Year Plan, the State had a very low base in the power sector. In 1950-51, the total installed capacity of the State was 179 MW, which is estimated to increase to 1,680 MW by the end of the Fourth Plan. The progress in the rural sector in this direction is more gratifying. The number of villages electrified rose from 110 in 1950-51 to 29,415 by the end of Fourth Plan period (Annexure 3). Power consumed in agriculture in 1965-66 constituted 12.8 per cent of the total consumption. The share increased to 18.6 per cent in 1972-73, the increase in consumption being 189 per cent during this period (Annexure 4). The number of private tube-wells/pumping sets consuming electricity which was only 635 in 1950-51 increased to 2,16,446 by the end of the Fourth Plan period.

6. The cultivation of high yielding varieties of cereal crops is rapidly expanding in areas provided with assured irrigation facilities. Annexure 5 shows that the area under high yielding varieties which was 4.65 lakh hectares in 1966-67 was estimated to increase to 66.33 lakh hectares by the end of 1973-74. As a percentage of net cropped area, the area under high yielding varieties increased from 2.8 to 38.3 during this period. It is apparent that the high yielding varieties programme has caught the imagination of the cultivators so far as the wheat crop is concerned.

7. In spite of shortage of chemical fertilizers, the use of N<sub>2</sub>, P<sub>2</sub>O<sub>5</sub> and K<sub>2</sub>O reflected a steady progress since Second Five-Year Plan as is evident from Annexure 6. The distribution of N<sub>2</sub> increased from 0.2 lakh M. Tonnes in 1956-57 to 3.38 lakh M. T. in 1971-72 and that of P<sub>2</sub>O<sub>5</sub> increased from 0.01 lakh M. T. to 0.73 lakh M. T. The distribution of K<sub>2</sub>O, which became popular after 1966, increased from 0.02 lakh M. T. in 1966-67 to 0.53 lakh M. T. in 1971-72. Annexure 7 shows the consumption of fertilizers in 1969-70 in various States. The consumption per unit in U. P. was lower than that in Andhra Pradesh, Kerala and Tamil Nadu in which commercial crops are grown in greater measure, and than in Punjab where agriculture is more advanced. It was, however, higher than all other States and much above the all India average.

8. The cultivators are increasingly realising the utility of pesticides in protecting their crops from damage by pests and diseases. Annexure 8 shows that only 17,000 hectares of area was covered under plant protection measures in the First Plan period. The area covered increased to 1.30 lakh hectares during Second Plan period

and to 87.49 lakh hectares in the year 1971-72, the coverage being 50.6 per cent of the net cropped area in the State.

9. Fragmentation of land into many parcels constituted a great impediment to optimum utilization of land. Recognising this, the State Government took up consolidation operations simultaneously with the abolition of Zamindari in 1952. Out of the total holding area of 178 lakh hectares, 141 lakh hectares were found suitable for consolidation scheme. 128 lakh hectares or 90 per cent of the consolidable area has already been consolidated. As a result 79 per cent tenure-holders have their holdings now at one place, 16 per cent tenure-holders at two places and only 5 per cent tenure-holders at more than two places. An evaluation study on the impact of consolidation of holdings was carried out in 1960 in the districts of Sultanpur and Muzaffarnagar by the Planning Research and Action Institute.\* The study revealed that in the post-consolidation phase, there was significant increase in food production, the yield of treated area being one and half times higher than that of the control area. Another evaluation study carried out by the Directorate of Economics and Statistics in 1965 has shown that in the post-consolidation phase, food production has increased and the cultivators are increasingly adopting the improved agricultural practices.

10. All these measures, some of the impact of which may take more time to realise have resulted in a substantial increase in the food production as shown in Annexure 9. The production of foodgrains which stood at 118 lakh metric tonnes in 1950-51 rose to 148 lakh metric tonnes during three Annual Plan period and to 182 lakh metric tonnes during the first three years of the Fourth Plan period. The indices of production of total foodgrains and some important crops including commercial crops (1950-51=100) are shown in Annexure 10. The index of wheat production shows a very gratifying increase of 178 per cent; of potatoes by 162 per cent and of rice by 89 per cent in 1971-72.

11. *Terms of trade*—The prices of both agricultural and industrial products increased during the decade ending 1972-73. In some years industrial prices have increased more and in others agricultural prices. But for the period as a whole the rise in the prices of agricultural commodities has been greater than that of industrial goods.

TABLE 2—Indices of agricultural and industrial wholesale prices in U. P.

Year	Agricultural wholesale price index	Industrial wholesale price index*
1	2	3
1960-61	100.0	100.0
1961-62	99.0	96.8
1962-63	104.4	99.8
1963-64	125.0	104.1
1964-65	164.0	115.4

	1	2	3
1965-66	..	170.5	116.8
1966-67	..	230.3	129.0
1967-68	..	265.0	148.9
1968-69	..	204.5	221.3
1969-70	..	202.3	198.9
1970-71	..	190.5	177.4
1971-72	..	215.3	179.9
1972-73	..	266.4	231.8

\*Relate to calendar years.

Source—Economics and Statistics Division, U. P.

12. The use of wholesale price index for computing the terms of trade of the farmers suffers from serious limitations. The farmer does not sell his produce in the wholesale market nor does he buy there. Large varying differences have been noted between harvest prices in primary markets and wholesale agricultural prices from year to year. The blackmarket in foodgrains, an increasing phenomenon, further complicates the situation. As a producer, the farmer is predominantly interested in certain industrial products like fertilisers, cement and steel, whose supplies are frequently not available at controlled prices. As a consumer, he has only a limited interest in some industrial prices like those of cloth. The rural consumers price index, which also shows a smaller increase than agricultural wholesale price index, is a better indicator of his interests in this direction (Annexures 11 and 12). When, however, all these factors are taken into account, it is clear that as a group the farmers did not have a bad bargain. The money income from the agricultural and animal husbandry sector increased from Rs.1,072 crores in 1960-61 to Rs.3,563 crores in 1972-73—a more than three-fold increase. At constant prices, there was a 22 per cent increase during the same period (Annexure 1). It may be noted that in arriving at agricultural income, payments to non-agricultural sector are excluded.

13. *Contribution to exchequer*—In view of the large increases in money incomes in the agricultural sector and some improvement in real income and the pressing need for State resources, one would expect a greater contribution from the agricultural sector. It is, however, surprising to find that as far as the most important tax on it viz., land revenue and agricultural income, tax are concerned, there has not only been no increase but a decline in their proceeds. In 1960-61 land revenue, tax on agricultural incomes and the lump sum amounts deposited by Sirdars for acquisition of Bhumidhari rights yielded Rs.23 crores. These fetched almost the same revenue (Rs.22 crores) in 1970-71, whereafter the receipts fell due to the exemption granted to holdings up to 6½ acres from the liability to pay land revenue. As a percentage of income from agricultural sector, direct agricultural taxation showed a steep decline from more than 2 per

cent in 1960-61 to 0.83 per cent in 1972-73 (Annexure 13):

TABLE 3—Direct agricultural taxation as percentage of agricultural income

Year	Agricultural income (Rs. crores)	Land revenue including agricultural income-tax (Rs. crores)	Col. 3 as percentage of col. 2
1	2	3	4
1960-61	1071.82	23.04	2.15
1965-66	1812.39	24.33	1.34
1970-71	2681.45	22.14	0.83

Source:—(1) Economics and Statistics Division.  
(2) State Budgets.

14. As a percentage of total tax revenues, land revenue and agricultural income taxation declined from 40 per cent in 1960-61 to 14 per cent in 1970-71. It may be noted that a similar phenomenon has been witnessed in other States (Annexure 14). We may turn now to examine the major components of direct agricultural taxation—land revenue, Vrihat jot kar and the land development tax—to try to locate the causes for this. We shall begin with land revenue.

15. *History of land revenue settlements*—To understand the present character of land revenue, it is necessary to know the history of land system of U. P. prior to abolition of Zamindari, and the principles underlying the land revenue settlements.\* In the Hindu period, the ruler took share varying in normal times between 1/12th and 1/6th, rising to 1/4th in times of war or a grave emergency. The revenue was collected in kind from the village community. The King's share was increased in the Muslim period and finally fixed at 1/3rd of the produce under Todarmal's settlement in the reign of Akbar. The East India Company continued for sometime the prevailing land revenue system and tried to collect its revenue through Supervisors or Collectors. The attempt, however, failed. The Company then decided in favour of a permanent settlement of land revenue in Bengal, part of Bihar and Orissa. The system was later on extended to Varanasi and parts of Madras and Assam. When later on the Company's rule was more securely established, the view gained ground that the Government would benefit more from periodical settlements.

16. Prior to the permanent settlement, there were practically no intermediaries between the State and the cultivator. The first settlement was mostly made with the village Zamindars, who offered to make engagement for revenue. They were recorded as proprietors and leases were granted to them specifying the land revenue

demand and other conditions. The Zamindari system thus came into being. In the succeeding settlements, engagements were made with the proprietors of a Mahal, and when there were two or more proprietors, with the Lambardar. In cases where the settlement was made with a superior proprietor, such as Taluqdar, sub-settlements were made with the subordinate proprietors. The land revenue demand was fixed as a percentage of net produce, defined as the gross rental on land leased to tenants or of the profits of cultivation on land held by the proprietors. The percentage varied over the settlements. The net produce was later on called the net assets. An allowance was made in calculating the assets for proprietary cultivation varying between 15 to 30 per cent of the valuation of land so cultivated, and deductions were made for the improvements made by the proprietor.

17. The Zamindars paid land revenue to the State, in accordance with the demand fixed at settlement, and in turn realised rents in cash or kind from tenants. The rent rates determined at settlement were used to regulate the rents payable by tenants of different classes. The Settlement Officer had powers to enhance or abate the rent of tenants, on an application by the Zamindar or tenant or of his own motion. This power was exercisable by revenue courts also. Immediately before the abolition of Zamindari, Rs.18.44 crores were paid by the tenants as rent to the Zamindars who, in turn, paid Rs.7.06 crores to the State as land revenue. In 1952, the interest of the intermediary was acquired and he was paid compensation in lieu thereof. The State established a direct relationship with the tiller of the soil and rent was converted into land revenue. This automatically implied that the burden of land revenue became very different for different cultivators according to the history of the acquisition of their land rights.

18. To revert to the historical narrative, in the permanent settlement of Varanasi under the regulation of 1795 as well as in the early settlements during the years 1801 to 1820, no attempt was made to evolve any regular principles for the assessment of revenue. The only basis was the record of past collections, which were usually enhanced on the bids of speculators and farmers of revenue. This is shown by the history of early settlements in Kanpur, Aligarh and Mathura. Under the regulation of 1795, the State took 90 per cent of the total collections. The regulation of 1822 laid down precise principles for assessment of revenue, which was to be based upon a detailed survey and field to field measurement, with a classification of various types of soils according to their productivity. Cash rents and rents in kind were to be carefully recorded. Land revenue was fixed at 80 to 83 per cent of the 'net produce'. The principles enunciated in the regulation of 1822, however, imposed a burden upon the administrative machinery to which it was unequal. There was a general tendency towards over-assessment. The other common difficulty was the inordinate delay of the proceedings, the period required to complete the settlement varying from 10 to 16 years in most

\*This short account is based on the report of the U. P. Zamindari Abolition Committee, 1948 and Settlement Reports

of the districts. Regulation IX of 1833 restricted the scope and range of settlement work and the procedure for assessment was simplified. The assessment was based on the average rent and revenue rates, actual or assumed, for different classes of soil. The settlements were ordinarily to be made for a period of 30 years and the land revenue was reduced to 66 per cent of the net assets. Subsequently the settlement rules of Saharanpur, 1855 reduced the revenue demand from 66 to 50 per cent of the net assets.

19. In connection with the third regular settlement, revised rules were framed in 1884—86, the main changes being the exclusion from the net assets of any consideration of prospective increase in value and the actual rent roll became the basis of assessment. The average time taken for the settlement of a district was reduced to 3 years. Under the U. P. Land Revenue Act, 1901, the power of the Settlement Officers to fix the rent of occupancy tenants was increased. The U. P. Land Revenue (Amendment) Act, 1929 introduced a number of changes. The revenue was reduced from 50 per cent to 40 per cent of the net assets of a Mahal, except that in some cases the Settlement Officer could increase it to 45 per cent or decrease it to 38 per cent, and in exceptional cases to 25 per cent. The Act further provided that enhancement of revenue was not to exceed one-third of the expiring demand of any Mahal. Earlier also, the settlement rules envisaged that large and sudden enhancements were to be avoided and where the immediate imposition of the full revenue was likely to cause hardship, the method of progressive assessment was laid down. The period of settlement was extended to 40 years.

20. The regular settlement operations in U. P. were postponed for various reasons in pre-Independence era, the last settlement outside the hill areas being in 1945 in Jhansi. A calendar of the Land Revenue Settlement in U. P. is being given as Annexure 15. It shows that out of 45 districts, 14 were settled between 1941—45, 19 by 1940 and 12 by 1920.

21. The principles adopted for determining rent rates were much the same in the earlier as well as the later settlements. The first step in the process was the determination of the relative value of soils. This was mostly done with the help of figures of actual incidences of rent of single soil holdings. The result was a mass of rents analysed in a form in which they became useful for the determination of soil rates. The rates so obtained were classified according to the nature and length of tenure of the holdings. The Settlement Officer had thus before him a multitude of rates paid by different classes of tenants, and out of these he made his choice paying the greatest attention to rates paid by tenants who had acquired occupancy rights recently. He also made enquiries from intelligent cultivators as to the proper letting value of soils recognised by them. This was generally quoted in annas, the standard soil Dumat I 'wet' or Kachiana I or Kather I, as the case may be, being taken with a value of 16 annas. Enquiries were also made with a view to ascertain the yield from each soil under a given set of circumstances.

Having determined the soil proportions, the next step was to separate tenurewise the areas and rents of all holdings in a village. The area of each soil in each tenure was then multiplied by its soil proportions, which yielded the number of units. The units for all the soils were added up and the rental of the tenure was divided by the total of the units to give the unit value, or the rent per unit of the standard soil, with the help of these unit values, the standard unit value for occupancy and expropriatory rents and the unit value for the hereditary and non-occupancy rents were selected, and rates worked out by multiplying them with the proportion selected for the various soils in individual circles. In selecting hereditary unit values, the points considered were the level of rents paid by tenants, the prices of agricultural produce prevailing at such times, changes in the value of produce and the fact that the valuation of the holdings based on the selected unit values did not exceed 1/5th of the produce value. We find from the final settlement report of district Etah, approved by the State Government in 1944, that the average produce value per acre, worked out on the basis of prices prevailing during the last 5 years, increased from Rs.29.3 in 1906 to Rs.37.3 in 1940. 1/5th of the produce value at the time of settlement as Rs.7.5, whereas the valuation of a typical acre at hereditary rates was Rs.6.1. We have gone through some other settlement reports but the calculations of produce value as given in the report of Etah District were not available.

22. *Incidence of rent*—The incidences of rent in rupees per acre after the settlement of Etah are shown below:

TABLE 4—*Tahsilwise incidence of modified rent (1944)*

Tenures	Tahsil Jalesar	Tahsil Etah	Tahsil Kasganj	Tahsil Ali-ganj	Total district
Expropriatory	5.84	4.96	3.59	2.70	3.84
Occupancy	6.82	5.82	4.13	2.99	4.57
Hereditary	7.86	7.40	5.15	3.53	5.64
Non-occupancy and groves.	5.58	5.87	3.50	2.33	3.56
Total cash	7.20	6.11	4.39	3.11	4.83

Source—Final Settlement Report of district Etah, page 11.

The table shows that while the hereditary tenants, for whom the sanctioned rent rates were highest, were on an average paying nearly 1/7th of the gross produce value, the different classes of tenants taken together paid nearly 1/8th of the produce value. To show how far this picture is representative of U. P. as a whole, we give below the incidence of rent in U. P. in

1945-46, which was not much different from that in Etah.

TABLE 5—Incidence of rent in U. P. (1945-46)

Tenures	Incidence of rent in rupees per acre	
	In Agra	In Avadh
Expropriatory ..	4.70	5.12
Occupancy (all kinds) ..	4.78	3.67
Hereditary (all kinds including tenants on special terms in Avadh).	6.09	6.38
Non-occupancy ..	5.84	7.01

Source—Zamindari Abolition Committee Report, 1948, page 529.

23. The rents paid by the erstwhile tenants of Zamindars, on the basis of the rent rates sanctioned at the last settlement, have generally remained the same in the post-Zamindari abolition period, except that these have been converted into land revenue payable to the State. As a result the per acre incidence of land revenue over the tenure-holders at present is almost the same as prevailed in Etah after the last settlement or in the State in 1945-46. In Etah, the per acre incidence in 1969-70 is Rs.4.53 (Annexure 17) as against Rs.4.83 after the last settlement. The incidence in 1970-71 in U. P. on Bhumidhars and Sirdars taken together is Rs.4.32 (Annexure 31). The slight decline in the incidence being obviously due to acquisition of Bhumidhari rights by a number of Sirdars and the relief in land revenue given to them as a result thereof. While the burden on cultivators has remained the same, the yield per acre has been increasing, and revenue fixed as a percentage of income at prices prevailing 30—50 years ago is an utterly unsatisfactory contribution to the State revenues from the agricultural sector. There is some difficulty in projecting the figures of produce value of last Etah settlement at current increased yields or prices, but if the figures could be updated in all respects, the results would indeed be startling. The gross value of agricultural produce during 1970-71 has been given as Rs.2,778 crores by the Economics and Statistics Division of the State Planning Institute. The total holding area being 177.62 lakh hectares as found in Agriculture Census, 1970-71, the gross value per acre comes to Rs.633. On this basis, it can be said that the cultivator of Etah is at present, on an average, contributing to the State nearly 1/100th of the gross produce value as against 1/8th of the said value at the time of last settlement.

24. The British land policy, by creating full proprietors with a body of subordinate cultivators, resulted in creating two distinct types of payment for the property or occupation of land, namely, the rent paid by the cultivator to the intermediary and the revenue paid by the latter to the State. It is needless to describe the anomalies and injustice involved in this dual sys-

tem. By the time the next settlement was due, the intermediary used to earn large profits by enhancing the rents payable by some of the classes of tenants. In the settlement, a portion of his income was mopped up, but as has been shown earlier, the percentage of the net assets fixed as the land revenue demand from the intermediary was gradually reduced over the different settlements. The rights of only certain classes of tenants were secure. With a view to remedy the situation, the State Governments, after the advent of independence, set up on the task of evolving a new land system and doing away with the intermediary.

25. *Present tenures*—In U. P., the Zamindari Abolition and Land Reforms Act, 1950 came into effect on July 1, 1952. The large number of tenures obtaining before the vesting were converted into the tenures of Bhumidari, Sirdari, Adhivasi and Asami. The Adhivasis were later granted the rights of Sirdar. A Bhumidar enjoys a heritable and transferable right over his holding. He can use the land for whatever purpose he likes. On certain conditions, he can also bequeath his holding by will. A Sirdar also has a heritable right, but he cannot transfer his land. He is entitled to use the land for agriculture, horticulture or animal husbandry, but not for any other purpose. A Sirdar can purchase Bhumidari rights by paying 20 times of the revenue (formerly rent) in a lump sum to the Government. The minor category of tenure-holders called Asamis are mostly former tenants of intermediaries' grove land or hold land from the disabled. The rights of Asami are heritable, but not transferable.

26. In the case of Bhumidars, the land revenue payable by him, excepting a few cases, is the amount equal to the rent payable by him on the date immediately preceding the date of vesting. Where the Sirdar acquires Bhumidari rights on payment of the lump sum amount mentioned above, the land revenue is reduced to  $\frac{1}{2}$ . In the case of a Sirdar, the amount of land revenue is equal to the rent payable by him on the date immediately preceding the date of vesting, except that in cases where he acquires rights on the basis of adverse possession or in the land which vested in Gaon Sabha, the land revenue is computed at double the hereditary rent rates applicable to the land. The Act further envisages that the land revenue demand shall not be varied within 40 years next after commencement of the Act except on the ground of increase or decrease in the area of a holding. The State Government has been empowered to direct a settlement of the revenue at any time not earlier than 40 years. In the case of precarious tracts and alluvial areas, the settlement can be made at shorter intervals.

27. *Principles of settlement of U. P. Zamindari Abolition and Land Reforms Act*—In the provisions relating to settlement operations it is envisaged that the Settlement Officer will divide the district into soil classes and assessment circles. In assessing the revenue payable for a holding in an assessment circle, the Settlement Officer shall, have regard to the estimated average surplus produce of

such holding remaining after deducting the ordinary expenses of cultivation. The percentage of revenue to the surplus produce is required to vary according to a graduated scale, being largest on holding with the highest surplus produce. The percentage applicable to Bhumidar is not to exceed one-half of the percentage applicable to Sirdar. The Act further provides that the revenue shall be such percentage of the surplus produce as may be fixed by a resolution of the U. P. Legislature passed after considering the recommendations of the State Government. Under the rules framed in 1973, it is envisaged that the Settlement Officer shall examine the value of the produce of each crop, and ascertain the rate at which the cultivator has sold the produce at the time of the harvest. After determining the average produce of crop and its average value spread over a period of five years, the Settlement Officer will prepare the average gross produce per acre obtainable from each type of soil and thereafter proceed to work out the average expenditure incurred in cultivation of each crop on each type of soil. From those figures, he shall work out the per acre average net produce for each type of soil in terms of money, separately for 'wet' and 'dry' land. The rules further provide that in recommending the percentage of the average surplus produce which should be taken as land revenue, the settlement Officer should propose a graduated scale separately for holdings having the surplus produce value up to Rs.1,500; between Rs.1,500 and Rs.5,000, between Rs.5,000 and Rs.10,000; between Rs.10,000 and Rs.20,000, between Rs.20,000 and Rs.30,000 and for those having the value of Rs.30,000 and above. The graduated percentage of average surplus produce to be charged as land revenue is to be suggested in such a way that the total land revenue of all slabs more or less corresponds with revenue calculated for the assessment circles of the percentage initially decided.

28. The abovementioned provisions relating to settlement operations have yet to be implemented, as no settlement has been carried out since the abolition of Zamindari.

29. *Agricultural income taxation*—Land revenue being at best a proportional tax, it has been often advocated that it should be supplemented with a tax on agricultural incomes levied at progressive rates on the same principles as general income-tax. It is interesting to examine in this connection the efforts of the U. P. Government since Independence. It imposed an agricultural income-tax in 1948. The tax was payable by a person whose total agricultural income of the previous year exceeded Rs.3,000, which figure was substituted by Rs.4,200 in 1954. A person who cultivated more than 30 acres of land only was liable to pay the tax. This was obviously based on the assumption of an average income of Rs.100 per acre. If a farmer with less than 30 acres had better type of land, grew more remunerate crops or could earn more from land because of more efficient techniques and methods of cultivation, he was exempt, though his income was about Rs.3,000. The tax was levied on a graduated slab system ranging from one anna in a rupee on the first Rs.3,500, to 10 annas in

a rupee on income exceeding Rs.35,000. For the computation of agricultural income, two options were provided. From the gross proceeds of sale of all the produce of land, deductions were allowed on account of sums paid in the previous year by way of land revenue, rent, local rates and cesses, expenses incurred in raising the crop, in making it fit for market and in transporting it to market, including the maintenance or hire of agricultural implements and cattle required for these purpose, any expenses incurred on maintenance of irrigation work or sums paid as irrigation charges and other expenses incidental to cultivation. The other method was that income was deemed to be an amount equal to the rent of the land payable by hereditary tenants multiplied by such multiple not exceeding  $12\frac{1}{2}$  as the Land Reforms Commissioner would fix. The discretion of the Land Reforms Commissioner was essential, as land was settled at different times in different areas and land revenue among them could be different for the same annual value. The discretion was not used in this form. But in 1963, while the multiple remained the same, the existing hereditary rates were enhanced in a few districts, for the computation of annual value, by percentages ranging from  $12\frac{1}{2}$  to 50. The ceiling on multiple provision implied that income could not normally exceed  $12\frac{1}{2}$  times the rent or that rent was seldom less than 1/8th of the net income. While figures could not be secured for U. P. as a whole of the number of assesseees who exercised one option or the other, we are informed that in one of the districts viz., Lucknow the assesseees of agricultural income-tax mostly filed returns claiming less income than the income computed by using the multiple. The U. P. Agricultural Income-tax continued up to 1957, when it was replaced by the Large land holdings tax.

30. An important feature of the Large land holdings tax and subsequent legislation was the abolition of first option of actual net income assessment. Tax was levied on the annual value of the holdings exceeding 30 acres assumed to be a multiple of the rent payable for the land. A multiple not exceeding  $12\frac{1}{2}$  was to be prescribed. The U. P. Large Land Holdings Tax Act, 1957 was repealed with effect from 30th June, 1961, on the enforcement of the U. P. Imposition of Ceiling on Land Holdings Act, 1960. Its provisions, with certain modifications, were, however, revived in the U. P. Vrihat jot kar Adhiniyam, 1963 which came into force on July 1, 1962. Under the said Adhiniyam also, the holding tax was to be levied on the annual value of a landholding whose area exceeded 30 acres and the annual valuation exceeded Rs.3,600. Even in the forties as the settlement reports show, the best land commanded a rent of Rs.28 per acre; the annual value in 1954 at  $12\frac{1}{2}$  times would work out at Rs.350. Thus for a cultivator having the land of best soil class in his holding, the annual valuation could exceed Rs.3,600 with only 11 acres of land. The rates prescribed for imposition of the Vrihat jot kar, which were the same as for the Large land holding tax, were on a graduated slab system ranging from 5 naye paise in a rupee on the valuation up to Rs.5,000 to 60 naye paise

in a rupee on the annual valuation exceeding Rs.30,000.

31. Under the U. P. Agricultural Income Tax Act, 1948, the multiple for all districts for calculating the agricultural income of a person was fixed in February 1949 as 7.5. Under a subsequent notification issued in June 1953, the multiple was raised to 12.5. The same multiple of 12.5 was fixed for determining the annual valuation of holdings under the Large Land Holdings Tax Act, 1957, and the Vrihat Jot Kar Adhinyam, 1963, but reduced multiple were fixed in regard to groves and orchards as well as for the land newly brought under cultivation, separately for culturable waste and barren land.

32. While the slabs provided for the tax on agricultural income were more or less the same under the abovementioned Acts, there was a change in the definition of the assessee. Under the Agricultural Income Tax Act, 1948, the person to be assessed was an individual, including undivided Hindu family and so much income of a wife or a minor child as arose directly or indirectly from the assets transferred to them, otherwise than for adequate consideration, were included. Under the U. P. Large Land Holdings Tax Act, 1957, landholding meant the aggregate of all land held by a person in his own name or in the name of any member of his family unless the land held or occupied by a member of the family was managed or cultivated separately. A family included mother, wife, unmarried daughter, son or son's son or son's son's son and son's wife or son's son's wife. Under the Vrihat Jot Kar Adhinyam, 1962, landholding was again restricted to the aggregate of all land held or occupied by the landholder.

33. The total collections from the tax on agricultural income from 1948-49 onwards are given in Annexure 16. It would be seen that the number of assessees for agricultural income-tax was less than 10,000 except in 1953-54 and in 1956-57, when the number increased to 15,582 and 12,077 respectively. The total collections were less than one crore of rupees except in the years 1951-52, 1952-53 and 1956-57. 1956-57 was the last year of the operation of the Act and it yielded the highest income of Rs.1.31 crores because a number of escaped cases were assessed during that year. Under the Large land holdings tax, the number of assessees increased to nearly 22,000, but the revenue from the tax was Rs.80 lakhs only in 1958-59 and declined gradually. The Vrihat jot kar had even lesser revenue to offer, as the large holdings were broken up by the imposition of ceilings on land holdings in 1961. In the year 1963-64, 11,022 persons were assessed, the collections of the tax being 26 lakhs. By 1973-74 number of assessees declined to 3,584 and the revenue from the tax to Rs.3.76 lakhs, the average per person yield being Rs.100.

34. During the 26 years of its operation, the tax on agricultural income has yielded only Rs.12.69 crores to the State revenues. It was natural that the income from holdings declines as a result of imposition of ceiling on land holdings on the one hand and the reduction in the size of holdings due to successions, partitions and transfers on the other hand.

35. *Land development tax*—The U. P. Taxation Enquiry Committee, 1968-69 suggested a graduated surcharge on land revenue and it was expected that the recommendation would fetch additional revenue of Rs.8.29 crores a year to the State Government. These recommendations were not implemented. On the contrary land revenue on holdings up to 6.25 acres was abolished in July 1970. The receipts from land revenue decreased substantially as a result from Rs.21.95 crores in 1970-71 to Rs.5.93 crores in 1971-72. This loss was practically recouped by the introduction of land development tax with effect from July 1, 1971 at the following rates:

1. On holdings of 3.125 acres ... No tax.
2. On holdings greater than 3.125 acres but up to 6.25 acres ... 50 per cent of land revenue.
3. On holdings greater than 6.25 acres but less than 12.50 acres ... 100 per cent of land revenue.
4. On holdings greater than 12.50 acres ... 150 per cent of land revenue.

36. The collections of the tax during 1973-74 have been Rs.13.59 crores. The proceeds of the land development tax are earmarked for specified purposes. The Act provided that 60 per cent of the collections would go to the U. P. Rural Development Fund for being utilized on irrigation, medical and public health, construction and maintenance of roads, electrification and drinking water supply. Of the remaining 40 per cent, 15 per cent is allocated to Zila Parishads, Rs.50 lakhs to the State Electricity Board and the rest to the Kshetra Samitis and the Gaon Panchayats.

37. *Impact of ceiling on land holdings*—Initially, under the U. P. Imposition of Ceilings on Land Holdings Act, 1960, the ceiling was fixed at 40 acres of fair average quality land per individual. Consequent upon the enforcement of U. P. Act XVIII of 1973, the ceiling has been fixed at 7.30 hectares (18.04 acres) of irrigated land including land held by other members of the tenure-holders family, plus two additional hectares of irrigated land for each of his adult sons subject to a maximum of 6 hectares of such additional land. The 1960 ceiling on land holdings seems to have brought about a reduction in the number of large holdings. It would be seen from Annexure 18 that the households holding more than 10 hectares land in 1960-61 comprised 1.02 per cent of the total number of households, which percentage declined to 0.74 in 1970-71, the corresponding decline in percentage of area being from 12.41 to 10.14. There is no such parallel information available for distribution of land holdings showing the impact of the 1973 ceiling, but the assessment of Vrihat jot kar has sharply declined from 14.39 lakhs in 1971-72 to 3.76 lakhs in 1973-74. These do not fully reflect the consequences of the new ceiling provisions.

38. This brief history of the efforts at progressive taxation of agricultural incomes show

that State administration has not been able to measure up to the task of assessing actual gross incomes, much less deductible expenses, for even a small number of agricultural assesseees. They had, therefore, necessarily to resort to assumptions linking land revenue to income. If land settlement had been carried out uniformly and if subsequent developments had affected different regions in the same manner in the intervening period, the assumption could be justified in principle. But facts are otherwise. With price increases the prescribed multiple became divorced from reality and the price elasticity of tax revenues became zero. Unnecessarily an exemption limit in terms of acreage was prescribed. The abolition of Zamindari and the ceiling on land further adversely affected receipts. The combined effect of all these factors has been a total failure of the efforts at progressive agricultural income taxation.

39. *Recommendations of Raj Committee*—The Government of India appointed a committee in February 1972 under the Chairmanship of Dr. K. N. Raj, to examine the present system of direct taxation of agricultural wealth and income (including capital gains) and suggest methods by which such taxation could be used more effectively for raising additional resources for development and for helping to achieve the objective of self-reliance. The committee in its report submitted to the Government of India in October 1973, suggested that the existing land revenue surcharges and other agriculture income taxes, if any, should be replaced by an Agricultural Holding Tax (A.H.T.).

40. *Principal features of A. H. T.*—The principal features of the Agricultural Holding Tax, as suggested by the Committee, are indicated below:

(i) A. H. T. should be levied on operational holding basis rather than on the ownership holding, the operational holding being of land owned plus the land leased in minus the land leased out by the farm operator.

(ii) The operational holding of family consisting of husband, wife and their minor children, should be treated as the unit for assessment of A. H. T.

(iii) The entire country should be divided into a sufficiently large number of soil climatically homogenous tracts so that most of the soil climatic differences are automatically taken into account. The Committee considered generally the existing districts as sufficiently homogeneous in respect of soil and climate. But if there were specific reasons against the assumption, the district could be sub-divided into two, three or even more tracts.

(iv) The gross value of different crops for each year is to be estimated in the manner indicated below:

(a) For each district/tract the norms of output of different crops per hectare for each year should be worked out on the basis of estimates of yield for the previous ten years, the crop yield estimates being arrived at with the help of a large number of crop cutting experiments.

(b) The norms of output per hectare of different crops in different districts/tracts be evaluated at the average harvest prices of the preceding three years prevailing in the important markets and *mandis* of the district/tract.

(c) The norms of output mentioned in (a) above when multiplied by the average prices mentioned in (b) will give the norms of the value of output per hectare of different crops in the relevant district or tract.

(d) While working out the norms of the value of output as indicated above, fodder which is the by product of grain crops may be neglected, except in certain specified circumstances.

(v) Due allowance is to be made for expenses of cultivation from the gross value of output of the crops. In this connection the Committee suggested the following norms for the cost deductions:

(a) Deduction at the rate of 40 per cent of the value of gross output may be allowed on account of costs of cultivation (other than expenses on irrigation). In exceptional cases for specified irrigated or unirrigated crops in particular districts/tracts, the deductible cost may be raised to 45 or even 50 per cent.

(b) Expenses on irrigation are to be worked out as below:

1. For crops irrigated from private sources such as tube-wells, lifts etc. a deduction at the rate of 20 per cent of net output (gross value minus the cost of cultivation) of the crops thus irrigated.

2. For crops irrigated from public sources of irrigation such as canals, tanks, public tube-wells, where specific water rates or charges are paid for the use of irrigation water during the year of assessment, the actual rates or charges so paid.

(vi) For each district/tract there will be a schedule of rateable value of land per hectare thus obtained for different crops. The schedule should be revised every year and included in the legislation of the year.

(vii) The rateable value of an assessed land-holding will be calculated from the schedule so prepared, taking into account the actual crops grown on the holding during the year of assessment and the expenses on irrigation as shown in V (b).

(viii) The Committee further suggested that a development allowance should be allowed to all agricultural holdings at the rate of 20 per cent of the rateable value subject to maximum of Rs.1,000.

(ix) The Agricultural Holding Tax should be leviable on the rateable value of a holding minus the development allowance. It has been suggested that if the amount of rateable value of a holding minus the development allowance is 'X' thousand rupees, the A.H.T. should constitute 'X/2' per cent of this amount e.g. if the rateable value of holding is Rs.2,500 the A.H.T. would amount to Rs.20.

(x) It was estimated by the Committee that if the A.H.T. is applied to all holdings in the country with rateable value of Rs.5,000 and above the total yield from this tax would be Rs.200 crores per annum and after deduction on account of loss in the land revenue on such holdings, the additional revenue would be about Rs.150 crores per annum.

(xi) At the discretion of States, the tax could be extended to holdings above the rateable value of Rs.2,500, the net gain would then be considerably larger than Rs.150 crores. If the A.H.T. was to further replace land revenue, it should be assessed and kept fixed for five years. A flat rate of Re.1 per holding should be levied on all holdings with a rateable value of less than Rs.600 as the tax chargeable on Rs.600 rateable value will be at less than 0.25 per cent and the rate will go on diminishing as the rateable value declines.

41. *Proposals examined*—The Raj Committee proposals have been widely discussed. For purposes of analytical convenience, they may be divided into three parts: (a) those pertaining to procedures, frequency and basis of assessment, and (b) those pertaining to rates, and (c) revenue implications.

(a) *Basis and frequency*—On the first question, the major objections that have been made are:

(i) The concept of the operational holding excludes the land leased out but includes that leased in, provided they were properly registered under the provisions of tenancy legislation. It has been pointed out that this cannot "discourage illegal or concealed leases and thus help protect the rights of the tenants"\* as claimed by the Committee because the A. H. T. on land will be less than rent, and there are other powerful incentives for such concealment. The result of following the concept will be to introduce an additional element of inequity by ignoring rent-income of the lessor and the rental expenses of the lessee. This can be remedied by making the former liable to income-tax and allowing the latter in deductible expenses. In U. P. land records are maintained according to ownership holding and the information relating to operational holding is not reliable. Besides subletting is prohibited under the law and only a disabled tenure-holder is permitted to let the whole or part of his holding. This point is, therefore, not material for us.

(ii) Soil-classification within a homogeneous tract is assumed to be of no consequence by the Committee, but the pattern of crops grown on a holding is treated as all important in determining variations in gross income per hectare within a tract. This raises the important question of variations in produce of the same crop on different types of soil within a tract, and how far these variations can be attributed to the individual failures and how far the circumstances beyond their control. There is no conclusive evidence on these points. But it is well known that the same crops are grown both on irrigated and unirrigated land and their yields widely vary. It seems that the only distinction recognised in the Raj Committee Report is between the irrigated and unirrigated crops. The method suggested by

the Raj Committee visualizes annual collection of information of the different crops grown by each farmer on his holding. Cropwise land cultivation is recorded at present and these figures have not been challenged at an aggregate level. But it is one thing to have reliable crop acreage figures at a group level, and another to use it at the individual holding level for the determination of land revenue. Use of these figures in this manner will create a loophole which will be used for over estimating land devoted to cultivation of less valued crops, and of current fallows. Though the Committee prescribes a procedure of crop recording book to be kept with each farmer, the procedure is hardly likely to work, and the entries relating to the crops sown, as made by the Lekhpal in the Khasra, will have to be heavily relied upon. The procedure prescribed envisages that the assessee could file objections challenging the correctness of the crops taken as sown by them, but a verification might not be possible as the crop would have been harvested by that time. It is apprehended that heavy litigation would be generated. The five-year fixed holding tax visualized by the Committee for smaller holdings will only alleviate the difficulties to a limited extent.

(iii) The Raj Committee visualizes the original holdings tax on the basis of gross produce for the last ten years and prices for the last three years. The number of years for which the produce average is to be taken may unduly delay the introduction of the system, and recent increases in productivity may take a long time to be reflected.

(iv) The Committee recommended annual revisions in tax demand for holdings with a likely rateable value of Rs.5,000 or more. If feasible, these would introduce a welcome price and income flexibility in the land tax system. But these are not consistent with the elaborate procedure prescribed with a view to ensure certainty and fairplay.

(b) *Rates*—The Committee began with the well-accepted principle, that "the incidence of direct taxation should be broadly the same on comparable income and wealth groups irrespective of the sources of such income and the forms in which wealth is held"\* though it did recognize the difficulty of applying the same forms of direct taxation to all categories of income and wealth. The Raj Committee suggests combinations of A. H. T. and land revenue and also a full-fledged A. H. T. Confining to the latter, one finds that the exemption level of Rs.600 is much below the income-tax exemption level even without taking into account the various reliefs and deductions like life insurance premium, provident fund subscriptions, investment income of certain types etc. Since no special reasons are given for this treatment not in accord with the principles enunciated it invites the criticism that the Committee sacrificed equity at the altar of fiscal needs.

(c) *Revenue implications*—(i) An attempt has been made to find out the revenue implications of the Raj Committee's recommendations for the State of U. P. as a whole and also for seven districts viz., Muzaffarnagar, Bulandshahr and Morad-

\* Raj Committee Report, pp. 8-9.

abad in the western region and Azamgarh, Faizabad, Deoria and Gonda in the eastern region of the State. The gross values of agricultural produce for the year 1970-71, as worked out for the purpose of State income estimation, were obtained for the State and separately for each of the abovementioned districts from the Economics and Statistics Division of the State Planning Institute, U. P. The costs of production, excluding the irrigation charges were taken at 40 per cent, the lower limit suggested by the Raj Committee. The surveys conducted by Farm Management Studies Centre, Bichpuri, Agra in district Muzaffarnagar, by the Directorate of Economics and Statistics, U. P., in Gonda, Faizabad, Bulandshahr, and Moradabad districts and by the Agriculture Institute, Kanpur, in certain districts of the State reveal that the total irrigation charges for private and public sources do not generally exceed 10 per cent of the net value. Irrigation charges have, therefore, been taken at 10 per cent of the net value, instead of 20 per cent of the net value for private irrigation and actual charges for pub-

lic irrigation as recommended by the Raj Committee. The overall cost, including irrigation charges, comes to 46 per cent of the gross value of agricultural produce.

(ii) The total net values of the agricultural produce thus arrived at were apportioned among the various size groups of holdings in proportion to the net cultivated area under them. The number and size of holdings were available from the Agriculture Census, 1970-71. The rateable value per holding in various holding sizes has been calculated by dividing the net values by the corresponding number of holdings. Development charges have been allowed for at the rates recommended by the Raj Committee. Finally, the A. H. T. on all the holdings in different holding-sizes have been estimated by multiplying the A. H. T. per holding with the number of holdings in different size categories. The estimates of A. H. T. thus arrived at for the seven districts and for U. P., on the basis of calculations given in Annexures 19 to 26, are given below:

TABLE 6—Calculation of Agricultural Holding Tax in 7 districts and U. P.

Serial no.	District/State	Area per holding (Hect.)	A.H.T. without taking into account ceiling on land (Rs.lakhs)	A.H.T. taking into account land ceiling (Rs. lakhs)	Land revenue assessed	Net gain (+) or loss(—) expected (col. 5 col. 6)	Column 8 is a percentage of net agriculture produce value
1	2	3	4	5	6	7	8
1	Muzaffarnagar	1.76	187.59	97.70	40.46	(+)57.33	2.1
2	Azamgarh	0.66	33.27	28.90	54.82	(—)25.92	0.8
3	Dooria	0.85	59.28	36.52	41.88	(—)5.36	0.9
4	Moradabad	1.35	51.43	40.50	66.80	(—)26.30	0.9
5	Bulandshahr	1.64	83.10	59.21	52.58	(+)6.63	1.3
6	Gonda	1.03	37.98	25.72	69.06	(—)43.34	0.7
7	Faizabad	0.72	25.95	19.72	46.59	(—)36.87	0.7
8	Uttar Pradesh	1.17	2,456.96	1,383.68	2,095.47	(—)711.79	0.9

Source—Col. 6 Board of Revenue, U. P.

Col. 3 Agriculture Census Tables, 1970-71.

(iii) The Agricultural Holding Tax for the State as a whole has been estimated at Rs.24.57 crores, which is roughly 1.6 per cent of the net value of the agricultural produce. When the effect of ceiling on land holdings in higher size groups is taken account of by assuming that bigger holdings of more than 7.30 hectares of irrigated land and 10.95 hectares of unirrigated land will be sub-divided, the estimated revenue shrinks to Rs.13.8 crores. As the amount assessed under land revenue and allied taxation in 1970-71 were Rs.20.9 crores, the State would have lost Rs.7.1 crores in implementing the recommendations of the Raj Committee. The calculated loss of Rs.7.1 crores does not take into account the increased expenditure needed for the implementation machinery, estimated at Rs.14 crores by the Board of Revenue, U. P. Amongst 7 districts, for which esti-

mates were made separately, it was found that only in two of them viz., Muzaffarnagar and Bulandshahr, where the average size of holdings is much higher, some advantage could accrue. In the other five, there would have been a loss. The A. H. T. when expressed as percentage of net value of agricultural produce ranged from 2.1 per cent in district Muzaffarnagar to 0.7 per cent in each of the districts Gonda and Faizabad. These calculations also do not take into account additional expenses for implementation of the scheme.

(iv) As per recommendations of Raj Committee, the average produce of ten years previous to the assessment year is to be evaluated at the average prices of the previous three years. As a further check on the above calculations, more detailed estimates of A. H. T. were made for the districts of Muzaffarnagar and Azamgarh on this basis. The cost of inputs was based on the results of the surveys conducted independently.

The detailed methodology along with the calculations are given in Annexure 27. The average of previous ten years produce and the average of three years prices resulted into a reduction in the amount of A. H. T. It was observed that the estimate of A. H. T. in case of Muzaffarnagar declined from Rs.187 lakhs to Rs.134 lakhs and in case of Azamgarh from Rs.33 lakhs to Rs.23 lakhs.

(v) The Raj Committee estimates are acknowledgedly based on "fragmentary data and speculative judgment" and so are ours. The large discrepancies between the two, however, raise intriguing questions as to whether they are due to implications in our data or the peculiar circumstances of U. P., or they have significant all India implications. Unfortunately, the Raj Committee do not give a detailed table setting forth their speculations. In our calculations, we have followed the Raj Committee recommendations as closely as the nature of data and time at our disposal allowed. Some of the departures have already been indicated earlier and as far as we could see, they had the effect of increasing rather than decreasing the revenue estimates. We have allocated the agricultural incomes among different size groups of holdings on the basis of their acreage with no regard to the extent of irrigation, the crop pattern or any other features believed to be associated with size. As shown in the chapter on irrigation, smaller holdings take greater advantage of irrigation facilities and cultivate more intensively. Nor is the cultivation of more remunerative crops to differently prevalent as to explain the difference. The crop-pattern of irrigated and unirrigated land in different size groups of holdings is given in Annexure 28. It will be seen from this that there is hardly any distinction between the proportion of land devoted to the cultivation of food crops. 81—87 per cent of the irrigated land and 84—91 per cent of unirrigated land up to holdings of 50 hectares are allotted to food crops. More of non-food crops are grown on irrigated and unirrigated land only up to the size group of 5—10 hectares, above which their importance diminishes. More irrigated sugarcane is grown on the bigger farms up to 10 hectares and for unirrigated sugarcane, the proportion increases throughout. Vegetables are more grown on smaller farms. Wheat is the most important food crop. Irrigated wheat is more important for the smaller farmer and unirrigated wheat for the larger farmer. In the case of paddy it is the reverse. There is no distinctive trend for the large-sized farms to grow more valued crops. We have no data on the adoption of improved varieties, use of fertilizers, improved implements etc. by farm-sizes, but the limited investigations in the country have not revealed any strong positive correction between these and the size of farms. Thus, no defects of our data can explain the difference.

(vi) The discrepancy may perhaps be due to the more equalitarian pattern of land distribution in U. P. (Annexure 18). Whereas for the country as a whole 3.07 per cent of the households owned twenty-five acres or more land totalling 30.28 per cent in 1960-61 in U. P. this class only constituted 1.02 per cent and owned 12.41 per

cent land. No reliable data are available for later years. It may also be that the burden of agricultural taxation in U. P. (vide table of the Raj Committee Report, Annexure 29) is more than the all India average and higher than in many other States including Gujarat, Haryana, Kerala, Mysore and Punjab.

42. *Proposals of Board of Revenue*—The Board of Revenue, U. P. have suggested the introduction of an Agricultural Production Tax (Annexure 30), which may also be briefly referred to. Its distinguishing features are:

(a) Every district should be divided into 2—5 tracts on the basis of soil, climate and crops grown.

(b) The soil classifications are retained, but the distinction between dry and wet land is not maintained.

(c) There is no need to ascertain the crops grown on each individual farm for the purpose of deciding land revenue.

(d) The crop yields are based on three years average and prices as average of two years.

(e) Expenses are to be allowed at a uniform rate of 50 per cent.

(f) Holdings are to be taxed at progressive rate.

43. The Board estimates an attractive yield of Rs.87 crores from its proposals; our calculations estimate an yield of only Rs.28 crores. The major difference are from the Board taking average yield of Rs.500 per acre whereas the statistics of State income etc. compiled by the Economics and Statistics Division of the State Planning Institute show the yield to be much lower at Rs.316 per acre.

44. *Direct agricultural taxation and general income-tax etc.*—We would like to briefly refer to some of the suggestions made to us regarding the principles that should be followed in taxing the agricultural sector as well as the considerations that have weighed with us in formulating the recommendations. It has been suggested to us that agricultural incomes should be taxed at exactly on the same principles as non-agricultural incomes. The suggestion implies that the exemption limit for non-agricultural income prescribed under the Income Tax Act should be followed more or less, for agricultural income also, and that steep progressive rates should be levied. Besides, under the present law relating to income-tax, the agricultural income of a non-agriculturist assessee is taken into account for determining the rate at which the tax should be levied on him. On this analogy it was suggested to us that an agriculturist having income from other sources should also be required to pay tax at a higher rate. We shall deal with both these suggestions in turn.

45. We are unable to agree with the view that there should be parallel provisions for dealing with agricultural income and non-agricultural income. The major justifiable considerations for exempting non-agricultural income up to a certain level from the assessment of income-tax are

those of cost in relation to yield, the tax payers cost of compliance, and administrative convenience. These do not have the same relevance in direct agricultural taxation. The structure of agricultural income distribution is entirely different from that of non-agricultural income especially after the imposition of a land ceiling to which there is no urban parallel. The individual return and assessment principles which are followed in the determination of non-agricultural income are neither feasible nor advisable in the case of a direct agricultural taxation, applicable to a large number of farmers, many of whom are illiterate and are not accustomed to keeping accounts.

46. The major advantage of an agricultural income-tax is its sharply progressive character, and a separate agricultural income-tax leviable only on a limited number of farmers can be made to work. But with the increased income exemption levels now prescribed for general income-tax, the various reliefs and deductions to which we have already made a reference and the likely undetectable part in understatements of income and over-statements of business expenditure, the number of agricultural income-tax assesses is likely to be very limited and revenues small, and our past experience is likely to be repeated. We do not think it would be worthwhile to have two distinctly separate systems of agricultural taxation with all the consequential problems.

47. Inter-group equity also does not demand a parallel treatment. Urban consumption is almost entirely in cash, and a substantial part of it is derived through organised production and distribution channels. The burden of indirect taxation, Central and State is, therefore, greater on urban groups than on parallel rural groups. This has been revealed in all the three studies of the Ministry of Finance, the study on Mysore State by the National Council of Applied Economic Research and a study made by the Taxation Enquiry Committee, Orissa.\* The results of the study of incidence of indirect taxation of U. P. State by the Taxation Enquiry Committee, U. P. 1968-69, are given below:

TABLE 7—Indirect taxes as percentages of consumer expenditure in U. P. (1965-66)

Monthly house-hold expenditure group (in rupees)	Rural	Urban	Total
1	2	3	4
1—100 .. ..	1.21	4.34	1.58
101—250 .. ..	1.69	5.11	2.16
251—400 .. ..	2.22	7.17	3.25
401—500 .. ..	3.25	9.26	4.62
Above 500 .. ..	5.69	12.20	9.66
All house-holds .. ..	1.68	6.13	2.36

Source—Report of the Taxation Enquiry Committee, 1968-69, U. P., page 13.

The urban population also pays the local tax on urban property and that on professions and callings.

48. There may, however, be a number of farmers whose combined incomes from agricultural

- \*1. Incidence of Indirect taxation 1958-59 and 1963-64.
2. Incidence of Taxation in Mysore State by NCAER.
3. Report of the Orissa Taxation Enquiry Committee, 1961.

and non-agricultural sources are so substantial that higher tax rates on agricultural incomes levied according to total incomes will bring substantial revenues. At the moment, no data are available on the extent of such mixed incomes. The working of the general income-tax in its amended form will soon furnish us with some data on this point. If they reveal *prima facie* considerable scope for revenue, the matter may be reviewed at that stage.

49. The system of land revenue is much better suited to the needs and circumstances of farmers. Shorn of its many complexities and historical complications land revenue is best regarded as a tax levied on the income that an average farmer is expected to obtain from the land he owns, given the soil productivity, the types of crops grown, means of irrigation, means of transport etc. It is thus based on certain objective characteristics, which can be measured with a fair degree of accuracy. Based on potential faculty to pay, it has no adverse influence on willingness to work, save or invest. There is no possibility of individual oppression in tax fixation nor scope for corruption. No detailed accounting nor probing into individual affairs are needed. There is additional advantage that the farmer has been long accustomed to land revenue and has not been particularly resentful about it. The Agricultural Holdings Tax suggested by the Raj Committee is a compromise between the principles of income-tax and land revenue as it hardly pays any regard to actual income of the farmer from land, nor to his actual expenses. A disadvantage of the tax base on potential ability-to-earn is that it cannot be as progressive as a tax based on actual incomes. Adverse individual circumstances may lead to wide variations between actual and potential incomes in specific cases and sharply progressive rates may become burdensome and oppressive. A reasonable degree of progression can, however, be introduced in the land revenue system, and it can also be made more price and income elastic with a timelag. In the light of the considerations mentioned above, we would recommend that we should stick to a modified land revenue system.

50. *Inequitous incidence of current land revenue*—Because of the long varying periods that have elapsed since the last revenue settlement in different districts and the many changes in land ownership rights and revenue dues made since then, land revenue has become inequitable among both different size-groups and different regions. Annexure 31 gives the land revenue burden per acre for different size-groups of holdings. It shows that the burden declines from more than Rs.5 for holdings up to 2 acres to less than Rs.3 for 30 acres and above:

TABLE 8—Incidence of land revenue according to holding sizes in U. P., 1970-71

Size of holdings (in acres)	Incidence of land revenue (in rupees)
1	2
0—0.5 .. ..	5.72
0.5—1.0 .. ..	5.32
1.0—2.0 .. ..	5.06
2.0—3.125 .. ..	4.87

1	2
3.125-5.0 .. .. .	4.84
5.0-6.25 .. .. .	4.60
6.25-10 .. .. .	4.13
10-20 .. .. .	3.76
20-30 .. .. .	3.43
30-40 .. .. .	2.82
40-50 .. .. .	2.40
50 and above .. .. .	1.80

Source—Board of Revenue, U. P.

Similar variations in per acre incidence of land revenue/rent had been prevalent earlier. For instance, at the settlement in Etah, the incidence of rent in different holding sizes found in a tract, representative of the district, was as shown below:

TABLE 9—Incidence of rent in district Etah in 1944

Description of holdings	Percentage of total area covered	Incidence of rent
1	2	3
Holdings up to 1 acre .. .. .	17	4.86
Holdings between 1 and 3 acres .. .. .	26	3.84
Holdings between 3 and 5 acres .. .. .	16	3.64
Holdings between 5 and 10 acres .. .. .	20	3.33
Holdings over 10 acres .. .. .	21	2.83

Source—Final Settlement Report of Etah District, page 6

51. One of the causes for the higher burden on smaller holdings which escapes general notice is that as observed in the settlement of Etah, "the minutest sub-division exists in the best lands".\* But there are less justifiable reasons also. Incidence of land revenue on Bhumidars is much less than the incidence on Sirdars, for which the

TABLE 10—Per acre net agricultural value and incidence of land revenue

Serial no.	Name of district	Net agricultural value (as 54 per cent of gross agricultural value) Rs. Lakhs)	Area in holdings (Acres)	Per acre net agricultural value (Rs.)	Present incidence of land revenue
1	2	3	4	5	6
1	Muzaffarnagar .. .. .	4,697	8,38,291	561	5.03
2	Bulandshahr .. .. .	4,395	9,56,175	460	5.67
3	Moradabad .. .. .	4,382	12,05,620	363	5.69
4	Gonda .. .. .	3,738	13,39,186	279	5.37
5	Azamgarh .. .. .	3,653	10,98,199	333	5.01
6	Faizabad .. .. .	2,762	7,55,966	365	6.29
7	Deoria .. .. .	4,225	10,73,345	394	3.83
	U. P. .. .. .	1,50,064	4,38,80,143	342	4.51

Source—Col. 3—Economics and Statistics Directorate, U. P.

Col. 4—Agriculture Census, U. P., 1970-71.

\* 1944 Settlement Report of Etah, page 7.

reasons are two-fold. Firstly, the Bhumidari rights were conferred upon the ex-intermediaries or on such classes of tenants who were paying less rent to the Zamindar as compared to the rent being paid by tenants who acquired Sirdari rights. In regard to the land under personal cultivation of the ex-intermediary, the land revenue was calculated as a percentage of the net assets, and deductions were allowed on proprietary cultivation. This came to much less than the circle rates. There were also cases in which the Zamindar had settled land with his relations at a low rent. Secondly the tenants were granted Bhumidari rights under the provisions of U. P. Agricultural Tenants (Acquisition of Privileges) Act, 1949 on payment of ten times the rent paid by them in lump sum. The rent/land revenue payable by the tenants who acquired Bhumidari rights in this manner was reduced to  $\frac{1}{2}$  of the amount payable prior to the acquisition of Bhumidari rights. Later on the lump sum amount payable by a Sirdar for acquisition of Bhumidari rights was increased to 20 times the land revenue payable by him. The disparity between the land revenue payable by the Bhumidars and the Sirdars further increased as a result of the provision for computing the land revenue at double the circle rate on such tenants who acquired Sirdari rights by adverse possession over the land of another tenure-holder or that of the Gaon Sabha. A cumulative effect has been that the land revenue payable by the Bhumidars and Sirdars varied from nearly 40 per cent to 200 per cent of the circle rates.

52. Annexure 32 gives the per acre incidence of land revenue on Sirdars, Bhumidars and Asamis for the years 1955-56 to 1970-71. It will be seen that a Sirdar on an average paid Rs.5.81 per acre while a Bhumidar paid Rs.2.62 per acre in 1970-71. The extent of disparity has been almost the same during the last few years.

53. We have also looked into the land revenue burden per acre for different districts (Annexure 17). Amongst the districts of the plains, the incidence varies considerably from Rs.2.11 in Jhansi to Rs.9.17 in Bara Banki. The higher incidence of land revenue in some of the districts does not appear to be due to better agricultural productivity as the following table would show:

The per acre incidence of land revenue is highest in Faizabad District, where the per acre net agricultural value is appreciably less than the districts Muzaffarnagar and Bulandshahr. Although the net agricultural value is the lowest in Azamgarh, the per acre incidence of land revenue is almost the same as that in Muzaffarnagar, which has the highest net agricultural value. There would be many more inequities at a lower than district level or among holdings within the same size-group which this table cannot reveal. In any attempt to increase land revenue, these factors have to be borne in mind. An inequitable tax can only be found tolerable as long as its burden is light. The burden can only be substantially increased when the inequities are remedied. A new settlement, is, therefore, a prerequisite for a substantially more productive land revenue system.

54. *Evidence of farmers*—In their replies to the questionnaire (Annexure 38) issued by us to the farmers, 52 per cent have agreed that there has been a progressive improvement in their economic condition (Annexure 33). The remaining farmers do not subscribe to the proposition. The farmers also generally accept the suggestion that the agriculture sector should contribute more towards financing the development plans. In regard to the existing system of land revenue, 20 per cent farmers have expressed the view that fresh settlement operations should be undertaken to refix the land revenue at higher rates. In their evidence before us, they emphasised that they would prefer contributing more through a new settlement rather than *ad hoc* enhancements on the old system. We must, however, concede that as contended by the farmer's associations before us, in spite of some improvement in the economic conditions, an average farmer compares poorly with his urban counterpart, and his income is more subject to the vagaries of nature. A large part of his apparently greater prosperity is due to rural pattern of living, and his income is often the result of the combined strenuous work by him and other members of his family. We are, however, comparing his present position with that of a decade ago, and we are struck by the fact that land revenue and allied taxes now form a much smaller part of his income than before. We cannot think of any other major tax where this has happened. It has also been rightly pointed out that in view of the threatened shortage of fertilizers and the short supply of electric power, immediate future prospects do not seem to be bright. These are, however, pressing problems of serious concern to the whole community and an effective answer will have to be shortly found for them. We hope that the resource mobilization we suggest will partially help in the process of remedying the situation.

55. *Our recommendations—Rapid settlement*—We were impressed with the thoroughness with which land revenue settlements were carried out in the past and are convinced that with the use of more refined statistical techniques and procedural changes they can answer to the needs of the time. We are, however, greatly concerned about the long time that the settlement on old lines over the entire State would take. In the course of his evidence before us, the Revenue Secretary stated that the settlement operations could be taken up at a time in 6 to 7 districts only due to the restricted availability of technical staff for

this work. As the normal time needed for carrying out a regular settlement in a district is three years, and as there are 55 districts in the State, the regular settlement may extend over a period of nearly 25 years. Such a leisurely pace of operations ill accords with the pace of development in the agriculture sector, which may be expected to be accelerated and regional and individual inequities would develop even before the settlement was completed. It would be necessary to evolve a process of rapid settlement. We must acknowledge that in our thinking on this subject we have been greatly helped by the report of the Raj Coommittee and discussions with the Revenue Secretary and the Board of Revenue. The Revenue Secretary and officers of the department expressed the view that a rapid settlement was both feasible and desirable.

56. *Amendments in Law*—There are various provisions in the U. P. Zamindari Abolition and Land Reform Act, 1950 (Act no. 1 of 1951) which lay down that settlements will be made after every 40 years and that land revenue on a holding may not be enhanced or abated during the currency of a settlement. Section 251 of the Act provides that the land revenue payable by a Bhumidhar shall not be varied within 40 years next after commencement of the Act, except on grounds of increase or decrease in the area of his holding. The land revenue payable by a Sirdar can also be varied only on similar grounds. Sections 252 and 253 *ibid* provide that the State Government may, not earlier than 40 years of the commencement of the Act, direct an original settlement of the revenue, and a fresh settlement or revision settlement after the expiry of 40 years from the original settlement. Sections 254 to 267 lay down procedure for settlement and the principles of assessment of land revenue. These and many other legal impediments to an early new settlement will have to be removed.

57. *Soil classification*—The major question that would have to be settled first is whether it would be possible to dispense with the elaborate process of soil classification as the basis of assessment of land revenue. It has been contended that with the extension of irrigation, availability of assured water supply and use of new inputs such as improved seeds and chemical fertilizers, original soil classification has lost much of its validity, and there is no observed simple relation between soil quality and output. There is no doubt that the differences between quantities of produce raised on different soil classes are getting gradually reduced. But the soil class has still not lost its entire value. It is the type of soil which largely determines the cropping pattern selected by the farm operator; it also limits the quantity of produce that can be raised by him. There are usar patches which have resisted all improvement. The greater admixture of Kankar in the soil has also been responsible for comparatively smaller produce in that land. It is our considered view that the soil classification, which also takes into account the capacity to produce, should continue to be the base of land revenue assessment. In view of the changed conditions, we would recommend the reclassification of the large number of existing soil groups into a smaller number of soil classes, say about three.

58. We find that although Haryana Government purport to have implemented the Raj Committee recommendations, they have actually grouped the soil classes into five types of soil and fixed the rates of the Land Holdings Tax for each class of land on a graduated slab system. In Tamil Nadu, the concept of standard acre takes into account the crops raised but also the erstwhile soil classes and the rent rates thereof. We, therefore, commend the retention of soil classes reduced to a smaller number for the purpose of settlement.

59. *Guidelines for rapid settlement*—The various problems that would arise in connection with the rapid settlement and the guidelines for the same are given in the next few paras. The revenue district should be divided into assessment circles comprising villages possessing a general similarity of soil and physical character. The number of such assessment circles in a district should not normally exceed 3. In each assessment circle after a study of the soil classification made at the time of the last settlement and the existing conditions, the soil classes should be revised and brought under three or more heads. In each of the classes, irrigated and un-irrigated land should be sub-classified. Before arriving at the final classification, the Pradhan and Members of the Gaon Sabha as well as the tenure-holders in general should be fully consulted and their views duly considered. An opportunity should also be afforded to the tenure-holders to make objections against the proposed classification of land included in their holdings. After the classification has been revised, it would be necessary to determine the average gross produce value in each of the three soil classes and two sub-classifications in the assessment circle. This should be based on the results of the crop-cutting experiments conducted during the last five years in regard to the main crops in the assessment circle. The five years would represent the agricultural cycle and include good and bad years. If no crop-cutting experiments were carried out in the assessment circle or for any of the soil classes in that circle, the Settlement Officer should use his experience and discretion in estimating the gross produce. He should further make detailed enquiries in villages selected on random basis. In this way, the average produce per acre for such soil class should be estimated and on the basis of the harvest prices pertaining to the last three years, the value of the produce in terms of money should be determined.

60. After the gross produce value is ascertained, 40 per cent to 50 per cent value should be deducted as the cost of cultivation. The Settlement Officer should be given discretion for determining the cost within the abovementioned range after taking into account the average expenditure incurred in cultivation of the main crops in each type of soil in the tract. The remaining amount should be taken as the net produce value for the particular soil class in the assessment circle. In regard to lands irrigated by tube-wells, canals or other stable source, an additional deduction should be allowed at the rate of 10 per cent of the net produce value (gross value minus the cost of cultivation).

61. *Period of settlement*—The settlement thus made should, in our opinion, remain in force for next 10 years, but there should be a provision for a revision of rates five years or more after the new settlement comes into force, if the agricultural price index for the previous 3 years changes by 25 per cent over that assumed in the settlement. The revision may preferably be by soils and by circles but could also be for the State as a whole. There would be cases where the land classified as 'dry' becomes 'wet' due to extension of irrigation facilities. In such cases, it should be provided that 'wet' rates should apply after the expiry of two years of the extension of irrigation to the land.

62. Since a rapid settlement is a new untried idea, we devoted a great deal of time to ascertain its practicability. We were encouraged by the experience of a similar process in consolidation where the valuation of plots is determined in proceedings of a summary nature. The procedure followed in consolidation of holdings is that in consultation with the Consolidation Committee and the tenure-holders in general, the Assistant Consolidation Officer selects one or more 'Standard' plots in a village. These plots are assigned the value of 16 annas. Thereafter, the work of determination of exchange ratio for each plot is undertaken by the Assistant Consolidation Officer and the factors taken into account are the existing soil class of the plot, the productivity as adjudged by its soil constituents, the number and kind of crops generally grown, the availability or otherwise of irrigation facilities etc. On a perusal of the figures of the number of objections filed against the valuation so determined in consolidation operations in three of the districts viz., Meerut, Lakhimpur-Kheri and Azamgarh, we find that only 8 per cent of the tenure-holders preferred objections in regard to the valuation of the plots comprising their holdings. The parallel between consolidation procedure and land settlement is, however, limited. The former is confined to a village, the latter is in a circle. Consolidation is a once for all process acknowledgedly in the interests of the farmers; land revenue settlement is to enable the State to get revenue. But this record makes us confident that if the procedure suggested by us is carried out carefully, there should be little dissatisfaction amongst the peasantry.

63. *Points of difference with Raj Committee recommendations*—With a view to facilitate the comparison of the provisions of the new rapid settlement suggested by us with the procedure as recommended by the Raj Committee, we give below the main points of difference:

(a) the type of soil would be taken into account;

(b) the crops grown by farmers on the particular types of soil in the homogeneous tract would only be considered for the purposes of determining the average;

(c) ownership holdings rather than operational holdings would be the basis of taxation;

(d) the interest of different holders in the holdings would not be taken into account

so that it would only be a holdings tax, and the unit would not be the family;

(e) actual expenses of the individual cultivators will not be considered at any stage, but Settlement Officers will have discretion to allow for 40 per cent to 50 per cent of the gross produce as cost of cultivation. An additional deduction of 10 per cent of the net produce (gross produce minus cost of cultivation) will be given to cultivators in respect of irrigated land in their holdings;

(f) for the purpose of arriving at gross produce; last five years will be considered instead of ten;

(g) for bigger holdings with a likely rateable value of Rs.5,000 or more, the Raj Committee recommends a system of annual revisions and for smaller holdings at the end of five years. We recommend a new settlement every ten years with powers to the Government to revise the revenue after five years under certain contingencies.

64. *Suspension or remission of land revenue*—The existing provisions enjoining upon the State Government to remit or suspend for a period the whole or any part of the revenue of a holding affected by an agricultural calamity are contained in section 268 of the U. P. Zamindari Abolition and Land Reforms Act, 1950 and rules 292 and 293 of the U. P. Zamindari Abolition and Land Reforms Rules, 1952. The procedure to be followed in granting the relief is given in the Revenue Manual, Part I, Chapter VI. We have gone through these provisions and we recommend that after the new rapid settlement is given effect to, these provisions should continue to be in force.

65. *Net produce*—The next important question is as to what percentage of the net produce value should be charged by way of basic land revenue. The revenues derived from income-tax in the country during 1970-71 and 1971-72 are shown below:

TABLE 11—Income-tax collections as percentage of non-agricultural income.

Year	Non-agricultural Income (Rs. crores)	Income-tax collections (inclusive of Union sur-charges) (Rs. crores)	Col. 3 as percentage of col. 2
1	2	3	4
1970-71	16950.0	473.2	2.8
1971-72	18440.0	534.4	2.9

Source—Report of the Finance Commission, 1973.

Agriculture sector is of greater importance than non-agricultural sector in U. P. and as shown earlier, it contributes less by way of indirect taxation. It should, therefore, be expected to at least contribute by way of direct taxation the same percentage of income i.e., 3 per cent even allow-

ing for its lower *per capita* income. We, therefore, recommend that the land revenue rate should be 3 per cent of the average net produce value. It would be noticed that the said percentage is much less than the proportion of the produce value which was reflected in the rent rates fixed at the earlier settlement.

66. Holdings of less than 3.125 acres approximating to basic land revenue payment of Rs.30 or less deserve special consideration. We have, therefore, recommended that they should be charged only two-thirds of the basic rate. For bigger holdings paying more than Rs.60 of basic land revenue, marginal surcharges up to 300 per cent have been suggested:

Basic land revenue	Rate as percentage of basic land revenue
First Rs. 60	100 per cent.
Next Rs. 40	200 per cent.
Next Rs. 100	300 per cent.
Balance	400 per cent.

67. We have kept the progression purposely mild. Besides ceiling restriction and inherent limitations of potential income taxation, a factor that has weighed with us is the large number of joint holdings owned by more than one person with the interest of different owners not known. As Annexure 34 shows, in 1970-71 nearly 40 per cent of holdings in the State were joint holdings which covered 46 per cent of the area. The percentage of joint holdings increased with the size of the holdings, and for those above 10 hectare area, 60 per cent or more of the area belonged to this category:

TABLE 12—Single and joint holdings as percentage of total holdings

Size (Hectares)	Single and joint holdings expressed as % to total holdings			
	NUMBER		AREA (Hect.)	
	Single	Joint	Single	Joint
Less than 0.5	64.0	36.0	63.0	37.0
0.5-1.0	61.2	38.8	61.1	38.9
1.0-2.0	59.1	40.9	58.9	41.1
2.0-3.0	56.2	43.8	56.1	43.9
3.0-4.0	53.1	46.9	53.1	46.9
4.0-5.0	51.7	48.3	51.6	48.4
5.0-10.0	47.3	52.7	46.8	53.2
10.0-20.0	39.8	60.2	39.1	60.9
20.0 above	30.3	69.7	31.8	68.2

Source—Agriculture Census Tables, 1970-71.

We are anxious not to speed up the break up of holdings below the optimum size through our tax reforms.

68. *Revenue estimates*—We have estimated that if a new rapid settlement is made as suggested by us on the basis of 1970-71 produce value,

the land revenue demand would have been Rs.49 crores (Annexure 35). Since our data on holdings are by their size groups and not by land revenue groups, we converted the former into the basic land revenue groups on the assumption

that the average rate per acre would be Rs.9.47. For every change in the price level in the three years prior to the settlement compared with that in 1970-71, there would be broadly a proportionate change in the yield:

TABLE 13—Estimated yield of land revenue at proposed marginal rates of tax at incidence of 3 per cent

Size (Acres)	Average size per holding (Acres)	Basic land-revenue (Rs.)	Tax per holding (Rs.)	Tax revenue (Rs. lakhs)	Tax revenue per acre (Rs.)
1	2	3	4	5	6
0-3.125	1.01	9.57	6.37	836.32	6.30
3.125-6.25	4.38	41.46	41.46	1,123.57	9.47
6.25-10.0	7.65	72.47	84.94	738.13	11.10
10.0-20.0	12.93	122.43	207.29	1,422.01	16.63
20.0 and above	23.00	217.97	511.88	747.34	22.24
Total	2.51	—	—	4,867.37	11.06

NOTE—Gross agricultural produce value for 1970-71 obtained from Economics and Statistics Directorate, U. P. Net agricultural produce value of the State taken as 50 per cent of gross value.

The expenditure on additional land records staff that would be needed for the new revenue settlement has been estimated by the Revenue Department as Rs.5 crores.

69. *Earmarking for local bodies*—After the settlement, land development tax levied at present, which is linked with land revenue, will have no rationale and should be given up. 60 per cent of the proceeds of the land development tax are at present earmarked for irrigation, medical and public health, construction and maintenance of road, electrification and drinking water supply. The remaining 40 per cent excepting Rs.50 lakhs for the State Electricity Board, is allocated to rural local bodies. During the Fourth Five-Year Plan, the expenditure on irrigation etc. was estimated at more than Rs.260 crores. As such we do not think the first type of earmarking, which at present amounts to Rs.8 crores during a year, serves any useful purpose. As far as rural local bodies are concerned, they are in great need of funds and land is the major basis of their own taxation. We, therefore, recommend that 20 per cent of the land revenue collections after the settlement should be earmarked for distribution among them on the basis of collections.

70. In the rapid settlement that we envisage the land revenue distinction between Bhumidhars and Sirdars like many other differences will completely cease but the Bhumidhars and Sirdars will have different land rights, and the Sirdars may still be anxious to buy Bhumidhari rights. Since he will not get the privilege of a reduction in his land revenue payment and the land revenue payment under the new settlement will be higher than now, we suggest that instead of being asked to pay 20 times his land revenue, he should pay only ten times for the privilege.

71. *Interim measures—withdrawal of exemption*—The Revenue Department has given us an estimate of one year for carrying out a rapid settlement. But before the settlement is undertaken, law will have to be amended and necessary administrative arrangements, including the recruitment

of technical staff will have to be made. It may thus take 2-3 years from now to conclude the settlement. We have also considered, therefore, as to what measures should be taken immediately for mobilising additional resources from the agricultural sector through direct taxation. In this connection the first step that we recommend is the withdrawal of the exemption from payment of land revenue granted by the U. P. Government from December 1970 to such households whose members in an agricultural year hold less than  $3\frac{1}{2}$  acres of land under Bhumidhari or Sirdari. Initially, it was estimated that the loss to the State would be of the order of Rs.12 crores but it has already increased to Rs.15 crores annually. We see no reason for continuing this exemption consistent with our stand regarding rapid land settlement. It may be stated that the burden of land revenue, which is realised from the farmers at present, is very nominal (vide Annexure 31) and this would hardly make any difference to him. From the evidence of farmers before us, we gathered the impression that most of them did not particularly value land revenue exemption. On the contrary, they regarded annual land revenue receipts as concrete evidence in their possession of land ownership. The Shukla Committee also obtained similar impression.\* The farmers have since been provided with a 'Jot bahi' containing the particulars of their holdings and crops sown etc., but these are seldom kept up-to-date and in the minds of the farmers the importance of land revenue receipts has not diminished.

72. *Levy of surcharge*—We have at present a land development tax, which has partially replaced land revenue for holdings between 3.125 and 6.25 acres but has also served to remedy the inequitable distribution of land revenue burden among various size groups. The second need will still remain. We, therefore, recommend that it should be continued in its present form, and

\* Report of the Taxation Enquiry Committee. U. P., 1968-69, page 32, para 33.

strengthened and supplemented by a system of land revenue surcharges on holdings above 6½ acres, so as to make the system less inequitable and more progressive and productive:

Size of holding in acres	Sirdars	Bhumidars
(1) On holdings greater than 6½ acres but less than 12½ acres.	75% of land revenue	150% of land revenue
(2) On holdings greater than 12½ acres but less than 30 acres.	125% of land revenue	250% of land revenue
(3) On holdings of 30 acres or above.	150% of land revenue	300% of land revenue

73. *Revenue estimates interim measure*—As a result of interim measures recommended by us, we estimate that an additional revenue of about Rs.21 crores would accrue to the State (Annexure 36). The present burden of land revenue and the estimated burden after implementing the interim measures is shown in the table below:

TABLE 14—Present burden of land revenue and the estimated burden after implementing the interim measures

Size of holding (in acres)	Present burden		Burden as a result of interim measure				
	Percentage of land revenue assessed	Percentage of land revenue realised as L. D. tax	Total percentage of land revenue assessed	Land revenue after withdrawal of exemption	Land development tax	Surcharges	Total
	1	2	3	4	5	6	7
Less than 3.125	Nil	Nil	Nil	100	Nil	Nil	100
Between 3.125 and 6.25	Nil	50	50	100	50	Nil	150
Between 6.25 and 12.50	100	100	200	100	100	75-150*	275-350*
Between 12.50 and 30	100	150	250	100	150	125-250*	375-500*
30 and above	100	150	250	100	150	150-300*	400-550*

\* The lower surcharges pertain to *Sirdars* and the higher to *Bhumidars*.

We feel that after the interim measures get implemented, the burden of land revenue on the holdings of different sizes would be more rational.

74. *Abolition of Vrihat Jot Kar*—The Vrihat Jot Kar brought only a paltry revenue of Rs.4 lacs in 1973-74, and it will yield less with the implementation of the 1973 ceiling. We therefore, recommend its abolition.

75. *Statistical data*—Our recommendations for a rapid settlement of land need collection and up-to-date maintenance of figures of area under different crops and fields, soilwise and tractwise. Information about area under private sources of irrigation and also separate yields of irrigated crops and sourcewise have to be regularly obtained. Reliable information on harvest prices in regulated markets of important crops is essential. Separate information has to be obtained about

area under high yielding varieties and their yields. Reliable data on the items like cost of cultivation and returns to scale can only be obtained through detailed Farm Management Surveys. We found paucity of such surveys in relation to the large size of the State. We recommend that such surveys should be conducted at more places so as to at least give us districtwise idea of the situation and their results quickly published. We have given in Annexure 37 a note on "Tax Administration Land Revenue and Land Records" giving our suggestions in greater detail. All these will need a larger number of crop cutting experiments and more staff for gathering primary data from fields. The increased expenditure will, however, be worthwhile. The information obtained will not only be useful for purposes of Land Settlement and determining Land Revenue, but also for fixing irrigation rates and general purposes of improving agricultural productivity.

## SUMMARY OF RECOMMENDATIONS

(1) Since Independence, due to greater public and private investment in agriculture, adoption of improved methods and techniques of cultivation and better transport and marketing techniques, income from the agricultural sector at constant prices has increased. At current prices, income from this sector has increased more than three-fold since 1960-61. Proceeds from land revenue and agricultural income taxation have, however, remained static round Rs.22 crores. As a percentage of agricultural incomes, the revenue from these taxes has declined from 2.2 per cent to 0.8 per cent, and as percentage of State tax revenues from 40 per cent to 14 per cent. No other major source of State revenue has fared so badly.

(Paras 12 to 14)

(2) The last land revenue settlement done in a district in the plains of U. P. was in 1945, where rents payable by cultivators (now land revenue) were fixed at 1/8th of the gross produce. If settlements had been carried out more recently it is very likely that land revenue would have been substantially enhanced.

(Paras 20 and 22)

(3) In the last few years, land revenue has been supplemented with efforts at progressive taxation, like Agricultural Income-tax, Large Land Holdings Tax, Vrihat Jot Kar and the Land Development Tax, the last providing for surcharges on land revenue varying with the size of holding. In spite of steeply progressive rates, none of these except the Land Development Tax fetched any worthwhile revenue. We do not see any possibility of amending any of them on the lines of general income taxation as to make them more productive.

(Paras 33 to 35)

(4) In view of the structure of rural income distribution as modified by the ceiling on land, an agriculture income-tax with an exemption level on the lines of a non-agricultural income-tax in replacement of land revenue is neither feasible nor desirable. At the most it can only be confined to a few rich farmers and will have to be combined with another widely applicable agricultural tax system. In view of the very limited revenues the farmer can bring, this dualism is not in our opinion worthwhile.

(Paras 45 and 46)

(5) We have at present no data on the combinations of agricultural and non-agricultural incomes in U. P., and, therefore, cannot gauge the utility of levying rates on agricultural incomes based on combined incomes from both agricultural and non-agricultural sources.

(Para 48)

(6) We are of the opinion that the pattern of individual returns followed in the general income-tax administration cannot be applied to a large number of farmers. There is much greater advantage in following the principles of land revenue settlement and basing assessment on the characteristics of land and the general use made of it.

(Para 49)

(7) The last land revenue settlement was regressive with reference to different size-groups of holdings. Bhumidhars and Sirdars paid land revenue at different rates. Changes in productivity and prices in the long intervening period have made land revenue inequitable among different regions. Uniform surcharges based on size of land holding or land revenue paid will not remedy these injustices and may only add to them. We, therefore, think that a new settlement is urgently called for.

(Paras 50 to 53)

(8) In view of the urgent needs of the State and rapid changes in prices, productivity and costs, a settlement on old lines which takes twenty-five years to complete will not answer modern requirements. We need a system of agricultural taxation more responsive to income and price change with a much shorter time lag.

(Para 55)

(9) The Raj Committee's recommendations may be regarded as a valuable attempt in this direction. Both the Board of Revenue and the Revenue Department of U. P. have also given us procedure with which a rapid settlement would be possible. Benefiting from all these, we have recommended a rapid settlement wherein the soil classes are revised quickly after taking into account the existing soil classifications, the changes that may have taken place in the soil due to the extension of irrigation facilities in the area, and the adoption of improved agricultural practices. In calculating gross incomes from a particular type of soil in an assessment circle, yields of various crops may be averaged for the last five years and harvest prices for three.

(Paras 57 and 59)

(10) There are provisions in the U. P. Zamindari Abolition and Land Reforms Act, which stand in the way of a new settlement. These impediments should be immediately removed.

(Para 56)

(11) Because of the inherent features of rural consumption which is largely in kind and unorganised methods of production and distribution in rural areas, the burden of indirect taxation on rural expenditure groups is less than that on corresponding urban groups. Local taxes like property taxation and taxes on professions and earnings are levied mainly on urban residents. There is therefore, no question of inter group equity being violated by a system of direct agricultural taxation with no exemption and different rates.

(Para 47)

(12) General income taxation yielded 3 per cent of non-agricultural incomes for the country as a whole. In view of this and other circumstances outlined earlier, we feel that the basic rate of land revenue should be fixed at 3 per cent of the net produce value.

(Para 65)

(13) In view of the time that even such a summary land settlement is likely to take, we recommend that it should be held every 10 years, with a provision for a revision of rates after five years

after the new settlement comes into force if the agricultural price index changes by 25 per cent compared with that prevalent in three years preceding the settlement. We further contemplate the change of classification from dry land to wet land, two years after it takes place. No ceiling should be fixed for land revenue enhancement at the time of settlement.

(Para 61)

(14) On examination we find that the rate structure by the Raj Committee will mean a loss of Rs.7 crores to the Treasury even when costs of implementations are not taken into account. No exemptions are contemplated under our scheme as farmers greatly value land revenue receipts as concrete evidence in their possession of land ownership and exemptions would mean a disproportionate loss of revenue.

[Paras 41C(iii) and 71]

(15) For relief of small farmers paying basic revenue below Rs.30, a relief of one-third has been recommended, and surcharges up to 300 per cent have been recommended for bigger farmers. In order that the marginal increases may not be sharp, a slab system has been suggested for surcharges. The rates proposed will be more powerful and equitable substitutes for Land Development Tax, for which there will be no further need.

Basic land revenue	Rate as percentage of basic land revenue
First Rs.60	100
Next Rs.40	200
Next Rs.100	300
Balance	400

(Para 66)

(16) We recommend that 20 per cent of the land revenue proceeds collected after the new settlement should be earmarked for distribution among Zila Parishads, Kshetra Samitis and Gaon Panchayats, on the basis of collections.

(Para 69)

(17) We recommend that no distinction should be drawn between Bhumidars and Sirdars in the new land revenue settlement and that for buying the rights of Bhumidar, the Sirdars should be asked to pay ten times the new basic land revenue instead of 20 as at present.

(Para 70)

(18) It is difficult to accurately estimate the revenue implications of a progressive tax structure based on new land revenue settlement. At 1970-71 prices, according to our best estimates, they would yield Rs.49 crores. Any difference in prices in the three previous years prior to settlement

compared with 1970-71 will mean a roughly proportionate change in the yield.

(Para 68)

(19) Since even a summary land revenue settlement will take 2-3 years to complete and State needs for additional revenue are urgent, we suggest some *ad hoc* changes in the existing land revenue system. We recommend that as far as holdings up to 6½ acres are concerned, exemption from land revenue should end. The Land Development Tax should continue as at present for holdings above 3 1/8 acres. To make the system more progressive and equitable, there should be further increases in land revenue from 150 per cent to 300 per cent for Bhumidars and 75 per cent to 150 per cent for Sirdars as below:

Size of holding	Surcharge as percentage of land revenue on		
	Sirdars	Bhumidars	
	1	2	
6½ acres but below 12½ acres		75	150
12½ acres but below 30 acres		125	250
30 acres and above		150	300

(Paras 71 and 72)

(20) Vrihat Jot Kar levied on holdings in excess of 30 acres yielded only Rs.4 lakhs in 1973-74 and will fetch less with the enforcement of the new ceiling. We, therefore, recommend that it should be discontinued.

(Para 74)

(21) The estimated revenue from our *ad hoc* proposals will be Rs.21 crores.

(Para 73)

(22) An efficient land revenue system needs maintenance of up-to-date statistics of area under different crops and their yields, soilwise and tractwise. Reliable information on harvest prices of important crops in regulated markets, on area under high yielding varieties, and on separate yields of irrigated crops by sources of irrigation is also called for. The compilation of such information may need more crop cutting experiments and more trained staff. In our opinion, it would be worthwhile to provide for additional expenditure needed for the purpose.

(Para 75)

(23) We found paucity of farm management surveys, which could furnish reliable information on costs of farming under different conditions, on returns to scale, and about directions in which there was substantial scope for improvement in farm productivity. We recommend that such surveys should be conducted at more places so as to at least give a districtwise idea of the situation in the State.

(Para 75)

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## ANNEXURE 1

*State Income and Income of Agriculture and Animal Husbandry Sector (at current and constant prices), 1960-61 to 1972-73*

Serial no.	Year				Total State income Rupees crores) (at current prices)	Income of Agriculture and Animal Husbandry Sectors (Rupees crores)		Column 4 as percentage of column 3
						At current prices	At constant prices	
1	2				3	4	5	6
1	1960-61	..	..	..	1,799.31	1,071.82	1,071.82	59.6
2	1961-62	..	..	..	1,913.67	1,119.00	1,071.72	58.5
3	1962-63	..	..	..	1,989.91	1,121.39	1,028.75	56.4
4	1963-64	..	..	..	2,234.98	1,279.28	988.70	57.2
5	1964-65	..	..	..	2,944.81	1,911.08	1,176.58	64.9
6	1965-66	..	..	..	2,965.95	1,812.39	1,084.86	61.1
7	1966-67	..	..	..	3,638.31	2,364.08	1,023.59	65.0
8	1967-68	..	..	..	4,200.53	2,779.25	1,185.69	66.2
9	1968-69	..	..	..	4,021.82	2,439.90	1,309.94	60.7
10	1969-70	..	..	..	4,481.41*	2,747.20*	1,282.60*	61.3
11	1970-71	..	..	..	4,554.03*	2,681.45*	1,340.79*	58.9
12	1971-72	..	..	..	5,271.33*	3,198.71*	1,251.47*	60.7
13	1972-73	..	..	..	5,918.38*	3,562.72*	1,308.99*	60.2

\*Provisional

Source—Economics and Statistics Division, U. P.

## ANNEXURE 2

*Gross and net area irrigated, 1950-51 to 1970-71*

Serial no.	Year				Gross area irrigated (Hect.)	Percentage increase in gross area irrigated over 1950-51	Net area irrigated (Hect.)	Percentage increase in net area irrigated over 1950-51
1	2				3	4	5	6
1	1950-51	..	..	..	51,78,908	..	48,09,350	..
2	1955-56	..	..	..	53,26,237	2.8	49,21,159	2.3
3	1960-61	..	..	..	55,28,457	6.7	50,44,076	4.9
4	1965-66	..	..	..	65,76,660	27.00	58,44,505	21.5
5	1968-69	..	..	..	75,19,364	45.2	65,31,643	35.8
6	1969-70	..	..	..	78,88,357	52.3	67,88,191	41.1
7	1970-71	..	..	..	83,03,941	60.3	71,59,895	48.9

Source—Uttar Pradesh Ke Premukh Krishi Ankde (1950-51 to 1971-72).

## ANNEXURE 3

Rural Electrification, 1950-51 to 1973-74

Serial no.	Item	Unit	At the commencement of plan as on March 1951	Achievement at the end of				
				First Plan March 1956	Second Plan March 1961	Third Plan March 1966	Three Annual Plans March 1969	Fourth Plan March 1974
1	2	3	4	5	6	7	8	9
1	Installed generating capacity	M.W.	179	288	370	910	1,310	1,680
2	Rural electrification :							
	(i) Electrification of villages	Nos.	110	420	1,082	5,855	1,2926	29,415
	(ii) Energisation of private tube-wells/pumping sets.	Nos.	635	1,429	3,566	9,283	65,513	21,6446

Source—U. P. State Electricity Board.

## ANNEXURE 4

Power consumption in agriculture, 1965-66 to 1972-73

Serial no.	Year	Power consumption		Column (4) as percentage of column (3)	Percentage increase in consumption in agriculture over 1965-66
		(Million Units) Total	In Agri.		
1	2	3	4	5	6
1	1965-66	2,419.011	309.532	12.8	..
2	1966-67	2,853.551	375.150	13.1	21.2
3	1967-68	2,924.904	348.307	11.9	12.5
4	1968-69	3,502.578	642.749	18.0	107.7
5	1969-70	3,711.660	613.440	16.5	98.2
6	1970-71	4,290.732	713.475	16.6	130.5
7	1971-72	4,485.960	693.574	15.5	124.1
8	1972-73	4,804.099	894.482	18.6	189.0

Source—U. P. State Electricity Board.

Note—Agriculture-State tube-wells, private tube-wells and pumping sets and other agricultural load.

## ANNEXURE 5

Area under high yielding varieties, 1966-67 and 1973-74

(Lakh Hectares)

Varieties	Unit	1966-67	1973-74 (Likely)
1	2	3	4
<b>A. Exotic—</b>			
(i) Mexican wheat .. .. .	Lakh Hect.	2.00	27.00
(ii) Paddy T. N. I. .. .. .	Ditto	0.39	10.15
(iii) Hybrid Maize .. .. .	Ditto	0.21	0.40
(iv) Hybrid Jwar .. .. .	Ditto	0.01	0.03
(v) Hybrid Bajra .. .. .	Ditto	0.01	0.40
<b>Total under exotic varieties</b> .. .. .		<b>2.62</b>	<b>37.98</b>
<b>B. State High Yielding Varieties—</b>			
(i) U. P. Paddy .. .. .	Lakh Hect.	0.16	8.10
(ii) U. P. Maize .. .. .	Ditto	0.24	6.08
(iii) U. P. Wheat .. .. .	Ditto	1.63	14.17
<b>Total, State varieties</b> .. .. .		<b>2.03</b>	<b>28.35</b>
<b>Total under high yielding varieties</b> .. .. .		<b>4.65</b>	<b>66.33</b>
<b>Percentage of net cropped area</b> .. .. .		<b>2.8</b>	<b>38.3</b>

Source—Draft Fifth Five-Year Plan, Uttar Pradesh, Volume I.

## ANNEXURE 6

Consumption of chemical fertilisers, 1956-57 to 1971-72 in the form of  $N_2$ ,  $P_2O_5$  and  $K_2O$ 

Serial no.	Year	Achievement in nitrogenous $N_2$	Thousand phosphatic $P_2O_5$	M. Tonnes potassic $K_2O$
1	2	3	4	5
1	1956-57	20	1	..
2	1957-58	20	1	..
3	1958-59	27	2	..
4	1959-60	25	2	..
5	1960-61	29	2	..
6	1961-62	32	4	..
7	1962-63	43	5	..
8	1963-64	69	8	..
9	1964-65	89	9	..
10	1965-66	84	9	..
11	1966-67	74	9	2
12	1967-68	142	39	19
13	1968-69	220	77	41
14	1969-70	306	99	55
15	1970-71	291	75	45
16	1971-72	338	73	59

Source—(Fertilizer and Allied Statistics, U. P.)

## ANNEXURE 7

*Consumption of fertilizer per hectare of cropped area by States, 1969-70*

Serial (no.)	State	Consumption in Kgm. per hectare			
		Nitrogenous	Phosphatic	Potassic	Total
1	2	3	4	5	6
1	Andhra Pradesh	18.70	4.89	1.04	24.63
2	Kerala	11.44	7.74	8.12	27.30
3	Mysore	8.31	2.96	1.34	12.61
4	Tamil Nadu	20.23	5.68	4.49	30.40
5	Gujarat	6.18	2.75	0.29	9.22
6	Madhya Pradesh	1.87	0.79	0.16	2.82
7	Maharashtra	4.74	1.77	1.43	7.94
8	Haryana	10.22	1.11	0.39	11.72
9	Jammu and Kashmir	3.38	0.79	0.35	4.52
10	Punjab	28.40	4.07	1.20	33.67
11	Rajasthan	2.03	0.53	0.10	2.66
12	Uttar Pradesh	13.38	4.31	2.39	20.08
13	Himachal Pradesh	3.21	0.81	0.14	4.16
14	Assam	1.23	0.63	0.42	2.28
15	Bihar	7.63	2.89	1.39	11.91
16	Orissa	2.39	0.64	0.40	3.43
17	West Bengal	5.09	1.64	1.61	8.34
	All India	8.67	2.63	1.33	12.63

Source—Draft Fifth Five-Year Plan, Uttar Pradesh, Vol. I.

## ANNEXURE 8

*Area under plant protection during Plan periods*

Serial no.	Plan	Area Hectares in '000
1	2	3
1	I Plan	17
2	II Plan	130
3	III Plan	2506
4	Three Annual Plans	4669
5	1971-72	8749
	Percentage of net cropped area (1971-72)	50.6

Source—Statistical Diary, 1973—Economics and Statistics Division, Uttar Pradesh.

## ANNEXURE 9

Average annual production of different crops during Plan periods

Serial no.	Period	Foodgrains		Sugarcane		Oilseeds	
		Production (M. Tonnes)	% Increase over 1950-51	Production (M. tonnes)	% Increase over 1950-51	Production (M. tonnes)	% Increase over 1950-51
1	2	3	4	5	6	7	8
1	1950-51 .. .. .	11774582	..	29498059	..	779475	..
2	1st Plan .. .. .	12187963	3.5	27759965	(-)-5.9	904791	16.1
3	2nd Plan .. .. .	12983505	10.3	37050481	25.6	1041000	33.6
4	3rd Plan .. .. .	13577913	15.3	50978408	72.8	1383312	77.5
5	Third Annual Plans .. .. .	14828127	25.9	42606803	44.4	1467282	88.2
6	4th Plan (three years) .. .. .	18184640	54.4	54901902	86.1	1595458	104.7

Source—Uttar Pradesh Ke Pramukh Krishi Ankde, 1950-51—1971-72.

## ANNEXURE 10

Indices of production of some crops, 1950-51 to 1971-72

Serial no.	Year	Production indices of (Base 1950-51—100)						Total food-grains
		Rice	Wheat	Maize	Sugarcane	Potato (Rabi)	Oilseeds (pure and mixed)	
1	2	3	4	5	6	7	8	9
1	1950-51 .. .. .	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2	1951-52 .. .. .	77.5	94.6	106.4	109.2	106.0	118.8	92.9
3	1952-53 .. .. .	94.1	105.4	125.6	91.3	101.3	115.5	102.8
4	1953-54 .. .. .	114.6	116.0	103.4	71.4	101.9	114.7	106.6
5	1954-55 .. .. .	109.6	122.6	125.0	97.4	101.7	133.0	112.8
6	1955-56 .. .. .	129.5	113.6	96.1	101.3	107.2	98.4	102.4
7	1956-57 .. .. .	116.2	116.3	153.9	120.5	96.3	126.2	107.1
8	1957-58 .. .. .	117.0	101.0	122.5	105.8	113.5	103.6	96.5
9	1958-59 .. .. .	151.7	113.4	95.4	106.0	124.4	129.7	110.6
10	1959-60 .. .. .	123.3	121.0	158.1	111.0	135.2	140.7	114.1
11	1960-61 .. .. .	157.6	145.0	96.0	184.8	124.9	167.5	123.0
12	1961-62 .. .. .	167.3	152.7	106.6	173.8	103.4	169.5	119.4
13	1962-63 .. .. .	156.8	118.0	153.2	146.4	125.4	158.7	114.6
14	1963-64 .. .. .	164.0	99.8	119.5	161.2	85.4	143.5	100.2
15	1964-65 .. .. .	166.3	151.3	136.4	190.7	167.2	223.0	129.5
16	1965-66 .. .. .	117.2	138.0	172.2	192.0	206.8	192.5	112.9
17	1966-67 .. .. .	96.8	155.5	165.3	133.5	136.5	166.2	100.0
18	1967-68 .. .. .	159.1	214.6	174.2	128.5	222.0	210.4	141.6
19	1968-69 .. .. .	137.4	223.7	196.1	171.3	253.6	188.1	136.2
20	1969-70 .. .. .	166.7	236.0	180.4	205.7	194.1	211.1	147.9
21	1970-71 .. .. .	180.4	282.6	276.3	185.3	230.8	237.6	165.3
22	1971-72 .. .. .	188.9	277.5	129.4	167.3	261.6	165.4	150.1

Source—Uttar Pradesh Ke Pramukh Krishi Ankde, 1950-51—1971-72.

## ANNEXURE 11

## Capital formation in rural areas of U. P., 1969-70

Serial no.	Items	Value (Rs. in lakhs)
1	2	3
1	Land .. .. .	200.19 (1.29)
2	Buildings .. .. .	6,344.81 (40.94)
3	Wells .. .. .	237.28 (1.53)
4	Tube-wells .. .. .	1,598.71 (10.32)
5	Persian Wheels .. .. .	142.16 (0.92)
6	Other Means of Irrigation .. .. .	446.96 (2.88)
7	Animal Husbandry and Poultry .. .. .	3,408.56 (22.00)
8	Plant and Machinery .. .. .	1,794.43 (11.58)
9	Vehicles and Carriages .. .. .	805.76 (5.20)
10	Tools and Equipment .. .. .	466.17 (3.01)
11	Furniture and fixtures .. .. .	51.27 (0.33)
	Total .. .. .	15,496.30 (100.00)

NOTE—Figures in bracket indicate their percentage distribution.

Source—Capital formation in rural sector, U. P., 1969-70 issued by State Planning Institute, Economics and Statistics Division, U.P.

## ANNEXURE 12

## Rural consumer price index (all classes)

Year	Index (1960-61=100)
1	2
1960-61	100.0
1961-62	101.05
1962-63	104.3
1963-64	116.7
1964-65	143.6
1965-66	156.6
1966-67	186.9
1967-68	218.9
1968-69	188.4
1969-70	188.4
1970-71	191.9
1971-72	195.8
1972-73	223.5

Source—Economics and Statistics Division, U. P.

## ANNEXURE 13

## Director Agricultural Taxation as percentage of Agricultural Income, 1960-61 to 1972-73

Serial no.	Year	Agricultural income (Rs. Crores)	Land revenue including agriculture income-tax (Rs. Crores)	Column 4 as percentage of column 3
1	2	3	4	5
1	1960-61	1,071.82	23.04	2.15
2	1961-62	1,119.00	21.70	1.94
3	1962-63	1,121.39	25.37	2.26
4	1963-64	1,279.28	25.22	1.97
5	1964-65	1,911.08	20.44	1.07
6	1965-66	1,812.39	24.33	1.34
7	1966-67	2,364.08	20.68	0.87
8	1967-68	2,779.25	25.49	0.92
9	1968-69	2,439.90	24.42	1.00
10	1969-70	2,747.26*	21.50	0.78
11	1970-71	2,681.45*	22.14	0.83
12	1971-72	3,198.71*	6.07	0.19
13	1972-73	3,562.72*	10.01	0.28

\*Provisional.

Source—Col. 3—Economics and Statistics Division.

Col. 4—State Budgets.

NOTE—Income of Animal Husbandry Sector is included in column 3.

## ANNEXURE 14

Statewise Land Revenue and Agriculture Income-tax, 1960-61, 1965-66, 1970-71 and 1971-72

(Rupees Crores)

Serial no.	States	1960-61				1965-66			
		Total State taxes	Land revenue	Agriculture income-tax (including V.J.K.)	Land revenue and agriculture income-tax as percentage of total State taxes	Total State taxes	Land revenue	Agriculture income-tax (including V.J.K.)	Land revenue and agriculture income-tax as percentage of total State taxes
1	2	3	4	5	6	7	8	9	10
1	Uttar Pradesh	57.41	22.20	0.84	40.1	95.20	24.01	0.32	25.6
2	Andhra Pradesh	40.84	9.30	0.03	22.8	69.61	14.12	0.00	20.3
3	Assam	11.81	2.31	2.74	42.8	21.16	4.90	2.84	36.6
4	Bihar	32.08	8.76	0.51	28.9	56.62	12.05	0.22	21.7
5	Gujarat	20.77	4.39	..	21.1	50.89	7.32	0.00	14.4
6	Jammu and Kashmir	1.70	0.69	..	40.6	3.16	0.44	10.00	13.9
7	Kerala	20.17	1.46	2.35	18.9	38.54	2.65	2.27	12.8
8	Madhya Pradesh	25.96	8.41	0.01	32.4	48.96	7.00	0.00	14.3
9	Tamil Nadu	40.02	4.98	1.35	15.8	83.98	6.76	1.23	9.5
10	Maharashtra	64.25	8.77	0.00	13.6	122.44	5.58	0.25	4.8
11	Mysore	24.43	4.41	0.74	21.1	46.44	5.57	1.58	15.4
12	Orissa	8.55	2.08	0.04	24.6	19.74	2.37	0.07	14.9
13	Punjab and Haryana	25.79	4.25	..	16.5	56.10	3.98	0.00	7.1
14	Rajasthan	18.12	7.15	0.04	39.7	35.42	6.98	0.02	19.8
15	West Bengal	49.07	6.30	0.85	14.6	93.81	6.72	1.08	8.3
	All States	440.97	95.44	9.50	23.8	842.07	110.95	9.88	14.8

Serial no.	States	1970-71				1971-72			
		Total State taxes	Land revenue	Agriculture income-tax (including V.J.K.)	Land revenue and agriculture income-tax as percentage of total State taxes	Total State taxes	Land revenue	Agriculture income-tax (including V.J.K.)	Land revenue and agriculture income-tax as percentage of total State taxes
1	2	11	12	13	14	15	16	17	18
1	Uttar Pradesh	152.75	21.95	0.19	14.5	155.65	5.93	0.14	3.9
2	Andhra Pradesh	136.06	20.12	0.0	14.8	138.10	19.91	0.00	14.4
3	Assam	25.58	4.00	2.13	24.0	30.16	3.67	3.56	24.0
4	Bihar	79.17	6.98	0.29	9.2	87.54	7.73	0.75	9.7
5	Gujarat	108.08	8.99	..	8.3	125.11	11.02	..	8.8
6	Jammu and Kashmir	7.10	0.45	..	6.3	7.91	0.73	..	9.2
7	Kerala	67.97	1.15	3.28	6.5	74.71	1.83	3.64	7.3
8	Madhya Pradesh	86.59	7.30	..	8.4	94.91	7.64	..	8.0
9	Tamil Nadu	148.86	4.15	1.83	4.0	191.54	4.49	2.01	3.4
10	Maharashtra	255.55	9.89	0.05	3.9	274.56	12.02	0.30	4.5
11	Mysore	101.75	4.72	1.55	6.2	113.55	4.60	1.99	5.8
12	Orissa	33.26	1.67	0.07	5.2	34.77	1.78	0.09	5.4
13	Punjab and Haryana	130.36	3.35	..	2.6	143.73	2.80	..	1.9
14	Rajasthan	60.46	10.71	0.01	17.7	65.67	8.57	0.00	13.1
15	West Bengal	123.97	4.04	1.08	4.0	144.98	4.14	0.91	3.6
	Total, All States	1,522.51	109.47	10.48	7.9	1,682.92	96.86	49.68	8.7

Assam includes Nagaland and Meghalaya.

Source—State Budgets.

## ANNEXURE 15

Calendar of Land Revenue Settlements in Uttar Pradesh corrected up to June 30, 1950

Serial no.	Name of district	Year of completion of last settlement	Remarks
1	2	3	4
1	Dehra Dun	(1) 1884	(i) In pargana Jaunsar-Bawar, tehsil Chakrata.
		(2) 1940	(ii) Pargana Eastern and Western Dun, tehsil Dehra.
2	Saharanpur	1920	Revision of rent and revenue carried out in 1936-37.
3	Muzaffarnagar	1921	Revision of rent and revenue carried out in 1939-40.
4	Meerut	1939	
5	Bulandshahr	1919	Revision of rent and revenue carried out in 1939-40.
6	Aligarh	1941	
7	Mathura	1925	Revision of rent and revenue carried out in 1940-41.
8	Agra	1929	Revision of rent and revenue carried out in 1940-41.
9	Mainpuri	1944	
10	Etah	1944	
11	Baroilly	1941	
12	Bijnor	1938	
13	Budaun	1930	Revision of rent and revenue carried out in 1936-37.
14	Moradabad	1943	Settlement of tehsils Amroha and Hasanpur postponed until after the war.
15	Shahjahanpur	1941	
16	Pilibhit	1932	
17	Farrukhabad	1943	Settlement operations of tehsil Sadar postponed until after the war.
18	Etawah	1915	Revision of rent and revenue carried out in 1940-41.
19	Kanpur	1944	Settlement of tehsils Bhognipur and Ghatampur postponed until after the war.
20	Fatehpur	1917	Revision of rent and revenue carried out in 1936-37.
21	Allahabad	1915	Revision of rent and revenue carried out in 1941-42 except in tehsils Meja and Karchhana.
22	Jhansi	1945	
23	Jalaun	1906	Has been settled under the fluctuating system of assessment.
24	Hamirpur	1909	Has been settled under the fluctuating system of assessment, except pargana Rath which has been settled for 30 years under the ordinary rules.
25	Banda	1911	Has been settled under the fluctuating system of assessment by which the assessments of different parganas are being revised periodically on the basis of existing cultivation, the excess or deficient cultivation being valued at rates fixed by the revenue being adjusted accordingly.
26	Mirzapur	1941	
27	Gorakhpur	1919	Revision of rent and revenue carried out in 1939-42.
28	Deoria	1919	Ditto.
29	Basti	1919	Revision of rent and revenue carried out in 1941-42.
30	Azamgarh	1943	
31	Naini Tal	1925	Settlement postponed.

1	2	3	4
32	Almora .. .. .	1942	The revised revenue in pargana Askot was imposed from Kharif 1350 fasli, settlement of other parganas postponed.
33	Garhwal .. .. .	1931	
34	Lucknow .. .. .	1929	Revision of rent and revenue carried out in 1940-41.
35	Unnao .. .. .	1930	Revision of rent and revenue carried out in 1930-40.
36	Rae Bareilly .. .. .	1929	Revision of rent and revenue carried out in 1930-40.
37	Sitapur .. .. .	1938	
38	Hardoi .. .. .	1931	Revision of rent and revenue carried out in 1936-37.
39	Kheri .. .. .	1940	
40	Faizabad .. .. .	1941	
41	Gonda .. .. .	1942	
42	Bahraich .. .. .	1938	
43	Sultanpur .. .. .	1939	
44	Pratapgarh .. .. .	1929	Revision of rent and revenue carried out in 1940-41.
45	Bara Banki .. .. .	1930	Revision of rent and revenue carried out in 1936-37.

## ANNEXURE 16

*Revenue from Agricultural Income-tax, L.L.H.T. and Vrihat Jot Kar*

Year of assessment	Total number of cases	Total net amount of tax assessed (in Rs.)	Total net amount of collection (in Rs.)	Amount remaining outstanding for recovery on June 30, 1973 (in Rs.)
1	2	3	4	5
<i>Agricultural Income tax, 1948.</i>				
1948-49	7,556	91,59,294	91,59,294	..
1949-50	8,405	95,06,021	94,99,511	6,510
1950-51	7,962	90,56,354	90,46,301	10,053
1951-52	8,427	1,02,68,842	1,01,87,773	81,069
1952-53	9,070	1,09,57,565	1,05,79,053	2,78,512
1953-54	15,582	67,36,403	66,92,850	43,553
1954-55	8,496	62,37,309	60,38,998	1,98,311
1955-56	9,263	59,85,776	58,37,853	1,47,923
1956-57	12,077	1,31,91,323	1,31,12,485	78,838
<b>Total</b>	<b>87,843</b>	<b>8,09,98,887</b>	<b>8,01,54,118</b>	<b>8,44,769</b>
<i>Large Land Holding Tax, 1957</i>				
1958-59	22,075	83,77,187	80,48,717	3,28,470
1959-60	21,294	82,17,029	78,76,573	3,40,456
1960-61	20,249	73,94,960	70,87,681	3,27,279
1961-62	21,749	74,65,888	71,63,810	3,02,078
<b>Total</b>	<b>85,367</b>	<b>3,14,55,064</b>	<b>3,01,56,781</b>	<b>12,98,283</b>

1	2	3	4	5
<i>Vrihat Jat Kar Adhiniyam, 1963</i>				
1963-64	11,022	31,06,977	26,52,377	4,54,600
1964-65	10,029	31,39,592	26,48,319	4,91,273
1965-66	10,842	28,14,991	23,73,928	4,41,072
1966-67	10,063	24,92,297	20,49,228	4,43,069
1967-68	9,562	22,71,994	17,96,246	4,75,748
1968-69	7,656	21,16,510	15,50,202	5,66,308
1969-70	9,049	19,64,760	13,13,438	6,51,322
1970-71	7,663	17,09,169	10,93,037	6,16,132
1971-72	6,902	14,39,056	7,31,862	7,07,194
1972-73	5,108	8,08,625	3,57,049	4,51,586
1973-74	3,584	3,76,255	64,894	3,11,361
<b>Total</b>	<b>91,480</b>	<b>2,22,40,236</b>	<b>1,66,30,571</b>	<b>56,09,665</b>
A. I. T. (1948-49 to 1956-57)	87,843	8,09,98,887	3,01,54,118	8,44,769
L. L. H. T. (1958-59 to 1961-62)	85,367	3,14,55,064	3,01,56,781	12,88,283
V. J. K. (1963-64 to 1973-74)	91,480	2,22,40,236	1,66,30,571	56,09,665
<b>Total (1948-49 to 1973-74)</b>	<b>2,64,690</b>	<b>13,46,94,187</b>	<b>12,69,41,470</b>	<b>77,52,717</b>

## ANNEXURE 17

*Districtwise per Acre incidence of Land Revenue, 1969-70*

Serial no.	District	Land revenue (Current demand) (Rs.)	Net area sown (during 1969-70) (Hectare)	Per area land revenue (Rs.0.00)
1	2	3	4	5
1	Dehra Dun	4,34,131	54,468	3.23
2	Saharanpur	44,12,641	3,69,808	4.83
3	Muzaffarnagar	40,46,008	3,25,485	5.03
4	Meerut	59,43,054	4,62,780	5.20
5	Bulandshahr	52,57,835	3,75,274	5.67
<b>Division Total</b>		<b>2,00,93,669</b>	<b>15,87,813</b>	<b>5.12</b>

1	2	3	4	5
6	Aligarh	58,29,944	3,90,592	6.04
7	Mathura	35,15,378	3,09,981	4.59
8	Agra	42,95,162	3,57,142	4.87
9	Mainpuri	37,55,450	2,83,739	5.36
10	Etah	34,79,622	3,10,966	4.53
Division Total		2,08,75,556	16,52,420	5.11
11	Baroilly	42,49,524	3,28,452	5.24
12	Bijnor	46,72,055	3,27,684	5.77
13	Budaun	45,53,880	4,10,261	4.49
14	Moradabad	66,80,326	4,74,711	5.69
15	Shahjahanpur	34,47,951	3,19,227	4.37
16	Pilibhit	23,57,046	2,05,435	4.64
17	Rampur	39,41,524	1,80,101	8.43
Division Total		2,99,02,306	22,54,871	5.37
18	Farrukhabad	34,12,505	2,90,832	4.75
19	Etawah	37,88,805	2,93,177	5.23
20	Kanpur	55,24,818	4,33,860	5.15
21	Fatehpur	35,27,139	2,93,081	4.87
22	Allahabad	60,91,501	4,76,801	5.17
Division Total		2,23,44,768	17,87,731	5.08
23	Jhansi	25,08,102	4,81,056	2.11
24	Jalaun	29,06,434	3,63,932	3.23
25	Hamirpur	34,17,596	5,08,983	2.72
26	Banda	30,66,124	4,93,828	2.51
Division Total		1,18,98,256	18,47,699	2.61
27	Varanasi	46,52,857	3,37,570	5.58
28	Mirzapur	28,75,523	3,71,159	3.14
29	Jaunpur	38,20,137	2,96,762	5.21
30	Ghasipur	32,13,067	2,69,384	4.93
31	Ballia	28,30,811	2,39,574	4.78
Division Total		1,73,92,395	15,14,449	4.65

1	2	3	4	5
32	Gorakhpur .. .. .	39,74,791	4,75,227	3.38
33	Basti .. .. .	62,40,652	5,68,935	4.44
34	Azamgarh .. .. .	54,81,705	4,42,416	5.01
35	Deoria .. .. .	41,87,780	4,42,620	3.83
	<b>Division Total</b> ..	<b>1,98,84,928</b>	<b>19,29,198</b>	<b>4.17</b>
36	Naini Tal .. .. .	12,10,876	2,08,777	2.35
37	Almora .. .. .	4,54,670	1,51,400	1.21
38	Pithoragarh .. .. .	1,89,807	66,105	0.85
	<b>Division Total</b> ..	<b>18,04,853</b>	<b>4,26,282</b>	<b>1.71</b>
39	Garhwal .. .. .	1,94,180	98,392	0.80
40	Tehri-Garhwal .. .. .	2,78,436	79,213	1.93
41	Chamoli .. .. .	1,07,608	51,301	0.85
42	Uttar Kashi .. .. .	1,30,750	25,260	2.10
	<b>Division Total</b> ..	<b>8,10,984</b>	<b>2,54,166</b>	<b>1.29</b>
43	Lucknow .. .. .	31,89,840	1,54,420	8.36
44	Unnao .. .. .	47,50,592	2,92,056	6.58
45	Sitapur .. .. .	73,81,322	4,30,674	6.94
46	Rae Bareilly .. .. .	46,56,447	2,83,343	6.65
47	Hardoi .. .. .	64,87,402	3,78,379	6.94
48	Kheri .. .. .	49,49,935	4,33,418	4.62
	<b>Division Total</b> ..	<b>3,14,15,538</b>	<b>19,72,290</b>	<b>6.45</b>
49	Faisalabad .. .. .	46,59,078	2,99,625	6.29
50	Gonda .. .. .	69,08,240	5,19,899	5.27
51	Bahraich .. .. .	61,55,667	4,49,390	5.64
52	Sultanpur .. .. .	46,03,370	3,10,744	5.99
53	Pratapgarh .. .. .	39,56,227	2,48,447	6.44
54	Bara Banki .. .. .	68,43,415	3,02,160	9.17
	<b>Division Total</b> ..	<b>3,81,23,997</b>	<b>21,30,265</b>	<b>6.29</b>
	<b>State Total</b> ..	<b>20,95,47,250</b>	<b>1,78,57,204</b>	<b>4.98</b>

Source—Col. 3—Board of Revenue U. P., Col. 4—Bulletin of Agricultural Statistics 1970-71 for Plains Districts and Agriculture Directorate for Hill Districts.

## ANNEXURE 18

Percentage distribution of number of house-holds/holdings and area held by them in U. P. in 1960-61 and 1970-71 and in India in 1960-61

Serial no.	Size (Hect.)	India (1960-61)		U. P. (1960-61)		U. P. (1970-71)	
		Percentage of		Percentage of		Percentage of	
		Number of house-holds	Area	Number of house-holds	Area	Number of holdings	Area
1	2	3	4	5	6	7	8
1	Below 1	60.59	7.92	60.00	12.80	66.65	20.64
2	1 but below 2	14.93	12.06	19.24	20.33	17.09	20.51
3	2 but below 3	7.82	10.69	9.04	16.30	7.19	14.82
4	3 but below 4	4.53	8.77	4.57	11.57	3.52	10.30
5	4 but below 5	3.11	7.78	2.47	8.09	1.98	7.51
6	5 but below 10	5.95	23.10	3.66	18.50	2.83	16.08
7	10 and above	3.07	30.28	1.02	12.41	0.74	10.14
	All Sizes	100.00	100.00	100.00	100.00	100.00	100.00

Note—Cols. 3 to 6 refer to holdings by ownership and Cols. 7 and 8 refer to holdings by possession.

Source—Columns 3 to 6 National Sample Survey : Sixteenth Round 1960-61, columns 7 and 8 Agriculture Census, 1970-71.

## ANNEXURE 19

Calculation of agricultural holding tax in district Muzaffarnagar, 1970-71

Serial no.	Size (Hect.)	Holdings (No.)	Area (Hect.)	Net value on area basis (Rs. Lakhs)	Rateable value per holding (Rs. 0.00)	Rateable values development charges 20% Max. 1000 (Rs. 0.00)	A. H. T. per holding (Rs. 0.00)	A. H. T. on all holdings (Rs.)
1	2	3	4	5	6	7	8	9
1	0-0.5	63,646	14,484	300.54	292.14	233.71	1.00	63,646
2	0.5-1.0	32,363	23,506	325.45	1005.62	804.50	3.22	1,04,209
3	1.0-2.0	37,494	53,974	747.29	1993.09	1594.47	12.76	4,78,423
4	2.0-3.0	19,914	48,884	676.82	3398.71	2718.97	36.98	7,36,420
5	3.0-4.0	12,303	42,503	588.47	4783.14	3826.51	73.09	8,99,226
6	4.0-5.0	7,960	35,545	492.14	6182.66	5182.66	134.23	10,68,471
7	5.0-10.0	11,920	79,308	1098.06	9289.85	8289.85	343.20	40,56,624
8	10.0-20.0	2,154	27,348	378.65	17,578.92	16,578.92	1,374.35	29,60,436
9	20.0-30.0	208	4,993	69.13	33,235.58	32,235.58	5196.38	10,60,847
10	30.0-40.0	53	1,864	25.81	48,698.11	47,698.11	11,376.00	6,02,928
11	40.0-50.0	21	950	13.15	62,619.05	61,610.05	18,984.83	3,98,681
12	50.0 and above	52	5,886	81.49	1,56,711.54	1,55,711.54	1,21,237.01	63,04,325
	Total	1,92,988	3,39,245	4697.00	2493.83	..	..	1,87,59,236

A.H.T. on all holdings—Rs.1,87,59,236.

A.H.T. on R.V. above Rs.2,500—Rs.1,81,07,958.

A.H.T. on R.V. of R.5,000 and above Rs.1,64,72,312.

- Source—Cols. 2 to 4—Agriculture Census, U.P., 1970-71,
- Net value—54 per cent of gross value,

## ANNEXURE 20

## Calculation of Agricultural holding Tax in Azamgarh District, 1970-71

Serial no.	Size (Hect.)	Holdings (No.)	Area (Hect.)	Net value on area basis (Rs. lakhs)	Rateable value per holding (Rs. 0.00)	Rateable value(—) development charges 20% (Max. 1,000) (Rs. 0.00)	A.H.T. per holdings (Rs. 0.00)	A.H.T. on all holdings (Rs.)
1	2	3	4	5	6	7	8	9
1	0-0.5	4,47,217	76,646	630.00	140.87	112.70	1.00	4,47,217
2	0.5-1.0	1,04,413	74,310	610.80	584.98	467.98	1.00	1,04,413
3	1.0-2.0	72,370	1,00,786	828.42	1,144.70	915.76	4.21	3,04,678
4	2.0-3.0	25,528	61,385	504.56	1,976.50	1,581.20	12.49	3,18,845
5	3.0-4.0	11,148	38,139	313.49	2,812.07	2,249.66	25.20	2,80,930
6	4.0-5.0	5,729	25,442	209.12	3,650.20	2,920.16	42.63	2,44,227
7	5.0-10.0	7,270	47,778	392.72	5,401.93	4,401.93	96.84	7,04,027
8	10.0-20.0	1,257	16,134	132.61	10,549.72	9,549.72	455.52	5,72,589
9	20.0-30.0	113	2,650	21.78	19,274.34	18,274.34	1,670.27	1,88,741
10	30.0-40.0	16	545	4.48	28,000.00	27,000.00	3,645.00	58,320
11	40.0-50.0	8	361	2.97	37,125.00	36,125.00	6,524.18	52,193
12	50.0 and above	4	250	2.05	51,250.00	50,250.00	12,622.80	50,491
Total		6,75,073	4,44,426	3,653.00				33,26,671

A.H.T. on all holdings=Rs.33,26,671.

A.H.T. on R.V. above Rs.2,500=Rs.21,51,518.

A.H.T. on R.V. on Rs.5,000 and above=Rs.16,26,361.

1. Source—Up to Cols. 4—Agriculture Census, U. P. 1970, 71

2. Net value=54% of gross value.

## ANNEXURE 21

## Calculation of Agricultural holding Tax in Deoria District 1970-71

Serial no.	Size (Hect.)	Holdings (No.)	Area (Hect.)	Net value on area basis (Rs. lakhs)	Rateable value per holding (Rs. 0.00)	Rateable value(—) development charges 20% (Max. 1,000) (Rs. 0.00)	A.H.T. per Holding (Rs. 0.00)	A.H.T. on all holdings (Rs.)
1	2	3	4	5	6	7	8	9
1	0-0.5	2,89,009	61,011	593.44	205.27	164.22	1.00	2,89,099
2	0.5-1.0	95,741	69,300	674.07	704.06	563.25	1.58	1,51,271
3	1.0-2.0	72,124	1,00,349	976.07	1,353.32	1,082.66	5.85	4,21,925
4	2.0-3.0	26,124	62,974	612.53	2,344.70	1,875.76	17.63	4,60,366
5	3.0-4.0	11,128	37,861	308.27	3,309.40	2,647.52	34.95	3,88,924
6	4.0-5.0	5,740	25,498	248.01	4,320.73	3,456.58	59.80	3,43,252
7	5.0-10.0	6,938	46,305	450.40	6,445.33	5,445.33	148.11	1,03,4993
8	10.0-20.0	1,686	22,082	214.79	12,739.62	11,739.62	689.12	1,16,1856
9	20.0-30.0	194	4,609	44.83	23,108.25	22,108.25	2,442.96	4,73,934
10	30.0-40.0	44	1,491	14.50	32,954.54	31,954.54	5,106.34	2,24,679
11	40.0-50.0	23	1,007	9.79	42,565.22	41,565.22	8,637.25	1,98,657
12	50.0 and above	21	1,831	18.30	87,142.85	86,142.85	3,7101.73	7,79,136
Total		5,08,912	4,34,368	4,225.00				59,28,292

A.H.T. on all holdings=Rs.59,28,292.

A.H.T. on R.V. above Rs.2,500=Rs.46,06,431.

A.H.T. on R.V. of Rs.5,000 and above=Rs.38,73,255.

1. Source—Cols 2 to 4—Agriculture Census, U.P., 1970-71

2. Net value=54% of gross value.

## ANNEXURE 22

## Calculation of Agricultural holding Tax in Moradabad District, 1970-71

Serial no.	Size (Hect.)	Holdings (No.)	Area (Hect.)	Net value on area basis (Rs.Lakhs)	Rateable value per holding (Rs. 0.00)	Rateable value(-) development charges 20 per cent (Max. 1,000) (Rs.0.00)	A. H. T. per holding (Rs.0.00)	A. H. T. on all holdings (Rs)
1	2	3	4	5	6	7	8	9
1	0-0.5	1,33,914	30,348	272.57	203.54	162.83	1.00	1,33,914
2	0.5-1.0	74,127	53,462	480.16	647.75	518.20	1.35	1,00,071
3	1.0-2.0	74,383	1,05,589	948.34	1,274.94	1,019.95	5.20	3,86,792
4	2.0-3.0	35,726	86,408	776.06	2,172.26	1,737.81	15.12	5,40,177
5	3.0-4.0	18,542	63,108	566.80	3,056.84	2,445.47	29.83	5,53,108
6	4.0-5.0	9,819	43,382	389.63	3,968.12	3,174.50	50.47	4,95,565
7	5.0-10.0	12,061	78,878	708.43	5,873.73	4,873.73	118.92	14,34,294
8	10.0-20.0	1,715	21,517	193.25	11,268.22	10,268.22	526.76	9,03,393
9	20.0-30.0	132	3,064	27.52	20,848.48	19,848.48	1,968.97	2,59,904
10	30.0-40.0	39	1,314	11.80	30,256.41	29,256.41	4,280.21	1,66,928
11	40.0-50.0	9	411	3.69	41,000.00	40,000.00	8,000.00	72,000
12	50.0 and above	7	417	3.75	53,571.42	52,571.42	13,821.03	96,747
Total		3,60,474	4,87,898	4,382.00	..	..	..	51,42,893

A. H. T. on all holdings=Rs.51,42,893.

A. H. T. on R. V. above Rs.2,500=Rs.39,81,939.

A. H. T. on R. V. of Rs.5,000 and above=Rs.29,33,266.

1. Source—Columns 2 to 4—Agriculture Census, U. P., 1970-71.

2. Net value=54 % of gross value.

## ANNEXURE 23

## Calculation of Agricultural holding Tax in Buandshahr District, 1970-71

Serial no.	Size (Hect.)	Holdings (no.)	Area (Hect.)	Net value on area basis (Rs. Lakhs)	Rateable value per holding (Rs.0.00)	Rateable value(-) development charges 20 per cent (Max. Rs.1,000) (Rs.0.00)	A. H. T. per holding (Rs.0.00)	A. H. T. on all holding (Rs.)
1	2	3	4	5	6	7	8	9
1	0-0.5	72,257	16,879	191.71	265.32	212.25	1.00	72,257
2	0.5-1.0	46,586	33,740	383.22	822.61	658.09	2.17	1,01,092
3	1.0-2.0	52,868	75,724	860.07	1,626.83	1,301.46	8.46	4,47,263
4	2.0-3.0	26,675	64,968	737.91	2,766.30	2,213.04	24.56	6,55,138
5	3.0-4.0	14,933	51,428	584.12	3,911.61	3,129.20	48.82	7,29,029
6	4.0-5.0	8,574	38,138	433.17	5,052.13	4,052.13	82.26	7,05,297
7	5.0-10.0	11,409	75,182	853.92	7,484.62	6,484.62	210.10	23,97,031
8	10.0-20.0	1,886	24,083	273.54	14,503.71	13,503.71	911.50	17,19,089
9	20.0-30.0	182	4,290	48.73	26,774.73	25,774.73	3,322.36	60,4,670
10	30.0-40.0	25	841	9.55	38,200.00	37,200.00	6,919.20	1,72,980
11	40.0-50.0	13	575	6.53	50,230.77	49,230.77	12,120.62	1,57,568
12	50.0 and above	111	1,103	12.53	89,500.00	88,500.00	39,161.25	5,48,258
Total		2,35,422	3,86,951	4,395.00	..	..	..	83,09,672

A. H. T. on all holdings=Rs.83,09,672.

A. H. T. on R. V. above Rs.2,500=Rs.76,89,060.

A. H. T. on R. V. of Rs.5,000 and above=Rs.63,04,893.

1. Source—Columns 2 to 4—Agriculture Census, U. P., 1970-71.

2. Net value=54 % of gross value.

ANNEXURE 24

Calculation of Agricultural holding Tax in Gonda District, 1970-71

Serial no.	Size (Hect.)	Holdings (no.)	Area (Hect.)	Net value on area basis (Rs.Lakhs)	Rateable value per holding (Rs.0-00)	Rateable value(—) development charges 20 per cent. (Max. Rs.1,000) (Rs.0-00)	A. H. T. per holding (Rs.0-00)	A. H. T. on all holdings (Rs.)	
1	2	3	4	5	6	7	8	9	
1	0-0.5	..	2,64,072	54,572	376.00	142.39	113.91	1.00	2,64,072
2	0.5-1.0	..	1,04,109	74,689	515.00	494.67	395.74	1.00	1,04,109
3	1.0-2.0	..	85,604	1,20,132	829.00	963.41	774.73	3.02	2,58,524
4	2.0-3.0	..	35,267	84,951	586.00	1,661.61	1,329.29	8.77	3,09,292
5	3.0-4.0	..	15,990	54,448	376.00	2,351.47	1,881.18	17.68	2,82,703
6	4.0-5.0	..	8,833	39,194	270.00	3,053.72	2,445.38	29.83	2,63,488
7	5.0-10.0	..	11,402	74,985	517.00	4,534.29	3,627.43	65.66	7,48,655
8	10.0-20.0	..	2,233	28,534	197.00	8,822.21	7,822.21	305.85	6,82,963
9	20.0-30.0	..	213	4,966	34.00	15,962.44	14,962.44	1,119.19	2,38,387
10	30.0-40.0	..	78	2,642	18.00	23,076.92	22,076.92	2,437.29	19,0,109
11	40.0-50.0	..	29	1,297	9.00	31,034.48	30,034.48	4,511.18	1,30,824
12	50.0 and above	..	18	1,540	11.00	61,111.11	60,111.11	1,80,69.40	3,25,249
Total		..	5,27,848	5,41,950	3,738.00	..	..	..	37,98,375

A. H. T. on all holdings = Rs.37,98,375.

A. H. T. on R. V. above Rs.2,500 = Rs.25,79,675.

A. H. T. on R. V. of Rs.5,000 and above = Rs.15,67,532.

1. Source—Columns 2 to 4—Agriculture Census, U. P., 1970-71.

2. Net value = 54 % of gross value.

ANNEXURE 25

Calculation of Agricultural holding Tax in Faizabad District, 1970-71

Serial no.	Size (Hect.)	Holdings (no.)	Area (Hect.)	Net value on area basis (Rs.lakhs)	Rateable value per holding (Rs.0-00)	Rateable value(—) development charges at 20 per cent (Max.1,000) (Rs. 0-00)	A. H. T. per holding (Rs.0-00)	A. H. T. on all holdings (Rs.)	
1	2	3	4	5	6	7	8	9	
1	0-0.5	..	2,52,369	49,870	450.23	178.40	142.72	1.00	2,52,369
2	0.5-1.0	..	81,114	56,987	514.48	634.27	507.42	1.27	1,03,015
3	1.0-2.0	..	55,855	77,948	695.59	1,245.35	996.28	4.98	2,78,158
4	2.0-3.0	..	17,779	42,538	384.03	2,160.02	1,728.02	14.86	2,64,196
5	3.0-4.0	..	7,138	24,393	220.22	3,085.18	2,468.14	30.36	2,16,710
6	4.0-5.0	..	3,560	15,803	142.67	4,007.58	3,206.06	51.30	1,82,628
7	5.0-10.0	..	4,229	27,710	250.17	6,915.58	4,915.58	120.92	5,11,371
8	10.0-20.0	..	674	8,551	77.20	11,454.01	10,454.01	546.74	3,68,503
9	20.0-30.0	..	68	1,623	14.65	21,544.12	20,544.12	2,109.88	1,43,472
10	30.0-40.0	..	17	607	5.48	32,235.29	31,235.29	4,878.95	82,942
11	40.0-50.0	..	6	254	2.29	38,166.67	37,166.67	6,905.57	41,433
12	50.0 and above	..	8	553	4.99	62,375.00	61,375.00	18,835.99	1,50,688
Total		..	4,22,817	3,05,937	2,762.00	..	..	..	25,95,485

A. H. T. on all holdings = Rs.25,95,485.

A. H. T. on R. V. above Rs.2,500 = Rs.16,97,747.

A. H. T. of R. V. of Rs.5,000 and above = Rs.12,98,409.

1. Source—Columns 2 to 4—Agriculture Census, U. P., 1970-71.

2. Net value = 54 % of gross value.

## ANNEXURE 26

## Calculation of Agricultural Holding Tax in Uttar Pradesh, 1970-71

Sl. no.	Size (Hect.)	Holdings (No.)	Area (Hect.)	Net value on area basis (Rs. Crores)	Rateable value per holding (Rs.0.00)	Rateable value (-) Development charges 20% (Max Rs.1,000) (Rs.0.00)	A. H. T. per holding (Rs.0.00)	A.H. T. on all holdings. (Rs.)
1	2	3	4	5	6	7	8	9
1	0-0.5	7116591	1521670	128.56	180.65	144.52	1.00	71,16,591
2	0.5-1.0	2986638	2143859	181.13	606.47	485.18	1.16	34,64,500
3	1.0-2.0	2591431	3642575	307.75	1187.57	950.06	4.56	1,18,16,925
4	2.0-3.0	1089301	2632107	222.28	2041.49	1633.19	13.39	1,45,85,740
5	3.0-4.0	533765	1829241	154.55	2895.47	2316.38	26.87	1,43,42,266
6	4.0-5.0	300480	1333558	112.69	3750.33	3000.26	45.00	1,35,21,600
7	5.0-10.0	428585	2556156	241.31	5630.39	4630.39	107.43	4,60,42,887
8	10.0-20.0	94727	1230970	104.00	10978.92	9978.92	497.95	4,71,69,310
9	20.0-30.0	11752	278311	23.51	20005.11	19005.11	1805.49	2,12,18,118
10	30.0-40.0	3198	108131	9.14	28580.36	27580.36	3803.33	1,21,63,049
11	40.0-50.0	1058	46710	3.95	37334.59	36334.59	6602.00	69,84,918
12	50.0 and above	1408	138150	11.67	83001.42	82001.42	33820.58	4,72,70,535
Total		1,51,58,932	1,77,61,738	1500.64				24,56,96,437

A. H. T. on all holdings=25,56,96,437

1. Source—Cols. 2 to 4 Agriculture Census 1970-71.

A. H. T. on R. V. above Rs.2500=Rs.20,87,12,681.

A. H. T. on R. V. of Rs.5000 and above=Rs.18,08,48,815.

2. Net Value=54 % of gross value.

## ANNEXURE 27

## Methology followed for calculation of Agricultural Holding Tax in respect of district of Muzaffarnagar and Azamgarh

## (a) Gross value of output—

Following the recommendations of Raj Committee all the agricultural commodities (excepting a few by-products) which are taken into account for the purpose of estimating the State Income have been considered for estimating the gross value of agricultural produce of Muzaffarnagar and Azamgarh Districts, as indicated below:

2. The gross value of the production for the assessment year 1971-72 in respect of 30 commodities has been worked out on the basis of average production of previous ten years (i.e. from 1961-62 to 1970-71) the data for which is available from the Bulletin of Agricultural statistics, U. P. The estimates of gross values of certain unspecified crops such as other cereals, other pulses, other oil-seeds, other fibres, other condiments and spices, other fruits and vegetables, other drugs and narcotics and other miscellaneous food and non food crops, for which only the average data are available but not the production figures, have been arrived at by the method adopted for working out their contribution to the State Income Estimates i.e., by multiplying the area under different crops by the estimates of value yield per hectare of these crops which have been taken to be a certain percentage of the value yield per hectare of some specified crops. For the crops, such as sweet potato, onion and drychillies, for which the figures of production of last ten years are not available in any publication, the average of production for the last ten years, as obtained from the Agriculture Department, U. P., have been taken. In case of

mangoes, the area under the crop was obtained from the Board of Revenue, U. P. and standardised on the basis of the report on the 'Marketing of Mangoes in India 1958' issued by the Directorate of Marketing and Inspection, Government of India. The out-turn has been calculated at the rate of 5.5 M. Tons per hectare as suggested in the latest report of 'Survey on Mangoes and Guavas in U. P.' As regards fodder, we have deviated from the recommendations of the Raj Committee because it was not possible to estimate the quantity of fodder grown for the purpose of marketing and for the purpose of self-consumption, and also all the more difficult to know the quantity of fodder grown in irrigated and un-irrigated areas separately. Under the circumstances, the entire production of fodder has been accounted for in the gross value following the method adopted for estimating State Income. The estimate of production of Bhusa has been taken as twice the production of wheat and barley in the district. In Azamgarh district, the production of Powal, a by-product of paddy, has also been accounted for alongwith Bhusa, as Powal constitutes a substantial portion of cattle feed in the district. The production of powal has been worked out assuming the rate of production as 0.9684 M.T. per hectare of area under paddy as given in N.S.S. Report no. 82. Other by-products which are self-consumed by the cultivators, have not been considered, as suggested in the 'Raj Committee' Report.

(3) The local prices of most of the commodities of Muzaffarnagar and Azamgarh Districts have been obtained from the Directorate of Economics and Statistics, U. P. and from State Agricultural Marketing Office, U. P. The prices of sugarcane as made available from the cane Department, U. P., have been used. For some crops for which no local price data is available, the prices prevailing in the nearby districts have been adopted. In case of Mandua, Kodon, Sawan and Jute for which prices were not available either for the district or nearby districts, the State level prices as adopted for State Income Estimates, have been used. The prices of all the commodities prevailing in the previous three years (1968-69 to 1970-71) were averaged as suggested by 'Raj Committee'.

The gross values of agricultural produce for the districts of Muzaffarnagar and Azamgarh have been arrived at by multiplying the average production of each crop by its average price and adding them up.

(b) Cost of cultivation—

The Raj Committee, in the absence of relevant data on cost items, recommended certain all India norms based on averages for working out the cost of cultivation and the expenses towards irrigation. A study in the economics of farm management in district Muzaffarnagar was carried out by the Farm Management Studies Centre located at B. V. Rural Institute, Bichpuri, Agra in the year 1968-67. It has, therefore, been considered desirable to make use of these results, rather than to use all India norms in making our calculations, relating to the cost of cultivation for district Muzaffarnagar. But no such study was ever undertaken in Azamgarh District. The figures of cost of cultivation of five main crops viz., wheat, rice, sugarcane, maize and peas were, however, available for the neighbouring district of Gonda where a survey on cost of cultivation was conducted by the Directorate of Economics and Statistics, U. P. in the year 1968-69, and the same have been adopted for Azamgarh district.

2. In case of Muzaffarnagar District, the figures of production per hectare of cropped area for different cost components were available for the year 1966-67, and they were raised by certain suitable indicators based on the average price levels of three-years, viz. 1968-69 to 1970-71 so as to get the estimate of cost of cultivation (including irrigation) per hectare of cropped area for the assessment year 1971-72. Similarly in case of Azamgarh district, the figures of different inputs cost available for five crops, viz., wheat, rice, sugarcane, maize and peas for the year 1968-69 were raised to the level of average prices of three years (1968-69 to 1970-71) by using the suitable indicators as has been done in case of Muzaffarnagar District. The norm of cost of production per acre of cropped area under the five main crops taken together has been used for the entire cropped area in Azamgarh District, although it may lead to some over estimation in the cost of cultivation.

While estimating the cost of production, the items of cost and the suitable indicators used in each of the districts are indicated below:

District	Items of cost	Indicator used for Projection
1	2	3
Muzaffarnagar	Hired human labour	Wage indices of casual unskilled labour of Muzaffarnagar.
Azamgarh	Hired human labour	Wage indices of casual unskilled labour of Azamgarh.
Muzaffarnagar	Seeds	Weighted price indices of main crops.
Azamgarh	Seeds	Weighted price indices of main crops.
Muzaffarnagar	Animal labour	Price Index of bhusa.
Azamgarh	Animal labour	Price Index of bhusa.
Muzaffarnagar	Irrigation charges	Weighted indices of cropwise rates of irrigation by canal.
Azamgarh	Irrigation charges	Indices of irrigation rates of Tubewells.
Muzaffarnagar	Fertilisers and Manure	Weighted price indices of important chemical fertilizers.
Azamgarh	Fertilisers and Manure	Weighted price indices of important chemical fertilizers.
Muzaffarnagar	Depreciation of farm buildings and agricultural implements	Depreciation figures of agricultural implements at State level obtained from the Directorate of Economics and Statistics, U. P.
Azamgarh	Agricultural implements	Depreciation figures of agricultural implements at State level obtained from the Directorate of Economics and Statistics, U. P.
Muzaffarnagar	Rent on leased in land	Weighted price indices of main crops.
Azamgarh	Others	Unity.

It has been observed that the overall cost including irrigation charges comes to about 46 per cent of the gross value of agricultural output for Azamgarh District, but in case of Muzaffarnagar District it works out to 13 per cent.

(c) Estimates of Agricultural Holding Tax—

The rateable values per holding in various holding sizes have been calculated after dividing the rateable values by the corresponding number of

holdings. As recommended by the Raj Committee, per holding A. H. T. in different holding sizes has been arrived at after making deductions for the development charges. Lastly, the A. H. T. on all the holdings in different holding sizes have been estimated by multiplying the A. H. T. per holding with the number of holdings in each size categories. Those estimates relate to all the holdings irrespective of their rateable values, as recommended by the Raj Committee in the final phase of the tax. The estimates of A. H. T. in respect of districts Muzaffarnagar and Azamgarh are shown in statements 1 and 2.

## STATEMENT 1

## Calculation of Agricultural Holding Tax in Muzaffarnagar District, 1970-71

Sl. no.	Size (Hect.)	Holdings (No.)	Area (Hect.)	Net value on Area Basis (Rs.)	Rateable (Net Value) per holding (Rs.0.00)	Rateable value (-) Development Charges 20% (Max. 1.000) (Rs.0.00)	A. H. T. per Holding (Rs.0.00)	A. H. T on all Holdings (Rs.)
1	2	3	4	5	6	7	8	9
1	0-0.5	68646	14484	17126280	249.49	199.59	1.00	68646
2	0.5-1.0	32363	23506	27794141	858.82	687.06	2.34	75729
3	1.0-2.0	37494	53974	63820342	1702.15	1361.72	9.26	347194
4	2.0-3.0	19914	48884	57801786	2902.57	2322.06	26.94	536483
5	3.0-4.0	12303	42503	50256716	4084.92	3267.94	53.27	655381
6	4.0-5.0	7960	35545	42029385	5280.07	4280.07	91.79	729056
7	5.0-10.0	11820	79308	93775960	7933.67	6933.67	240.00	2843892
8	10.0-20.0	2154	27348	32337027	15012.55	14012.55	982.28	2115831
9	20.0-30.0	208	4993	5903860	28383.04	27383.94	3748.86	779763
10	30.0-40.0	53	1864	2204045	41585.75	40555.75	8234.85	436447
11	40.0-50.0	21	950	1123306	53490.76	52490.76	13778.82	289355
12	50.0 and above	52	5886	6950768	133841.69	132841.69	88233.45	4588139
Total		192988	339245	401132616				13465916

A. H. T. on all holdings=Rs.13465916.

A. H. T. on R. V. above Rs.2500=12974347.

A. H. T. on R. V. of Rs.5000 and above=Rs.11782483.

1. Source of col. 2, 3, &amp; 4= Agriculture Census U. P. (1970-71).

2. Raj Committee report suggested A. H. T. @ of Rs. 1 per holding on holdings with rateable value less than Rs.600.

## STATEMENT 2

## Calculation of Agricultural Holding Tax in Azamgarh District, 1970-71

Sl. no.	Size (Hect.)	Holdings (no.)	Area (Hect.)	Net Value on Area Basis (Rs.)	Rateable Value (Net value) per holding (Rs.0.00)	Rateable value (-) Development Charges 20% (Max. 1000) (Rs. 0.00)	A. H. T. per Holding (Rs. 0.00)	A. H. T. on all Holdings (Rs.)
1	2	3	4	5	6	7	8	9
1	0-0.5	447217	76646	50923205	113.87	91.10	1.00	447217
2	0.5-1.0	104413	74310	49371179	472.85	378.28	1.00	104413
3	1.0-2.0	72370	100786	66961696	925.27	740.22	2.74	198294
4	2.0-3.0	25528	61385	40783873	1597.61	1278.09	8.18	208819
5	3.0-4.0	11148	38139	25339354	2273.00	1818.40	16.55	184499
6	4.0-5.0	5729	25442	16903533	2950.52	2360.42	27.85	159553
7	5.0-10.0	7270	47778	31743456	4366.36	3493.09	61.13	444415
8	10.0-20.0	1257	16134	10719346	8527.72	7527.72	283.04	355781
9	20.0-30.0	113	2650	1760646	15580.94	14580.94	1062.95	120113
10	30.0-40.0	16	545	362095	22630.94	21630.94	2340.47	37448
11	40.0-50.0	8	361	239846	29980.75	28980.75	4199.31	33594
12	50.0 & above	4	250	166099	41524.75	40524.75	8210.31	32841
Total		675073	444426	295274331				2326987

A. H. T. on all holdings=Rs.2326987

A. H. T. on R. V. above Rs.2500=Rs.1183745.

A. H. T. on R. V. of Rs.5000 and above=Rs.579777.

1. Source of col. 2, 3, &amp; 4—Agriculture Census U. P. (1970-71).

2. Raj committee report suggested A. H. T. @ Rs. 1 per holding on holding with rateable value less than Rs.600.

ANNEXURE 28

Irrigated and Unirrigated area under different crops as percentage of total irrigated and unirrigated Gross Cropped area in Uttar Pradesh during 1970-71

Size (Hect.)	Percentage of Gross Cropped area.									
	Total Gross Cropped area (Hect.)		Paddy		Juar		Bajra		Maize	
	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated
1	2	3	4	5	6	7	8	9	10	11
1 Less than 0.5	7,42,785	12,52,999	7.87	34.94	0.18	4.90	0.08	6.69	2.25	12.27
2 0.5—1.0	10,23,923	17,20,650	8.05	32.00	0.19	5.13	0.09	7.73	2.91	11.88
3 1.0—2.0	17,24,305	28,24,678	8.29	29.53	0.25	5.35	0.11	8.53	3.39	10.19
4 2.0—3.0	12,56,426	19,82,169	8.52	27.05	0.27	5.65	0.12	9.09	3.82	9.35
5 3.0—4.0	8,93,673	13,48,177	9.11	25.13	0.30	5.85	0.13	9.63	4.02	8.84
6 4.0—5.0	6,46,357	9,69,536	9.38	23.80	0.30	6.00	0.13	9.65	3.99	8.24
7 5.0—10.0	12,77,882	20,23,816	10.46	21.09	0.31	6.85	0.12	8.96	3.61	7.00
8 10.0—20.0	4,41,950	8,84,530	13.62	19.01	0.28	7.69	0.11	6.45	2.79	5.33
9 20.0—30.0	72,832	1,96,506	18.32	16.59	0.23	7.88	0.05	4.51	2.04	4.45
10 30.0—40.0	22,946	75,706	24.04	16.81	0.13	6.64	0.09	3.67	0.82	4.88
11 40.0—50.0	8,408	32,039	23.11	17.77	0.12	5.90	..	3.25	1.24	4.72
12 50.0 and above	20,161	81,271	20.00	20.05	0.67	3.52	0.10	1.88	0.56	5.94
Total	81,37,648	1,33,02,127	9.25	26.81	0.26	5.84	0.11	8.32	3.38	9.18

Annexure 28 (Contd.)

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Size (Hect.)	Percentage of Gross Cropped Area										Other Pulses	
	Wheat		Barley		Maduwa		Gram		Arhar		Kharif	
	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated
1	12	13	14	15	16	17	18	19	20	21	22	23
1. Less than 0.5 .. ..	55.54	9.45	10.20	3.27	0.04	0.21	3.30	7.88	0.02	4.81	0.07	1.15
2. 0.5—1.0 .. ..	56.95	10.80	8.16	3.38	0.03	0.17	3.69	8.77	0.02	4.61	0.06	1.14
3. 1.0—2.0 .. ..	55.98	11.57	7.02	3.42	0.03	0.17	3.94	9.62	0.02	4.48	0.06	1.15
4. 2.0—3.0 .. ..	54.23	11.94	6.25	3.41	0.02	0.17	4.19	10.49	0.03	4.45	0.07	1.22
5. 3.0—4.0 .. ..	52.53	12.26	5.75	3.41	0.02	0.15	4.38	11.13	0.03	4.35	0.06	1.21
6. 4.0—5.0 .. ..	51.67	12.67	5.46	3.31	0.02	0.13	4.59	11.84	0.04	4.29	0.09	1.20
7. 5.0—10.0 .. ..	50.58	13.67	5.25	3.42	0.01	0.10	5.35	14.09	0.04	4.40	0.08	1.16
8. 10.0—20.0 .. ..	49.18	16.24	4.84	3.37	0.01	0.05	6.75	17.16	0.04	4.20	0.10	1.08
9. 20.0—30.0 .. ..	48.35	18.29	3.96	3.68	0.00	0.05	7.63	18.89	0.02	3.88	0.12	1.03
10. 30.0—40.0 .. ..	47.55	18.55	3.45	4.15	..	0.02	6.89	17.81	0.02	3.57	0.14	1.10
11. 40.0—50.0 .. ..	48.24	18.60	3.72	4.84	0.04	0.11	6.42	16.65	..	3.48	0.08	1.20
12. 50.0 and above .. ..	47.56	17.87	1.95	3.50	0.01	0.04	2.50	9.98	0.00	2.18	0.32	1.14
Total .. ..	53.73	12.29	6.62	3.40	0.02	0.15	4.40	11.16	0.03	4.43	0.07	1.16

Annexure 28 (Contd.)

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Percentage of Gross Cropped Area

Size (Hect.)	Other Pulses (Rabi)		Other Cereals		Total Food Crops		Groundnut		Castor Seed		Til		Lahi and Musara	
	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated
1	24	25	26	27	28	29	30	31	32	33	34	35	36	37
1. Less than 0.5 ..	6.26	2.05	0.75	3.18	86.56	90.80	0.02	1.58	0.00	0.00	0.00	0.15	0.50	0.75
2. 0.5—1.0 ..	5.69	2.10	0.87	2.98	86.51	90.19	0.01	2.12	0.00	0.01	0.00	0.22	0.56	0.73
3. 1.0—2.0 ..	5.39	2.18	0.60	2.92	85.08	89.11	0.03	2.47	0.00	0.01	0.00	0.32	0.69	0.76
4. 2.0—3.0 ..	5.10	2.31	0.54	2.89	83.16	88.02	0.02	2.58	0.00	0.01	0.00	0.44	0.79	0.88
5. 3.0—4.0 ..	4.95	2.48	0.48	2.32	81.76	87.26	0.01	2.68	0.00	0.01	0.00	0.48	0.86	0.96
6. 4.0—5.0 ..	4.83	2.55	0.41	2.77	80.91	86.45	0.02	2.60	0.00	0.04	0.00	0.55	0.88	1.07
7. 5.0—10.0 ..	4.45	2.86	0.39	2.91	80.64	86.51	0.02	2.29	0.00	0.02	0.00	0.80	0.88	1.08
8. 10.0—20.0 ..	3.92	3.08	0.39	3.39	82.03	87.05	0.01	1.61	..	0.02	0.00	1.24	0.97	1.18
9. 20.0—30.0 ..	3.27	3.05	0.30	3.77	84.30	86.07	0.04	1.09	0.00	0.02	0.00	1.59	1.18	1.43
10. 30.0—40.0 ..	2.56	3.07	0.36	4.65	86.05	84.92	0.01	0.88	..	0.02	..	1.59	1.42	1.73
11. 40.0—50.0 ..	1.97	2.85	0.30	4.64	85.24	84.01	..	0.86	..	0.07	0.02	1.48	2.19	1.61
12. 50.0 and above ..	1.33	2.83	0.70	4.71	75.69	73.64	0.02	0.29	..	0.03	..	1.06	3.65	4.08
Total ..	5.10	2.42	0.54	3.00	83.51	88.16	0.02	2.26	0.00	0.01	0.00	0.51	0.77	0.93

Annexure 28 (Contd.)

Size (Hect.)	Percentage of Gross Cropped Area									
	Linseed		Cotton		Jute		Sugarcane		Total vegetables	
	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated
1	38	39	40	41	42	43	44	45	46	47
1. Less than 0.5	0.01	0.13	0.12	0.01	0.01	0.06	7.38	2.21	3.38	0.45
2. 0.5-1.0	0.02	0.17	0.21	0.02	0.01	0.06	8.05	2.57	2.53	0.36
3. 1.0-2.0	0.02	0.23	0.35	0.03	0.00	0.08	9.11	2.86	2.16	0.32
4. 2.0-3.0	0.03	0.31	0.53	0.04	0.00	0.08	10.39	3.09	1.96	0.30
5. 3.0-4.0	0.02	0.34	0.67	0.06	0.01	0.08	11.23	3.16	1.83	0.28
6. 4.0-5.0	0.02	0.38	0.79	0.07	0.01	0.10	11.74	3.53	1.71	0.27
7. 5.0-10.0	0.07	0.54	0.85	0.08	0.01	0.09	12.00	3.35	1.52	0.22
8. 10.0-20.0	0.10	0.89	0.77	0.06	0.01	0.11	11.18	3.46	1.33	0.16
9. 20.0-30.0	0.14	1.55	0.50	0.03	0.00	0.17	9.66	4.58	1.14	0.11
10. 30.0-40.0	0.21	1.73	0.37	0.03	..	0.15	8.61	5.76	0.96	0.15
11. 40.0-50.0	0.17	2.28	0.28	0.01	0.13	0.13	8.02	6.39	1.12	0.16
12. 50.0 and above	0.02	1.61	0.15	0.01	0.01	0.63	14.71	11.35	1.06	0.19
Total	0.03	0.38	0.61	0.05	0.01	0.09	10.04	3.09	2.05	0.26

Annexure 28 (Contd.)

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Size (Hect.)	Percentage of Gross Cropped Area					
	Total Fruit		Other Crops		Total Non-food crops	
	Irrigated	Unirrigated	Irrigated	Unirrigated	Irrigated	Unirrigated
1	48	49	50	51	52	53
1. Less than 0.5 .. .. .	0.12	0.28	1.90	3.58	13.44	9.20
2. 0.5—1.0 .. .. .	0.14	0.26	1.98	3.29	13.49	9.81
3. 1.0—2.0 .. .. .	0.13	0.20	2.44	3.61	14.92	10.89
4. 2.0—3.0 .. .. .	0.12	0.20	3.10	4.05	16.84	11.98
5. 3.0—4.0 .. .. .	0.13	0.22	3.48	4.7	16.24	12.74
6. 4.0—5.0 .. .. .	0.12	0.22	3.89	4.72	19.09	13.55
7. 5.0—10.0 .. .. .	0.15	0.25	2.86	4.77	19.36	13.49
8. 10.0—20.0 .. .. .	0.16	0.30	3.44	3.92	17.97	12.95
9. 20.0—30.0 .. .. .	0.17	0.29	2.87	3.07	15.70	13.93
10. 30.0—40.0 .. .. .	0.10	0.41	2.27	2.63	13.95	15.08
11. 40.0—50.0 .. .. .	0.10	0.32	2.73	2.68	14.76	15.99
12. 50.0 and above .. .. .	0.32	0.30	4.37	6.81	24.31	26.36
<b>Total</b> .. .. .	<b>0.13</b>	<b>0.24</b>	<b>2.93</b>	<b>4.00</b>	<b>16.49</b>	<b>11.84</b>

Source—Agriculture Census, U. P., 1970-71.

## ANNEXURE 29

Direct taxes on agriculture as percentage of State agricultural income and tax revenues  
(1967-68 to 1969-70)

State	Net domestic product (agriculture) at current prices (Rs. in crores)	Total State tax revenue (Rs. crores)	Total direct agricultural tax (Rs. crores)	Column 4 expressed as percentage of column 2	Column 4 expressed as percentage of column 3
1	2	3	4	5	6
1. Andhra Pradesh .. .. .	3,576	289.93	46.13	1.29	15.91
2. Assam .. .. .	1,503	75.34	13.52	1.23	24.57
3. Bihar .. .. .	3,118	215.66	29.68	0.95	13.76
4. Gujarat .. .. .	2,242	239.79	22.88	1.02	9.54
5. Haryana .. .. .	1,413	99.23	5.08	0.36	5.12
6. Himachal Pradesh .. .. .	1,308	..	..	..	..
7. Jammu and Kashmir .. .. .	362	17.48	1.88	0.52	10.76
8. Kerala .. .. .	1,753	171.07	14.92	0.85	8.72
9. Madhya Pradesh .. .. .	3,927	213.32	23.03	0.79	10.80
10. Maharashtra .. .. .	3,211	572.19	36.99	1.15	6.46
11. Mysore .. .. .	2,524	228.95	24.89	0.98	10.88
12. Nagaland .. .. .	25	0.41	0.02	0.08	4.88
13. Orissa .. .. .	2,098	77.74	5.10	0.24	6.56
14. Punjab .. .. .	2,233	192.24	5.44	0.24	2.83
15. Rajasthan .. .. .	1,914	148.81	25.56	1.34	17.18
16. Tamil Nadu .. .. .	2,467	346.52	30.90	1.25	8.92
17. Uttar Pradesh .. .. .	7,574	397.82	88.84	1.17	22.36
18. West Bengal .. .. .	3,713	341.57	22.26	0.60	6.52
Total .. .. .	42,951	3,626.03	402.20	0.94	11.09

NOTES—(i) Total State tax revenue does not include the share of the States in Central taxes.

(ii) Direct agricultural tax includes Agriculture Income-tax, Land Revenue, Surcharge and Cess on Sugarcane, Purchase tax on Sugarcane, Surcharge on Cash Crops and Tobacco duties.

Source—Report of the Committee on Taxation of Agricultural Wealth and Income, Government of India.

## ANNEXURE 30

Taxation of Agricultural Sector—A Suggestion—By Board of Revenue U. P.

## 1. Present set up—

In U. P. the agriculturist has to bear the following taxes at present:

(i) Land Revenue, yielding approximately Rs.6.5 crores annually.

(ii) Land Development tax, yielding approximately Rs.12.5 crores annually.

(iii) Large Land Holding Tax (V. J. K.), yielding approximately Rs.0.15 crores annually.

1. (1) The total income from all the 3 sources is thus about Rs.19.25 crores annually. As per estimates made

by the "Raj Committee", the net domestic product for the agricultural sector for the year 1969-70 at the prices prevailing during that year was Rs.2,648 crores. Assuming that the net domestic product remained stationary during the last four years, which is not correct and, in fact, agricultural production has increased since then and also assuming that the prices have remained stationary, which is also not correct, because the prices have shot up during the last one year, the net income from taxation of the agricultural sector in U. P., comes to about 0.8 per cent of the total production. In the olden days the State took a share ranging between 1/6th to 1/5th of the gross annual agricultural production from the agriculturists. Thus when prices have considerably increased and when the production has also increased due to better agricultural practices mostly financed by the State Government, the share of the agriculturists to the total

tax revenue of the State had fallen down from about 16 per cent to about 1 per cent. Therefore, there is justification for further taxation of the agricultural sector.

## 2. Essentials of a good system of taxation—

The taxation pattern of the agricultural sector, as at present, is more or less based on Land Revenue. Land Revenue was fixed on various considerations. Mostly it was an amount agreed between the erstwhile Zamindar and his tenant. In some cases it was fixed at double the hereditary rates and in some other cases in accordance with the net assets of the land. Thus, the present Land Revenue system is not uniform and also does not take from everybody what he is capable to give to the State. The rate of land revenue is the same whether the land held is 0.1 acre or 20 acres. Therefore, for a better system of taxation the essentials should be:—

(1) It should be based on a uniform pattern. The best basis for taxation can be the net agricultural production.

(2) It should be progressive in nature so that those who earn more may give more to the State.

(3) It should be easy of assessment, so that simple and small cultivators may not be drawn into unnecessary litigation and may not be put to harassment, with least dependence on lower staff so that corruption may be kept at the minimum.

## 3. Suggestion for a new system of taxation—Agricultural Production Tax (A. P. T.)—

It is proposed that the three taxes mentioned above may be abolished and a new tax namely "Agricultural Production Tax" may be introduced. For the imposition of this tax an assessment of the annual production of every tenure-holder shall have to be made. Under section 247-B of the Zamindari Abolition and Land Reforms Act, at present, all tenure-holders having land up to 6½ acres are exempted from payment of Land Revenue. For this purpose and also for the purpose of imposition of Land Development Tax information in Z. A. Form 61-Kha was collected regarding the land held by a tenure-holder and his family in the whole of U. P. This information can be utilised in making assessment of this tax. In the agricultural process the whole of the family is involved. Under the Z. A. and L. R. Act the family consists of husband, wife and minor children only. Therefore, the unit of taxation can be changed from the individual to a family.

### 3. (1) Assessment of agricultural production—

For assessment of the agricultural production the following information may be necessary:—

(a) the quantity produced,

(b) the crop produced, and

(c) the market rates.

### 3. (2) Average yield—

For making assessment of the quantity produced it is proposed that a district may be divided into 2 or 3 or 4 homogenous tracts based upon the produce, the cropping pattern and the soil class. It will not be difficult to divide a district in such homogenous tracts because in every district such tracts exist. It may, however, happen that some district may have only one tract while another as many as four, but the number should not in any case exceed five. Having divided the district into such tracts, a map showing soil class and the crops normally grown in each tract may be drawn up. The Agriculture Department conducts Crop Cutting experiments in respect of about 20 crops and these cover almost all the important crops. The result of these crop-cutting experiments during the last three normal years can be utilised for finding out the average produce of a particular crop in a tract. Each tract should be growing 5 or 6 major crops and a few minor crops. The minor crops can be so grouped with major crops that the total number for which an assessment of average production is to be made is reduced to the minimum. For each of the Rabi and Kharif fasals or 4 crops in a tract will suffice.

(3) *The Multiple-M—*  
Having calculated the average yield per acre of each important crop in the various soil classes of a tract, the market rate of each crop during the last 2 years in important markets and particularly the regulated mandis can be ascertained. With the help of these rates the average production value per acre in respect of each crop can be found out for each soil class in a tract.

(4) Thereafter with the help of the map prepared as above, the important crops grown in each soil class in a tract can be found out and then the total area under each crop in each soil class can be calculated. The weighted mean of average produce values of crops in each soil class can then be found out, the weights being the total areas under each crop in each soil class. Thus an assessment will be made of the average produce value of the total land falling in a soil class. Then the weighted mean of average produce values of different soil classes in a tract will be calculated, the weights again being the areas in the various soil classes. This will be the average produce value per acre of each tract. Then the average of hereditary rates for each tract will be calculated. Dividing the average produce value of the tract by the average hereditary rate will get a multiple-M for each tract which may be approximately to the nearest whole number. There will thus be such 3 or 4 multiples for a district.

### 3. (5) Statement of Principles—

The above data when worked out, will be published in the form of a statement of principles by the Taxation Officer, who will hear objections against it. An appeal will lie to the Collector, whose order will be final.

### 3. (6) Statement of Proposals—

Having decided the principles, there shall be prepared on the basis of the Statement in Form Z. A. 61-Kha duly corrected up to the last day of the preceding fasli year, a statement of proposals in respect of the holdings of a family. This will be prepared districtwise. In case the head of the family is a resident of the district, the statement will be prepared by the Tahsil of his residence. In case of non-resident tenure-holders the statement shall be prepared and published by a Tahsil to be nominated for the purpose by the Collector. In the statement prepared on the basis of Form Z. A. 61-Kha shall be separately identified land lying in the various tracts of the district. The multiple-M for each tract, having been determined as above, shall be multiplied by the produce of the hereditary rate of and area falling under each soil class in a tract. This product will give the produce value of all lands of a tenure-holder in the tract and the total of all tracts the total produce value of the tenure-holder in the district.

### 3. (7) Net Agricultural Product—

50 per cent of the total produce value will be allowed to be deducted as cost of cultivation in all areas—irrigated or unirrigated. Although the cost of cultivation in irrigated areas will be greater, but no weightage on this score will be allowed as the multiple-M is already heavily weighed in favour of irrigated areas. The net value thus arrived at will be the Net Agricultural Product (NAP) of the holdings of a tenure-holder and his family.

### 4. Rate of Tax—

The rate of taxation should not only be progressive but it should also be commensurate with the paying capacity of tenure-holders.

(1) The average net income per acre of A class land comes to nearly Rs.1,200, whereas in case of C class land it comes to Rs.300 nearly. Taking the average of all land as Rs.600 per acre, the total net income of a tenure-holder having 3 acres of land will come to about Rs.1,500 per annum. This should be taken as the minimum subsistence income for a family of 5 (husband, wife and 3 minor children). Therefore, holding with NAP up to Rs.1,500 may be taxed at a flat rate, which may be fixed at Re.1 for holding up to 1 acre (the tax coming to 0.2 per cent); at the rate of Rs.5 for holdings between 1 to 2 acres the tax falling between 0.5 per cent and 1 per

cent and at the rate of Rs.10 for holdings between 2 to 8½ acres (tax falling between 0.6 per cent and 1 per cent). Thereafter tax may be assessed at the following rates :

Tax	Per cent of tax
For holdings with areas more than 3 1/8 acres but NAP up to Rs. 1,500 .. = Rs.10	.. Up to 0.6%
NAP more than Rs.1,500 but up to Rs. 5,000 .. = 10 X²	.. From 2% to 3%
NAP more than Rs. 5,000 but up to Rs. 10,000 .. = 25 + 30 × d1²	.. From 5% to 10%
NAP more than Rs. 10,000 but up to Rs. 15,000 = 1000 + 50 × d2²	.. From 10% to 15%
NAP more than Rs. 15,000 .. = 2250 + 70 × d3²	.. More than 15%

The tax will be 20 per cent at NAP of Rs.20,000 and 28 per cent at NAP of Rs.25,000.

Note—In the above table the alphabets X, d1, d2 and d3 represent the following:—

$$X = \frac{\text{NAP up to 5000}}{1000}$$

$$d1 = \frac{\text{NAP above 5000—5000}}{1000}$$

$$d2 = \frac{\text{NAP above 10000—10000}}{1000}$$

$$d3 = \frac{\text{NAP above 15000—15000}}{1000}$$

#### 5. Finalization of Tax Proposals—

The statement of proposals thus prepared shall be published and objections against it will be decided by the Tahsildars and appeals by S. D.O.s, whose order shall be final.

#### 6. Quinquennial assessment—

This assessment may remain valid for 5 years after which period there will be a fresh assessment. Tax assessment will, therefore, be quinquennial, but demand shall be yearly payable in such proportion in each fasal as laid down in Appendix II to Z. A. and L. R. Rules (Rule 207).

#### 7. Tentative increase or decrease in the multiple M—

If at any time the market price of a produce increases or decreases considerably the State Government will be competent to increase or decrease the multiple fixed for a tract or tracts or for the whole of a district or districts or for the whole of the State as it deems fit keeping in view the fluctuations in prices.

#### 8. Relief—

On the occurrence of a natural calamity relief from tax shall be allowed in the same manner as laid down under Chapter X of U. P. Z. A. and L. R. Rules.

#### 9. Estimate of revenue...

The Agricultural Production Tax (APT) is likely to give a total revenue of about Rs.85 crores annually as against Rs.19 crores approximately at present. The basis of this estimate is given below:

Area (acres)	Average NAP	No. of holdings	Average rate of APT	Total APT
	Rs.	Crores	Rs. %	Rs. crores
Area between 0.1 acre	0.1 acre	0.70	1.00	0.70
Area between 1.2 acre	1.2 acre	0.30	5.00	1.50
Area between 2.3 1/8 acres)	2.3 1/8 acres)	0.25	10.00	2.50
Average NAP (Rs.)				
3000		0.40	3	36.00
7500		0.035	7.5	26.00
12000		0.015	15	27.00
			Total	87.70

or

approx. Rs. 85 crores.

The incidence of taxation of the agricultural sector at the prices of 1969-70 and on the net domestic product of Rs.2,648 crores will work out to 3.3 per cent nearly as against about 0.8 per cent at present. The agriculturists, particularly the affluent section amongst them, will thus be contributing their mite to the development of the State. The APT will provide an additional revenue of Rs.65 crores annually and about Rs.300 crores during the Fifth Plan period.

10. The system of taxation suggested above, though involving some arithmetical work at the initial stage,

leaves little scope for litigation and harassment. The cost benefit relation will be small, as the existing staff with a little supplemental help will be able to do the job. The APT is also fairly balanced in character because it takes into account all soil classes and all areas. Therefore, the multiple-M calculated as above, will be a thoroughly representative variable indicative of the production capacities of an area of land. This may eventually be put to some other uses also, particularly in the field of preparation of basic statistical structure for developmental planning in rural areas.

## ANNEXURE 31

Incidence of land revenue according to holding sizes in U. P. (1970-71)

Serial no.	Size of holding (in acres)	No. of holdings	Net area involved therein	Total land revenue involved therein	Incidence of land revenue	Total income from VJK
1	2	3	4	5	6	7
1	0-0.5	33,17,642	9,49,396	53,86,442	5.72	..
2	0.5-1.0	31,56,256	21,49,136	1,44,44,306	5.32	..
3	1.0-2.0	29,91,150	41,59,506	2,10,61,960	5.06	..
4	2.0-3.125	21,07,506	52,49,016	2,55,70,936	4.87	..
5	3.125-5.0	17,11,958	68,35,278	3,08,07,026	4.84	..
6	5.0-10.25	9,98,508	52,30,372	2,40,80,774	4.60	..
7	10.25-20	8,69,106	63,51,472	2,74,88,550	4.13	..
8	20-30	6,86,460	88,69,706	3,28,56,896	3.75	..
9	30-40	1,03,078	24,33,892	73,48,964	3.43	..
10	40-50	27,168	8,85,606	24,74,760	2.82	11,62,863
11	50 and above	11,124	4,71,640	11,17,272	2.40	
12		4,722	3,46,523	6,24,824	1.80	

Source—Board of Revenue, U.P.

## ANNEXURE 32

Statement showing incidence of land revenue on sirdars, bhumidhars and asamis in Uttar Pradesh (Plain)

Serial no.	Year	Sirdars			Bhumidhars			Asamis		
		Total area (Lakh acres)	Total land revenue (Lakh Rs.)	Per acre land revenue (Rs.0.00)	Total area (Lakh acres)	Total land revenue (Lakh Rs.)	Per acre land revenue (Rs.0.00)	Total area (Lakh acres)	Total land revenue (Lakh Rs.)	Per acre land revenue (Rs.0.00)
1	2	3	4	5	6	7	8	9	10	11
1	1955-56	302.66	1,702.95	5.63	138.56	347.73	2.51	2.90	5.98	2.06
2	1958-59	298.96	1,701.76	5.69	151.61	372.41	2.46	3.70	13.60	3.68
3	1961-62	296.24	1,709.56	5.77	158.69	402.99	2.54	3.67	12.68	3.46
4	1963-64	291.83	1,688.69	5.79	103.25	416.38	2.55	3.95	13.50	3.42
5	1965-66	284.77	1,655.81	5.81	169.40	426.77	2.52	4.15	14.11	3.40
6	1966-67	281.67	1,642.35	5.83	172.08	444.66	2.61	4.31	15.43	3.58
7	1937-68	277.99	1,624.43	5.84	175.36	454.57	2.59	4.43	16.08	3.63
8	1938-69	274.83	1,597.49	5.81	181.89	465.89	2.56	4.63	16.42	3.55
9	1969-70	272.88	1,582.64	5.80	186.07	481.34	2.59	4.31	15.51	3.60
10	1970-71	271.35	1,575.42	5.81	186.96	489.46	2.62	4.29	15.17	3.54

Source—For 1955-53 to 1966-67. U. P. T. E. C. Report (1968-69).

For rest of the years Board of Revenue.

## ANNEXURE 33

*Synopsis of the replies to the questionnaire issued by the Taxation Enquiry Committee to the farmers*

The replies to the questionnaire issued to the farmers have been received from 52 farmers. These belong to the following districts:

1. Pilibhit	...	12
2. Allahabad	...	1
3. Fatehpur	...	4
4. Chamoli	...	2
5. Bara Banki	...	7
6. Faizabad	...	14
7. Garhwal	...	3
8. Deoria	...	9
<b>Total</b>	<b>...</b>	<b>52</b>

2. In regard to the questions inviting the views and suggestions of the farmers, it is found that their replies are generally inadequate. 7 farmers have not cared to reply to any of the questions. In reply to the question whether there has been progressive improvement in their economic condition, 22 farmers have replied in the affirmative while 20 farmers have not subscribed to the proposition. 8 farmers have not replied to the question. In another question suggestions to check the progressive decline in the burden of Land Revenue were invited. To this question, 1 farmer has suggested that Sales-tax should be imposed on the farm produce; 1 has suggested that Land Revenue should be fixed in relation to the economic importance of the crops, 4 have suggested withdrawal of the exemption of land revenue up to holdings of 6.25 acres, 9 have expressed the view that fresh settlement operations should be undertaken to re-fix Land Revenue. 5 have suggested that stability in the prices of foodgrains should be maintained and 25 farmers have not touched the question. Along with these replies, some have suggested progressive increase in land revenue in relation to increased price level, that big farmers should continue to pay Land Development Tax along with Land Revenue and that sale of land by Bhumidars be prohibited.

3. 25 farmers agree with the proposition that the contribution of agriculture sector should be more to finance the development plans, while 8 disagree with this view. 12 farmers have not expressed their opinion on the point. Out of the 25 farmers, 8 want a change in the existing system of land revenue while 17 are in favour of increasing it. 5 farmers out of the 17 have specifically suggested that exemption of Land Revenue up to holdings of 6.25 acres should be withdrawn.

4. 8 farmers have suggested the levy of a cess/surcharge on land along with the existing land revenue and 4 have suggested that land revenue should be the basis thereof, while 1 is in favour of basing it on the annual value of

the agricultural holding. 6 farmers have replied that Income-tax on agriculture income should be imposed as in the case of non-agricultural income but 1 of them is in favour of taxing agriculture income above Rs.10,000. 13 farmers have suggested that Agriculture Holding Tax as recommended by the 'Raj Committee' should be imposed but 7 of them were in favour of modifying the Agriculture Holding Tax on the basis of agricultural wholesale price index. 3 farmers agree with the proposition that Agriculture Holding Tax should be imposed every year. 4 farmers have suggested a different method for arriving at the tax. One has suggested that the value of agricultural produce should form the basis, another is in favour of assessing it on the basis of classification of soil, the third has suggested that it should be fixed as percentage of the existing land revenue while the fourth has suggested that per acre produce should be the basis for imposing the tax.

5. Regarding revision of irrigation rates, 25 farmers are in favour of revising these rates after a fixed interval. Of them, 8 farmers suggest revision after an interval of 10 years, 5 suggest revision after 5 years, 3 after 3 years, 2 after 40 years like settlement operations, 1 after 4 years and 1 after 20 years while 5 farmers have not mentioned any specific period. 4 farmers are in favour of linking the revision with the general Index of agricultural wholesale prices. One has specifically suggested that the revision should be made on a 10 point rise in the Index.

6. Only 25 farmers have replied to the question regarding the basis for fixing irrigation rates. 12 farmers have suggested that irrigated area should be the basis for fixing these rates, 11 are in favour of basing these rates on water consumed, 1 has suggested that these rates should be fixed on the basis of value of agricultural produce and one is in favour of water consumed as well as value of produce.

7. In reply to the question whether there should be a nominal charge for the repair and maintenance of irrigation facilities, 10 farmers have replied in the affirmative while 13 have replied in the negative.

8. 19 farmers have replied that double cropped area, area under irrigated crops, use of chemical fertilisers and improved seeds can be increased in a project area where provision of irrigation facilities exist.

In reply to the question whether a betterment levy should be imposed on land benefited by existing irrigation works, 25 many as 32 farmers have replied in the negative because, in their opinion, it will discourage the promotion of such works; but 10 farmers subscribe to this view.

## ANNEXURE 34

*Number of operational holdings and area in different holding sizes 1970-71*

Size (Hect.)	Total holdings		Single holdings		Joint holdings		Single and joint as %age to total		Holdings expressed		
	Number	Area (Hect.)	Number	Area (Hect.)	Number	Area (Hect.)	Number		Area		
							Single	Joint	Single	Joint	
1	2	3	4	5	6	7	8	9	10	11	
Less than											
0.5	7116591	1521670	4557361	959092	2559230	562578	64.0	36.0	63.0	37.0	
0.5-1.0	2986638	2143859	1827763	1309703	1158875	834156	61.2	28.8	61.1	38.9	
1.0-2.0	2591431	3642575	1532190	2146771	1059241	1495804	59.1	40.9	58.9	41.1	
2.0-3.0	1089301	2622107	612373	1476699	476928	1155408	56.2	43.8	56.1	43.9	
3.0-4.0	533765	1829941	283696	970622	250069	858619	53.1	46.9	53.1	46.9	
4.0-5.0	300480	1233858	155291	688569	145189	645289	51.7	48.3	51.6	48.4	
5.0-10.0	428585	2856156	202693	1337476	225982	1518680	47.3	52.7	46.8	53.2	
10.0-20.0	94727	1230970	37682	480703	57045	750267	39.8	60.2	39.1	60.9	
20.0-30.0	11752	272311	3621	85068	8131	192243	30.8	69.2	30.6	69.4	
30.0-40.0	3198	102131	915	30860	2283	77271	28.6	71.4	28.5	71.5	
40.0-50.0	1058	46710	271	11923	787	34787	25.6	74.4	25.5	74.5	
50.0 & above	1406	138150	464	54076	942	84074	33.0	67.0	39.1	60.9	
<b>Total</b>	<b>15158932</b>	<b>17761738</b>	<b>9214230</b>	<b>9551562</b>	<b>5944702</b>	<b>8210176</b>	<b>60.8</b>	<b>39.2</b>	<b>53.8</b>	<b>46.2</b>	

Source—Tables of Agriculture Census 1970-71.

## ANNEXURE 35

Estimated yield of land revenue at marginal rates of tax in different slabs of land revenue at incidence of three per cent of net agriculture produce value (taking into account on land) (1970-71)

Sl. no.	Size (acres)	Number of holdings (lakhs)	Net area involved (lakh acres)	Average size per holding (acres)	Net agriculture produce value (Rs. crores)	Net value per holding (Rs.0.00)	Basic land revenue per holding at incidence rate of 3% of col. 7 (Rs. 0.00)	Marginal rate of tax in different slabs of basic land revenue (Marginal above 100%)	Tax per holding (Rs.)	Tax revenue (Rs. lakhs)	Tax revenue per acre (Rs.0.00)
1	2	3	4	5	6	7	8	9	10	11	12
1	0-3.125	131.29	132.76	1.01	419.03	319.16	9.57	Rs.0-30 (66.6%)	6.37	836.32	6.30
2	3.125-6.25	27.10	118.65	4.28	374.49	1381.88	41.46	Rs.30-60 (100%)	41.46	1123.57	9.47
3	6.25-10.0	8.69	66.51	7.65	209.92	2415.65	72.47	Rs.60-100 (Rs.200%)	84.94	738.13	11.19
4	10.0-20.0	6.86	88.70	12.93	279.96	4081.05	122.43	Rs.100-200 (300%)	207.29	1422.01	16.03
5	20.0 and above	1.46	33.61	23.00	106.08	7265.75	217.97	Rs.200 & above (400%)	511.88	747.34	22.24
Total		175.40	440.23	2.51	1389.48	..	..	..	..	4867.37	11.06

Source.—Up to Col. 4—Board of Revenue, U. P.

Gross agriculture produce value for 1970-71 obtained from Economics and Statistics Division, U. P.

NOTE—Net agriculture produce value of the State—50 % of gross value.

## ANNEXURE 36

Estimated revenue from withdrawal of exemption and surcharges—Interim measure

Sl. no.	Size (acres)	Total land revenue (Rs. lakhs)	Revenue present (Rs. lakhs)		Surcharge		Expected additional revenue (Rs. lakhs)		Remarks
			Sirdar Bhumidhar	Sirdar Bhumidhar	Sirdar Bhumidhar	Sirdar Bhumidhar	Sirdar Bhumidhar	Sirdar Bhumidhar	
1	2	3	4	5	6	7	8	9	10
1	0-3.125	634.6	483.6	151.0	Nil	Nil	483.6	151.0	On account of restoration of land revenue.
2	3.125-6.25	548.9	418.3	130.6	Nil	Nil	418.3	130.6	
3	6.25-12.50	357.0	272.0	85.0	75%	150%	204.0	127.5	
4	12.50-30.00	320.0	243.8	76.2	125%	250%	304.8	190.5	
5	30.00 and above	42.1	32.1	10.0	150%	300%	48.2	30.0	
Total		1902.6	1449.8	452.8			1458.9	629.6	

Total Rs.2,088.5 lakhs.

1. Source—Col. 3—Board of Revenue, U. P.

2. Cols. 4 & 5—Estimated figures.

## ANNEXURE 37

*Tax Administration : Land Revenue and Land Records*

The administration of Land Revenue in the State is regulated under the United Provinces Land Revenue Act of 1901 which has since been amended by the U. P. Zamindari Abolition and Land Reforms Act of 1951 and subsequent changes therein. Under the Act, the control of all non-judicial matters connected with the land revenue in the Uttar Pradesh other than matters connected with settlement is vested in the State Government and the control of all judicial matters and of all matters connected with settlement is vested in the Board of Revenue, the members of which are appointed by the State Government.

2. For purposes of Land Revenue Administration and Land Records, the entire State is divided into eleven divisions each under the charge of a Divisional Commissioner who exercises his powers and discharges his duties under the Act and exercises authority over all the revenue officers in his division. The Commissioner is assisted by the Additional Commissioner in the division. The division is further divided into districts, each under the charge of a Collector. There are 55 such districts in the State. For the help of Collectors, the State Government appoints Additional Collectors.

3. For proper administration of Land Revenue in the district the State Government appoints as many persons as it thinks fit as Assistant Collectors. All such Assistant Collectors and other revenue officers in the district are subordinate to the Collector. An Assistant Collector of the First Class is in charge of one or more sub-divisions of a district. The State Government also appoints other revenue officers in sub-divisions of a district e.g., Tahsildars and Naib-Tahsildars who are subordinate to the Assistant Collector in charge of the sub-division subject to general control of the Collector.

4. For the maintenance of Maps and Records for Land Revenue Administration, the villages of the district are arranged in 'halkas' each under the charge of a lekhpal. For proper supervision, maintenance and collection of the maps, land records and annual registers, Kanungos are appointed in each district. These officials are required to maintain a map and field-book for each village in the district and keep them up to date by recording therein all changes in the boundaries of the village or field and correct any error as soon as detected.

5. There is also maintained a record of rights for each village. The record of rights consists of a register of all persons cultivating or otherwise occupying land along with the details of class of tenure, the revenue or rent payable etc. The main papers for maintenance of record of rights are field-book (Khasra), map and Khatauni.

6. No changes can be made in the records of rights except under the procedure laid down under the Act and rules. There can, however, be a general or partial revision of the records or a resurvey or both in any district or other local area by record and survey operations on issue of notification.

7. For settling various disputes which arise under the Land Revenue Administration and Land Records, there are revenue courts of the Commissioners, Collectors, Assistant Collectors, Tahsildars, Record and Settlement Officers and other revenue officers. There is provision for appeals, reference and revisions.

8. Under the aforesaid administrative set up, the demand of land revenue is prepared separately for Kharif and Rabi on the basis of land records and the cultivators are called upon to pay the same within time. In case the land revenue is not paid in time the arrears are recovered through coercive processes.

9. However, in times of floods, droughts and scarcity, the losses to the cultivators are assessed and recommendations are made for suspension and if necessary for remission of land revenue to the State Government.

10. Proper maintenance of land records is not only vital for effective administration of land tenure and land tax system but also for building up agricultural statistics. As

said earlier, the basic agency to maintain land records for each village is the lekhpal and the accuracy or otherwise of our land records depends upon the efficient working of lekhpals and supervisory staff e.g., Supervisor Kanungos and Naib-Tahsildars. Unfortunately, due to heavy duties and new types of miscellaneous works that are entrusted to lekhpals and lack of their training and experience, land records work has of late not received the attention it requires. For efficient land revenue administration and land records, it is necessary that this basic agency responsible for maintenance of land records should be adequately strengthened and trained to shoulder the responsibility entrusted to it.

11. There are at present 1,11,439 villages in the plain area of the State with 18,379 lekhpals and 764 Supervisor Kanungos engaged in the work of maintenance of village-wise land records. Thus on an average each lekhpal has to maintain land records of 6 villages and each Supervisor Kanungo has to supervise the work of 24 lekhpals. Since the accuracy of vital data pertaining to land depends on them, it is essential that they should be suitably trained. With the strengthening of this agency, the efficiency in the administration of land revenue and maintenance of land records would considerably improve.

12. Collection of accurate statistics regarding agriculture is very vital because agriculture is the most important activity which contributes substantially towards national income and employment. Two aspects of agricultural statistics viz. area and production of important crops need special attention. The information relating to area and production is being collected on a regular basis in Uttar Pradesh.

13. Statistics of area are collected by the lekhpals by actual field enumeration of the villages under their jurisdiction recording separately the area under different crops in each field. Entries recorded by the lekhpal are checked by the superior revenue officers viz., S. K., Sadar Kanungo, Land Records Officer, etc. The lekhpal is required to undertake field to field enumeration of area during the period commencing from 10th August to 30th September for Kharif crops, from 15th December to 31st January for Rabi crops, and from 16th to 31st May for Zaid crops. The collection of area statistics by an alternative procedure of random sampling has also been tried. The results obtained by this method have, however, shown that the area statistics in the plains collected by lekhpals through field to field enumeration are accurate and hence it is not necessary to switch on to the random sampling method in this respect. However, in the hilly portions of the State field to field enumeration of areas has not been possible due to absence of proper agency and sample estimates for the area and production of important crops are being used since 1961-62 instead of complete enumeration.

14. So far as statistics of production of various crops are concerned, the earlier estimates were based on a formula known as Annawari method which implied estimates of normal yield and area condition of the crop. The results were thus subjective. In order to remedy the defects in this method of arriving at production figures, the Indian Council of Agricultural Research conducted some pilot studies using the objective process of random sampling. The results of these pilot studies were so encouraging that the State Government accepted them in principle and started crop estimation surveys based on the principle of random sampling in respect of wheat crop in the year 1943-44. These surveys were subsequently extended to other important crops of the State.

15. The crop cutting experiments are at present being conducted in respect of about 20 important food crops including rice, wheat, barley, gram, pea, juar, bajra, maize, sugarcane, groundnuts, cotton and jute. Available information in respect of year 1969-70 attached with this note (Statement 1) gives the cropwise experiments planned, districts covered and the percentage area covered by the survey. The table indicates that the experiments ranged from 3,650 for wheat to 260 for jute, and the percentage of area covered varied from 98 per cent to 100 per cent in respect of most of the crops. The experimental plots taken

for crop-cutting experiments are of specified size of an equilateral triangle of side of 10 metres each for all important food crops, a rectangle of size of 20 metres x 10 metres for cotton crop and a square of side of 5 metres each for jute and sugarcane crops.

16. The Statistics of average yield and crop production are obtained today without any consideration of varieties in different crops and information on area under high yielding varieties is not reliable. There is wide variation in yield of high yielding and non-high yielding varieties of crops. It will, therefore, be more useful to have separately figures of yield for high-yielding varieties and ordinary varieties to arrive at correct estimate of crop production. Hence crop-cutting experiments will have to be designed with this purpose.

17. It may be mentioned that statistics of agricultural production were for some time maintained separately for irrigated and unirrigated land for certain crops, but it was discontinued recently. Data of production are now available only crop-wise and not according to source of irrigation. It is suggested that irrigation works may be broadly classified into 3 categories namely, (1) Canals, (2) State and Private Tube-wells, and (3) Protective Irrigation Works, e.g. wells, tanks, and other private sources of irrigation. The acreage sown under various crops in Canal area and State Tube-wells area is already available, but detailed and accurate information regarding area sown

under different crops with private sources of irrigation is not available at present. At the time of 'partial' when field to field enumeration regarding area under different crops is carried out, the lekhal can also note down full information regarding the source of irrigation and data can be compiled sourcewise for various crops. In order to find out average yield of crops, samples and experiments can be planned sourcewise in canal areas, tube-well areas, and areas sown with other private sources of irrigation. This information will enable us to study in greater detail the impact of irrigation and its intensity on crop produce, and help in better planning for new irrigation works and extending the existing ones. It will also furnish material for the fixation of irrigation rates.

18. Hitherto the statistics of agricultural production are available only up to district level and not below it. It is suggested that the statistics of production should be compiled for each homogeneous tract, if there are more than one tract within the district, on the basis of crop cutting experiments for each crop tractwise and soilwise.

19. Our suggestions in paras 16—18 will need more crop-cutting experiments and greater field staff and will involve expenditure. In view of the general State purposes that this information will serve and the help it will give in deciding land tax and irrigation rate policies, we think the expenditure will be well worth incurring.

## STATEMENT 1

*Number of crop-cutting experiments planned for various crops during 1969-70*

Serial no.	Name of Crop	Number of Experiments planned	No. of districts covered	Total area under the crop (Hect.)	Percentage area under the crop in the districts covered by the survey
1	2	3	4	5	6
1	Rice	3,300	41	42,05,042	98.2
2	Juar	1,660	37	7,28,041	99.1
3	Bajra	2,000	35	10,20,665	98.3
4	Maize	2,000	39	14,81,799	98.6
5	Wheat	3,650	48	51,54,208	100.0
6	Barley	3,000	44	14,39,957	99.5
7	Gram	3,250	47	22,48,584	100.0
8	Pea	2,300	39	7,73,300	98.7
9	Arhar	1,500	41	5,79,335	99.3
10	Groundnut	500	17	3,38,946	94.8
11	Sesamum (sown pure)	300	10	59,960	88.0
12	Jute	260	16	11,321	98.3
13	Cotton	400	10	50,872	97.9
14	Sugarcane	3,800	46	13,76,558	100.0
15	Rapeseed (Mustard)	500	24	1,85,738	87.0
16	Linseed (Sown pure)	300	11	64,542	91.2

NOTE—In addition to the above crops, experiments were also planned on *urd*, *moong* and *masur* crops.

## उत्तर प्रदेश कर जांच समिति 1974

## किसानों के लिये प्रश्नावली

1--जिला	तहसील	ग्राम
किसान का नाम	आयु	पिता का नाम
परिवार के सदस्यों की संख्या	कृषि में पूर्ण रूप से कार्यरत परिवार के सदस्यों की संख्या ।	

2--कृपया कृषि वर्ष 1972-73 के लिये अपनी जोत से संबंधित निम्नलिखित सूचना दीजिए :-

स्वाधिकार में भूमि	बटाई पर ली गई भूमि	बटाई पर दी गई भूमि	(एकड़ में)
(i)	(ii)	(iii)	कुल अधिकृत भूमि
			(i) + (ii) - (iii)
			(iv)
खेती के अन्तर्गत भूमि		खेती के प्रयोग में न लाई गई भूमि	
सिंचित	असिंचित	(vii)	
(v)	(vi)		

3--क्या आपने गत पांच वर्षों में अपनी जोत के लिये सिंचाई के साधनों में सुधार किया है? यदि हां, तो कृपया निम्नलिखित सूचना दीजिये :-

वर्ष	सिंचाई क्षेत्रफल (एकड़)	सिंचाई का स्रोत	*व्यक्तिगत सिंचाई साधनों पर हुए व्यय का स्रोत
1	2	3	4
1968-69	.....	.....	.....
1969-70	.....	.....	.....
1970-71	.....	.....	.....
1971-72	.....	.....	.....
1972-73	.....	.....	.....

\* (अ) व्यक्तिगत, (ब) राजकीय, (स) सहकारी, (द) महाजन, (य) अन्य, (स्पष्ट करें) ।

4--कृपया नीचे उन वर्गों का विवरण दें जिन पर निर्जी नलकूप/पम्पिंग सेट सिंचाई साधन रखने वाले व्यक्ति आप के क्षेत्र में सिंचाई हेतु पानी दूसरों को देते हैं :

इकाई	सिंचाई की दर (रुपये 0.00)	
	1968-69	1972-73
(i) प्रति घंटा	.....	.....
(ii) प्रति एकड़	.....	.....

5--क्या आपने अपनी भूमि में रासायनिक खादों का प्रयोग किया? यदि हां, तो कृपया अधोलिखित सूचना दें :-

वर्ष	रासायनिक खाद के अन्तर्गत क्षेत्र (एकड़)	प्रयुक्त खाद का मूल्य (रुपये)
(i)	(ii)	(iii)
1968-69	.....	.....
1972-73	.....	.....

6—कृपया निम्नलिखित तालिका में आपके जोत/ग्राम/निकटवर्ती, प्राप्. में प्रयुक्त कृषि श्रमिक की मजदूरी की दरों की सूचना दें—

मजदूरी (रुपए 0.00)

कृषि श्रमिक (पुरुष) की कार्यावधि	1968-69			1972-73		
	मकद	वस्तु के रूप में	योग	मकद	वस्तु के रूप में	योग
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
(i) प्रतिदिन	..	..	..	..	..	..
(ii) प्रति सप्ताह	..	..	..	..	..	..
(iii) प्रति माह	..	..	..	..	..	..

7—कृपया निम्नलिखित तालिका में आपकी जोत में मुख्य फसलों के अन्तर्गत प्रति एकड़ आय एवं व्यय की सूचना दें:—

फसल	1968-69		1972-73	
	प्रति एकड़ व्यय (रुपए)	प्रति एकड़ उत्पादन (कुंतल)	प्रति एकड़ व्यय (रुपए)	प्रति एकड़ उत्पादन (कुंतल)
(i)	(ii)	(iii)	(iv)	(v)
(i) धान				1-0000
(ii) सबका				00-0000
(iii) गेहूं				00-0000
(iv) आलू				
(v) चना				
(vi) गन्ना				

8—कृपया कुल कृषि उत्पादन मूल्य तथा इस पर लगी लागत की सूचना अधोलिखित सारणी में दें—

वर्ष	*कुल उत्पादन	
	मूल्य	उत्पादन पर कुल लागत
(i)	(ii)	(iii)
1968-69	..	..
1972-73	..	..

\*उद्यानों का उत्पादन भी सम्मिलित है।

9—यह सामान्य धारणा है कि यद्यपि कृषि उत्पादन की लागत तथा उपभोक्ता वस्तुओं के भाव काफी अधिक बढ़ गए हैं, फिर भी कृषि खर्च की शुद्ध आय में उतरोत्तर वृद्धि हुई है। इसके फलस्वरूप कृषकों के आर्थिक स्तर में निरन्तर सुधार होना जा रहा है। क्या आप इस धारणा से सहमत हैं ?

10—भू-राजस्व के भार में लगातार एवं क्रमिक रूप से ह्रास हुआ है, जिसका कारण खाद्यान्नों के भाव रत्तर में परिवर्तन, खाद्यान्न उत्पादन में वृद्धि और भूमि बन्धोवस्त का स्थगन किया जाना है। इस प्रवृत्ति को रोकने के लिये आपके क्या सुझाव हैं ?

11—इस नियोजन युग में राज्य के काफी अधिक संसाधनों को कृषि विकास की विभिन्न योजनाओं पर लगाया गया। तृतीय पंचवर्षीय योजना काल में कुल योजनागत व्यय का लगभग 27.4 प्रतिशत भाग कृषि उत्पादन बढ़ाने के लिये व्यय किया गया एवं चतुर्थ पंचवर्षीय योजना काल में यह प्रतिशत बढ़कर 31.1 हो गया किन्तु भू-राजस्व एवं धूम्र जौतकर के रूप में कृषकों का राज्य कोष में योगदान वर्ष 1960-61 में 40.2 प्रतिशत से घटकर वर्ष 1970-71 में 14.5 प्रतिशत रह गया। क्या आप इस बात से सहमत हैं कि विकास योजनाओं के वित्त पोषण हेतु राज्य के संसाधनों में कृषि क्षेत्र का योगदान अधिक होना चाहिये ?

यदि हाँ, तो कृपया इंगित करें कि—

(अ) क्या राज्य सरकार के संसाधनों में वृद्धि करने हेतु वर्तमान भू-राजस्व प्रणाली को समाप्त करके कोई नई प्रणाली अपनाई जाय, अथवा

(ब) वर्तमान भू-राजस्व प्रणाली में ही सुधार किए जाय ?

12—कृषि क्षेत्र से राज्य संसाधनों को बढ़ाने के लिये कुछ उपाय अधोलिखित हैं :—

(i) भू-राजस्व की वर्तमान प्रणाली के साथ कृषि पर अधिभार या उपकर लगाया जाय।

(ii) अकृषीय आय कर के अनुरूप 6 हजार रुपये से अधिक कृषि आय पर आय कर लगाया जाय।

(iii) डा० के० एन० राज की अध्यक्षता में गठित "कृषि संपत्ति एवं आय पर कराधान" समिति द्वारा प्रस्तावित विधि के अनुसार जौतों की आय का आकलन करके कृषि जौतकर लगाया जाय।

(iv) कृषि जौतकर प्रत्येक कृषि जौत का आकलन करके लगाया जाय तथा कृषीय वस्तुओं के थोक भाव सूचकांक के आधार पर उसमें परिवर्तन किया जाय।

कृपया सुझाव दीजिये कि उपरोक्त उपायों में से आप किसको पसन्द करेंगे।

यदि आप उपर्युक्त प्रथम सुझाव से सहमत हैं तो :—

(i) अधिभार अथवा भूमि उपकर लगाने का आधार क्या हो ? क्या यह भू-राजस्व ही अथवा जौत का वार्षिक मूल्य ?

(ii) क्या आप अधिभार एवं भूमि उपकर की दरों में वर्धमान प्रकृति चाहेंगे ?

यदि आप उपरोक्त उपायों में से किसी अन्य सुझाव को अपनायें तो कृपया बतलायें कि कर निर्धारण हेतु आय का अनुमान किस प्रकार लगाया जाय ?

13—क्या आप इस पक्ष में हैं कि सिंचाई की दरें एक निश्चित अवधि के पश्चात् पुनरीक्षित की जायं अथवा इन दरों का पुनरीक्षण व्यापक भाव सूचकांक में वृद्धि के आधार पर किया जाय ?

यदि हाँ, तो कृपया इंगित करें कि इन दरों को कितनी अवधि के पश्चात् अथवा व्यापक भाव सूचकांक में कितने अंकों की वृद्धि के पश्चात् आर्थिक स्थिति और प्रशासकीय सुविधाओं को ध्यान में रखते हुए पुनरीक्षित करना उपयुक्त होगा ?

14—क्या आप मुख्यतः (क) सिंचित क्षेत्रफल, (ख) दी गई पानी की मात्रा, (ग) उपज का मूल्य, (घ) कोई अन्य आधार, पर सिंचाई की दरों को निर्धारित करेंगे ?

15—इस तथ्य को ध्यान में रखते हुए कि किसी क्षेत्र में सिंचाई की सुविधायें उपलब्ध करा दी गई हैं, चाहे उन सुविधाओं का प्रयोग किया गया हो अथवा नहीं। क्या ऐसे साधनों के कम से कम परिचालन एवं अनुरक्षण व्यय प्राप्त हेतु कृषकों से कोई चार्ज नहीं होना चाहिये और इस व्यय के अतिरिक्त पानी के प्रयोग पर निर्भर करते हुए अलग से चार्ज नहीं होना चाहिये ?

16—ऐसा कहा जाता है कि परिव्योजना क्षेत्र में सिंचाई की सुविधाओं का प्राविधान फसलों के रूप को प्रभावित करता है। क्या आप इस विचार से सहमत हैं ? यदि हाँ, तो कृपया स्पष्ट कीजिये कि फसलों के रूप में क्या परिवर्तन किये गये हैं ?

17—क्या यह उपयुक्त एवं व्यावहारिक होगा कि वर्तमान सिंचाई कार्यों से लाभान्वित भूमि पर उन्नति उप-कर लगाया जाय ?

## CHAPTER V

## EXCISE TAXATION

Levy of excises on alcoholic liquors and narcotics falls within the jurisdiction of the States. The revenue significance of State Excise duties, however, widely varies in different States according to emphasis laid by them on the policy of prohibition. From the viewpoint of resource mobilization for economic development, the policy of prohibition has a powerful appeal. Consumption of intoxicating drinks is neither a necessity nor an efficiency good. When taken in excess, as it sometimes tends to be, it impairs working efficiency and leads to greater absenteeism. Prohibition, thus, reduces unproductive consumption and can increase production, and thus contribute to capital formation. Some essential prerequisites have, however, to be fulfilled before it achieves this end. The consequences of a compulsory policy enforced on people are very different from those voluntarily accepted. If the policy of prohibition is not successfully enforced and there is a proportionately large amount of illicit consumption of unhealthy drinks produced in unregulated conditions, efficiency may suffer rather than improve. Strong steps to treat consumption of drinks as a crime may turn a law-abiding community into one having a large number of habitual law-breakers. Other commodities are seldom taxed as heavily as drinks, so that it becomes difficult to recoup the loss from excises through the buoyancy of the current tax system. While the revenue loss obstacle has been successfully overcome in some States, others have proved insuperable, and many States, which were once seriously bent on introducing or extending prohibition, began to have second thoughts, and gradually reversed their policies. In Uttar Pradesh, while there had been some talks of working towards prohibition, there has been no serious sustained effort in this direction. We are, therefore, spared the very difficult task of evaluating the ex-post costs and benefit of a policy of general prohibition, where the economic gains from consumption of smaller quantum of licit drinks have to be carefully weighed against not only the revenue loss, and the ill effects through increased consumption of illicit drinks on health, but also against the spread of crime and its general effects on attitude to law.

2. The question, however, of using the tax rate itself as a weapon to reduce consumption of drinks still remains. The larger the tax rate, the lower the consumption and drinks are known to have a low inelastic demand. The objective of minimum consumption will call for a very heavy tax rate, the only limitation being the possibility of tax evasion through illicit tax-free drinks. Little direct information is available on the prevalence of such habits, which have to be inferred from circumstantial evidence.

3. We cannot overcome this difficulty by changing our objective to the simpler one of maximization of revenue. In the case of other commodities, where per capita consumption increase is regarded as an important Plan objective, the tax rate will have to be so adjusted as to permit the desired increase in consumption. This will act as a restraint on the permissible tax rate. In case of drinks resource mobilization

can be an unrestrained objective as there will be no particular consumption aimed at. The only constraint dictating a tax rate moderation will be the possibility of diminishing tax returns through illicit drinks. Whichever way one therefore looks at the problem, information and analysis of the extent of illicit drinks become vital links in the argument. The problem of evasion, however, remains like an uncharted ocean.

4. Figures of expenditure on drinks or their quantitative consumption are extremely difficult to obtain, so that calculations regarding the distribution of the tax burden on different income or expenditure groups have to be taken with a great degree of caution. Our calculations, however, made on this matter in an earlier chapter are in accord with other studies which show that the burden tends to be inequitably distributed. Since it is an important tax, it also affects the entire tax burden. One can, however, say that this is an avoidable burden with a regulatory purpose, and that therefore we should not be unduly concerned with it.

5. Annexure 1 shows the break-up of State Excise revenue between different items such as country spirits, country fermented liquor (tari), Malt liquor (beer) and other types of spirits and luxury preparations. It will be seen from this statement that country spirit occupied a predominant place as a source of revenue in Uttar Pradesh, West Bengal, Punjab, Rajasthan and Madhya Pradesh. In Kerala country fermented liquor (tari) contributed almost the same revenue as country spirit. In Maharashtra the major share came from wines and spirits; medicinal and toilet preparations occupied a second place.

6. In Uttar Pradesh the revenue from excise duty was only second in importance to that from sales taxation. In 1972-73, it fetched Rs.30.89 crores (actual) constituting 17.4 per cent of the total tax revenue of the State. Considering, however, that Uttar Pradesh followed a policy of exploiting this resource to the utmost, there were certain disappointing features. While the tax revenue from this source increased between 1960-61 to 1970-71 by 222 per cent, this compared unfavourably with the growth rate in many other States. Annexure 2 shows percentage increase of excise revenue in different States. The extraordinary increase in excise revenues of Maharashtra and Tamil-Nadu during this period can be attributed to reversal of prohibition policies. But some of the other States like Karnataka, Punjab and Haryana, Jammu and Kashmir and Andhra Pradesh too had a more rapid rise in their revenues from this source, the percentage increases being 518.5, 463.5, 424.4 and 337.9 respectively. Only the States of Orissa, Madhya Pradesh, West Bengal, Rajasthan, Bihar and Assam had lower growth rates than Uttar Pradesh.

7. *Comparative incidence*—Annexure 3 shows per capita incidence of excise duty for the years 1960-61, 1965-66, 1971-72 and 1972-73 (revised estimate) of various States. The per capita incidence of excise revenue in Uttar Pradesh increased threefold during the period, from 1.03 in

1960-61 to 3.03 in 1972-73. The per capita Excise revenue between different items such as burden in similar States was much higher—for Pradesh, Rs.9.45 in Karnataka, and more than Rs.4.00 in Kerala, Madhya Pradesh, and Rajasthan. The per capita incidence was the highest in Punjab and Haryana—Rs.16.59. The States which had a lower per capita incidence than Uttar Pradesh were Bihar (Rs.2.44), Orissa (Rs.2.08), Maharashtra (Rs.1.69) and Gujarat (Rs.0.30). The last mentioned State enforced a strict prohibition policy and though Maharashtra had largely reversed its policy, its revenues from excise were still to fully recover from the consequences of the past.

8. The excise revenue as percentage of State income increased from 0.42 in 1960-61 to 0.61 in 1968-69. There was a decline in the excise revenue as a percentage of State income in subsequent years and in 1971-72 it was 0.52 per cent. Annexure 4 gives excise duty as percentage of total State income for a few years in respect of nine important States of the country. Uttar Pradesh seemed to lag behind all States except Maharashtra and Tamil Nadu throughout this period.

9. At present, the revenue from excise in Uttar Pradesh is derived from the following taxes and fees:

(i) Still head duties on country spirits, Indian made foreign spirits and wines, and beer;

(ii) Licence fee on country spirits, tari, Indian made foreign spirits and wines, and beer;

(iii) Vend fees and licence fees on denatured spirits;

(iv) Duties and licence fees on hemp drugs and opium.

(v) Permit fees on Indian made and imported foreign liquor, and

(vi) Other miscellaneous fees and taxes such as export duties, tree tax on tari, and bottling fees in respect of Indian made foreign spirits and wines and beer.

10. *Country spirit*—The excise revenue on country spirit is derived from two sources:—

(i) Excise duty on country spirit, and

(ii) Licence fee, which is determined by auction.

The importance of these two sources and the manner in which the two are adjusted differ widely. In Uttar Pradesh excise revenue deriv-

ed from excise duty was more than that derived from licence fee. In Andhra Pradesh and Madhya Pradesh the system of excise taxation on country spirit was the same as in Uttar Pradesh. In Rajasthan excise revenue on country spirit was derived through auction in which the bidders were asked to bid over a minimum licence fee for each shop. The licence fee obtained in auctions was adjusted towards excise duty on country spirit taken by licence vendors. In West Bengal excise revenue from this source came from the following two:—

(a) Excise duty on country spirit, and;

(b) Licence fee which was charged in the following month in such a manner that the rate of fee rose as sale increased. This system is called the Graduated Surcharge fee system.

11. Unlike in the case of other commodities, drinks were thus not only subject to taxation but the drink shops were auctioned, and heavy licence fees realised. Supplies of drink to licensed shops were not restricted. The idea behind auctioning seemed to be that by restricting the number of licences a privilege was conferred on the licensees which enabled them to earn differential monopoly profits; the procedure of auctioneering enabled the State to take off a large part of this surplus. From the viewpoint of the shop-keeper, this procedure makes the continuity of shop licence uncertain, and thus makes it really difficult for him to develop his business in a proper manner. There is a strong suspicion that the shop-keeper often overbids and makes up through unfair methods. There is a *prima facie* case for treating drinks like any other commodity, and give licences to all those who agree to abide by certain conditions so that trade in drinks may develop along healthy lines. The stakes of revenue are, however, large and the trade is shrouded in secrecy. It may be, therefore, worthwhile to try two pilot experiments in two urban centres, one of the State running the drink shops itself, and the other of free licensing. The system of State Trading in country liquor is already invogue in the Union Territory of Delhi since 1972 and seems to have proved a success. A report about the excise system in Delhi is given at Annexure 5.

12. The following table gives licence fee and revenue from excise duty derived from country spirit for the years 1968-69 to 1973-74 along with the average incidence per litre.

TABLE I—Excise Revenue from Country Liquor and its consumption in Uttar Pradesh, 1968-69 to 1973-74.

Year	Excise Duty (In Crore Rupees)	Licence fee (In Crore Rupees)	Total Revenue (In Crore Rupees)	Consumption of country spirit (L. P. Litres)	Average Incidence per L. P. Litre (Rs 0.00) @
1	2	3	4	5	6
1968-69	8.97	7.08	16.05	83,70,499	19.18
1969-70	8.90	6.88	15.78	77,68,788	20.31
	(-0.3)	(-2.8)	(-1.7)	(-7.2)	
1970-71	9.72	7.11	16.83	76,27,351	22.07
	(8.4)	(0.4)	(4.9)	(-8.9)	
1971-72	9.22	7.59	16.81	79,14,257	23.51
	(2.8)	(7.2)	(4.7)	(-5.5)	
1972-73	12.29	9.09	21.38	81,92,868	26.10
	(37.0)	(28.4)	(33.2)	(-2.1)	
1973-74	13.74	12.00	25.74	95,38,390	26.99
	(53.18)	(69.49)	(60.37)	(13.90)	

NOTE:—Figures in bracket relate to percentage variation over 1968-69.

@ Based on actual figures.

Throughout these years the revenue from excise duty exceeded the earnings from licence fee, the variations in the two seemed to be positively related. The average incidence per L. P. Litre which was Rs.19.18 in 1968-69 increased to Rs.26.99 in 1973-74 showing a rise of 40.7 per cent over a period of six years. In excise duty there was a rise of 53.2 per cent in six years, while in the same period there had been a rise of 69.5 per cent in licence fee. Thus licence fee increased more during this period in comparison to excise duty.

13. In Punjab licence fee forms a major part of excise revenue and a nominal duty is imposed on country spirit. The Taxation Enquiry Committee, Uttar Pradesh 1968-69 suggested the Government to follow the Punjab pattern in which the Punjab Government reduced the duty and gained in auction. The logic behind this plea can be that this combination of high auction bids and low excise duty would encourage the licensee to sell more, and reduce the per unit incidence substantially. The bids have, however, to be made by the prospective licensees and unless low rates lead to higher bids, the combined effect would be loss in revenue. It is a matter of common observation that the U. P. trader is different from the Punjab trader and follows more conservative trading practices. It may also be thought that with low tax rates the incentive to licensees to indulge in illicit sales is greatly reduced, but as far as the U. P. experience goes there is little evidence to believe that illicit drinks are mainly served by licensees.

14. The following table indicates the consumption of country liquor in Uttar Pradesh:—

TABLE 2—Per Capita Consumption of Country Liquor in Uttar Pradesh, 1968-69 to 1973-74

Year	Total Consumption (in A. L.)	Per Capita Consumption (in A. L.) (Col. 2 divided by projected mid-year population)
1	2	3
1968-69	83,70,499	0.0991
1969-70	77,68,788	0.0903
1970-71	76,27,351	0.0871
1971-72	79,14,257	0.0888
1972-73	81,92,868	0.0903
1973-74	95,36,390	0.1045

The above table reveals that while there has been 12.5 per cent increase in the total consumption of the country spirit there is only 2.8 per cent increase in the per capita consumption over a period of six years. The total and per capita consumption showed a declining trend in the years 1969-70 and 1970-71 over respective preceding years, after which there had been a negligible increase. This behaviour in contrast with that of other commodities points towards increasing evasion. There was a spurt in the consumption in the year 1973-74 over 1972-73 by about 16.4 per cent in the total consumption and

15.7 per cent in the per capita consumption. The Excise Department attributed this increase to the stringent measures taken to check illicit distillation and introduction of blue colour in denatured spirit.

15. In 1968-69 there were 2,454 country liquor shops. Their number declined to 2,425 in 1973-74. The following figures show that number of shops has remained more or less constant during 1968—74:—

TABLE 3—Number of Country Liquor Shops in Uttar Pradesh during 1968-69 to 1973-74

Year	Number of shops	Average population served per shops (000)	Average Revenue Collected per shop (Rs.)	Average sale per shop (L. P. Litre)
1	2	3	4	5
1968-69	2,454	34	65,419	3,411
1969-70	2,442	35	64,617	3,181
1970-71	2,425	36	69,424	3,145
1971-72	2,423	37	69,367	3,266
1972-73	2,414	38	88,582	3,344
1973-74	2,425	38	1,06,134	3,903

In 1969-70 a decision was taken not to open new shops. This decision has not been revoked so far. Therefore, no new licences have been issued till 1973-74. The above table also reveals that while in 1968-69 each shop catered to the need of 34 thousand of population, in 1973-74 it served 38 thousand people. In Punjab a shop serves 8 to 9 thousand of population. In Andhra Pradesh one shop catered to the need of 4 thousand people. This seems to have encouraged smuggling and illicit distillation and has made licit consumption more or less stagnant. At the same time it has not resulted in higher bidding. It is, therefore, suggested that unless a new alternative is found 'Tender-cum-auction' system as prevalent in Karnataka may be introduced in Uttar Pradesh. Under 'Tender-cum-auction' system sealed tenders are invited by a prescribed date besides holding the auctions. The amounts given in tenders and those obtained in auction bids are compared and the highest amount is accepted. This system has the advantages of both tender and auction methods and ensures maximum revenue by affording an opportunity of fearless competition among the people.

16. A study of district-wise consumption of country liquor reveals the regional variations in the drinking habits. In Annexure 6 district-wise consumption of country liquor and revenue receipt from this source are given. From this annexure it is apparent that in 1973-74 maximum quantity of country liquor was consumed in Kanpur (5.73 lakh A. L.) followed by Meerut (5.41 lakh A. L.). Other districts where consumption was more than 4.00 lakh A. L. were Lucknow (4.40), Varanasi (4.36), Saharanpur (4.35), Gorakhpur (4.02) and Allahabad (4.00). Per Capita consumption was highest in Dehra Dun where in 1973-74 it was 0.45 A. L., followed by

is Rs.7.00 in towns and Rs.6.90 in rural areas in all the districts of the State. Both these rates can be reduced to one rate. Similarly three rates of Rs.2.20, Rs.3.50 and Rs.3.60 per B. L. are applicable to plain country liquor of 28 per cent V/V. In the districts of Bundel Khand division, the rate of duty per B. L. of strength of 28 per cent v/v is Rs.3.60 in the towns and Rs.3.50 in the rest of the districts. A lower rate of Rs.2.20

is applicable in some special areas of the State. These three rates can also be reduced to two. A uniform rate should be applicable both in rural and urban areas. The rate of spiced country liquor is already uniform throughout the State.

22. The changes in the rates of excise duty on country spirit during the six years are shown in the following table:—

TABLE 4—Rates of Duty on Country Spirit in Uttar Pradesh, 1969-70 to 1974-75

Year	Rates of Duty (Still Head Duty)			Export duty
	Plain spirit 36% V/V	Country spirit 28% V/V	Spiced country spirit 42% V/V	
1	2	3	4	5
1969-70	Varying between Rs. 3.20 to Rs.4.75 per Bulk Litre.	Varying between Rs. 1.40 to Rs.3.70 per Bulk Litre.	Rs. 8.00 per Bulk Litre.	25 P. per L. P. Litre from 19-8-'68.
1970-71	Varying between Rs. 3.50 to Rs.5.50 per B. L.	Varying between Rs. 1.70 to Rs.2.60 per B. L.	Rs. 9.00 per B. L.	
1971-72	"	"	"	"
1972-73	"	"	"	From 1-12-'72 Rs. 1.10 per L. P. Litre.
1973-74	"	"	"	From April, 1973 25 P. per L. P. Litre. From 27-3-74 Rs. 0.70 per A.L.
1974-75	Varying between Rs. 6.90 to Rs.7.00 per B. L.	Varying between Rs. 2.20 to Rs.3.60 per B. L.	Rs. 7.70 per B. L. of 36% V/V.	From 16-4-'74 Rs. 1.75 per A.L.

23. The country liquor is supplied to dealers at the ex-bonded price with excise duty. The dealers are also required to pay the auction money to Government. In addition to this they have also to incur some expenditure in maintaining the shops. Taking account of all these expenditures and also competition in the market, the dealer fixes the

sale price. There is no control on the sale price of country liquor by the Government.

24. The rates of duty in Uttar Pradesh are comparatively higher than in other States. The rates of other States in respect of country liquor and spiced liquor are given below:—

TABLE 5—Rates of Excise Duty on Country Spirit in Uttar Pradesh and some other States.

Name of the States	Excise duty on plain country spirit	Excise duty on spiced country spirit
Uttar Pradesh	Rs. 13.20 per proof litre	Ordinary Rs.13.20 per litre. Special Rs.15.00 per litre.
Bihar	Rs. 8.70 per L. P. Litre	N. A.
Haryana	Rs. 8.00 per proof litre	N. A.
Madhya Pradesh	Rs. 9.05 per proof litre	Rs. 11.10 per proof litre.
Rajasthan	45 U. P. Rs. 5.60 B. L.	5 U. P. Rs. 18.64 B. L. 25 U. P. Rs. 8.42 B.L. 45 U. P., Rs. 5.60 B. L.
Punjab	Rs. 1.32 per proof litre	Rs. 2.40 per proof litre.
Delhi	Rs. 13.20 per proof litre	Ordinary Rs.13.20. Special Rs.15.00 per litre
Andhra Pradesh	30 U. P. Rs. 2.65 B. L. 60 U. P. Rs. 1.51 B. L.	

In view of the fact that the rates in Uttar Pradesh are already higher than many other States, and that recorded consumption does not show an upward trend, further increase is not desirable. Similar States e.g. Andhra Pradesh,

Madhya Pradesh, and Rajasthan with less duties get much more revenue per capita and the Excise Department should better concentrate on ways and means to increase revenue without enhancing rates.

25. The table below shows the contract sanctioned by the Government to the firm Messrs. Mohan Meakin Breweries Ltd., Lucknow for the wholesale supply of country spirit in Lucknow,

Bara Banki, Jaunpur, Rae Bareli, Pratapgarh, Mirzapur and Sultanpur districts for 1970-71 and 1974-75.

TABLE 6—Rate of wholesale supply of Country Liquor in some districts.

Year	Base from which spirit is made and purity rate per bulk litre (Rs.)				Spiced spirit of 42% v/v	
	Mahwa		Shira		Rate per bulk litre ordinary	
	36% V/V	28% V/V	36% V/V	28% V/V		
1	2	3	4	5	6	
1970-71	0.33	0.27	0.24	0.20	0.34	
1974-75	0.46	0.38	0.35	0.29	0.41	
Percentage increase in 1974-75 over 1970-71.	39.39	40.74	45.83	45.00	20.59	

From the above table, it is evident that the price of the Country Liquor of the strength of 36 per cent V/V of which 'Shira' formed the base is 35 paise per bulk litre in 1974-75. It is subject to an excise duty of Rs.7.00 per bulk litre in the towns. This indicates a twenty-times burden of excise duty per bulk litre which in addition bears an equal burden of licence fee also.

26. *Foreign liquor*—Foreign liquor means—

- (i) beer and spirit, wine and liquors imported in India;
- (ii) Spirits made in India and sophisticated and coloured so as to resemble in flavour or colour with liquor imported into India;
- (iii) beer brewed in India.
- (iv) wines and liquors made in India;
- (v) all rectified, perfumed, medicated and denatured spirits wherever made (Uttar Pradesh Excise Manual).

27. In Uttar Pradesh, Excise Revenue on foreign liquor is mainly derived from two sources: (i) excise duty on Indian made foreign liquors and (ii) licence fee which is assessed on the retail and wholesale vendors on their sales at prescribed fixed rates. Apart from this some revenue is also derived from export duties on Indian made foreign liquors, wines and beer, bottling fees in respect of foreign spirits, wines and beer, vend fees on denatured spirit and permit fees on imports of foreign liquors. Excise duty is not levied on overseas foreign liquor, viz. foreign liquor imported from outside the country. These are subject to permit fees and licence fees. There are separate rates of duty on—(a) Indian made foreign liquor and rectified spirit, (b) wines, and (c) beer, ale and other fermented liquors. Licence fees and bottling fees also vary with the type of intoxicants. The system of excise taxation on Indian made foreign liquor in Punjab, Haryana, West Bengal and Bihar is the same as in Uttar Pradesh. The bulk of revenue is derived from Indian made foreign liquor and beer. Excise Revenue from foreign liquor is shown in the following table:

TABLE 7—Excise Revenue in Uttar Pradesh from Foreign Liquor—1968-69 to 1973-74

(Rs. in lakhs)

Year	Duty	Licence fee	Export fee	Receipts from other Governments	Total revenue receipts
1	2	3	4	5	6
1968-69	293.95	81.28	30.06	1.06	406.35
1969-70	269.47	65.47	31.20	8.47	374.61
1970-71	189.53	72.94	28.02	2.46	293.00
1971-72	121.93	42.44	23.93	14.66	202.96
1972-73	235.77	52.67	47.38	2.19	338.01
1973-74	263.47	55.63	58.09	13.34	390.58

28. The total revenue receipts from foreign liquors showed a fluctuating trend. They declined sharply from 1968-69 to 1971-72, and then showed an upward trend, but in 1973-74 the State obtained less from this source than in 1968-69. The most important component, the duty on foreign liquor, exhibited the same characteristic. Export fee, however, fetched a substantially larger sum in 1973-74 compared with 1968-69. Fees received from other Governments behaved entirely erratically.

29. The decline in revenue from foreign liquor cannot be attributed to any lowering of rates of duty or licence fees, many of which have been revised steeply upwards. Annexure 8 shows

various forms of licences viz. F.L. 1, F.L. 2, etc., the licence fees for which are given in Annexures-9 and 10. Annexure-9 also shows the variations in the rates of duty and licence fees on foreign liquors and wines since 1969-70. It will be seen that the rate of duty was Rs.15.00 per litre of alcohol on 19-8-1968; it was increased from Rs.37 to Rs.40 on 27-3-1974. Licence fees have similarly been increased. In Annexure-10, rates of duty and licence fees on beer have been given. Similar Statement for denatured spirit will be found in Annexure-11. Rates of permit fees on import of foreign liquor are presented in Annexure-12. All of them tell the same tale. The following statement indicates rates of tax for foreign liquor and beer in different States:

TABLE 8—Excise Duty on Foreign Liquor in some States

Name of the State	Excise Duty on		
	Indian made foreign liquor	Indian made Rum when issued to troops	Beer
1	2	3	4
Uttar Pradesh .. ..	Rs.40.00 per A.L.	Rs.12.50 per A.L.	Rs.1.00 per bottle.
Bihar .. ..	Rs.28.60 LPL.	Rs.15.00 per proof litre..	Rs.1.70 per bottle.
Haryana .. ..	Rs.20.00 LPL.	Rs.8.00 per proof litre ..	Re.1.00 per bottle.
Madhya Pradesh .. ..	Rs.14.00 per proof litre..	Rs.7.25 per proof litre ..	Re.0.50 per bottle. Re.0.25 for troops.
Rajasthan .. ..	Rs.18.50 per proof litre ..	N. A. ..	N. A.
Punjab .. ..	Rs.20.00 per proof litre ..	Rs.6.00 per proof litre and a licence fee of Rs.5.00 per B.L.	Re.1.00 per proof litre.
Delhi .. ..	Rs.21.00 per proof litre ..	Rs.6.00 per proof litre ..	Re.1.00 per bottle.

As the recorded consumption of foreign liquor has been falling and the rates of duty are already sufficiently high, we do not suggest any further increase in rates.

30. The following table depicts the number of foreign liquor shops and revenue collected from them:

TABLE 9—Number of foreign liquor shops and revenue collection, 1968-69 to 1973-74

Year	Number of Shops	Average population served per shop (000)	Revenue collected (Rs. in Crores).	Average revenue per shop. (Rs. in Lakhs)
1	2	3	4	5
1968-69	363	32	4.06	1.12
1969-70	363	33	3.75	1.03
1970-71	354	35	2.93	0.83
1971-72	357	35	2.03	0.57
1972-73	365	35	3.38	0.93
1973-74	365	36	3.91	1.07

The number of shops has remained more or less stationary. Foreign liquor is mainly consumed.

in the urban areas. Therefore, for calculating the average population served per shop, projected urban population for the State has been taken into consideration. On an average 32-36 thousand people were served by each shop during the period 1968-74. There was decline in the total collection of revenue resulting in decline in average revenue collection per shop.

The following table indicates the consumption of foreign liquor in the State during the period 1967-73:

TABLE 10—Per Capita consumption of foreign liquor in Uttar Pradesh, 1967-68 to 1972-73

Year	Quantity (in B. L.)	Per Capita Consumption (in B. L.)*
1	2	3
1967-68	9,07,178	0.08
1968-69	11,17,629	0.10
1969-70	8,70,033	0.07
1970-71	7,43,212	0.06
1971-72	6,45,051	0.05
1972-73	6,53,358	0.05

\*Estimated on the basis of projected mid-year urban population.

The quantity of foreign liquor consumed shows great fluctuations from 1967-68 onwards. Consumption of almost every other commodity shows an increase during this period. The demand for foreign liquor is known to be income elastic. Figures of liquor consumed in other neighbouring States show an increasing trend. All these lead to suspicion of increasing illicit consumption. We, therefore, suggest that like country liquor, an experiment may also be made in the State trading of foreign liquor in one urban centre, and the result of this pilot project may be studied carefully.

31. With increasing population the number of shops appears to be inadequate to cope with the demand. The State Government at one stage thought of settling the foreign liquor shops by auction, like country liquor shops but foreign liquor shops require some investment and the right type of dealers would not be forthcoming for running the shops for one year only. In Punjab and Haryana States all restrictions on the number of licences to be issued to retail traders have been lifted. A person can obtain a licence on deposit of prescribed fee if he fulfills the requisite qualifications laid down for the purpose. This policy has not only led to considerable increase in the number of licensees of foreign liquor in those States but also increased recorded consumption of foreign liquor and revenue from this source.

32. In Annexure 13 districtwise consumption of Indian made foreign liquor and beer in the State is given for the year 1971-72. It indicates that maximum quantity of foreign liquor was consumed in Lucknow Division, which accounted for 32.97 per cent of the total consumption followed by 27.53 per cent in Meerut Division and 27.16 per cent in Allahabad Division. In respect of per capita consumption too Lucknow Division was at the top where it was 0.44 bottles against the State average of 0.15 bottles. Allahabad and Meerut divisions ranked second and third respectively; their per capita consumption was 0.20 and 0.19 bottles. The most important districts from the point of view of per capita consumption of foreign liquors were Almora (0.75), Lucknow (0.58), Meerut (0.33), Dehra Dun (0.27), Kanpur (0.22) and Allahabad (0.22).

33. There are three large breweries in Uttar Pradesh. The production of beer which is a by-product of brewers yeast in Uttar Pradesh exceeds the quantity of its consumption in the State. In the table below the local consumption and export of beer is presented from 1970-71 to 1973-74.

TABLE II—Consumption and export of Beer in Uttar Pradesh 1970-71 to 1973-74.

Year	Consumption		Export	
	Quantity (in Lakh Litres)	Receipts (in Lakh Rupees)	Quantity (in Lakh Litres)	Receipts (in Lakh Rupees)
1	2	3	4	5
1970-71	19.7	30.3	143.3	15.7
1971-72	17.8	27.4	105.6	18.2
1972-73	26.0	40.1	213.0	23.4
1973-74	35.3	55.0	250.0	28.0
	Estimated	Estimated	Estimated	Estimated

The above table reveals that the consumption of

beer in the State was nearly one-seventh to one-eighth of the quantity exported outside the State. There has been a growing demand for local consumption specially in summers. The consumption of beer is increasing in the State as shown in the above table. It is learnt that following the Tek Chand Committee Report, the State would like to encourage the consumption of beer by opening 'beer bars'. It is suggested that if in these beer bars, beer could be served with the help of measures from barrels, the heavy cost of bottles could be avoided. The rates of duty and the licence fee on beer are given in Annexure-10. The duty on beer, ale, porter, cider, and other fermented liquor was 66 paise per litre if served in barrels or 50 paise per bottle since 1-12-1968. The duty was revised from 7-9-1971 and was fixed at Rs.1.32 per litre or Re.1.00 per bottle. This rate of duty is still in force.

34. In Annexure-13 district-wise consumption of beer in Uttar Pradesh for 1971-72 is given. The maximum quantity of beer was consumed in Meerut Division sharing 65.05 per cent of the total consumption of the State. The lion's share was of Meerut district followed by Dehra Dun district. The other division which was of significance was Allahabad where 16.40 per cent of the total beer supply in the State was consumed. From the divisional angle maximum per capita consumption was again in Meerut Division 0.50 B.L. The next divisions were Naini Tal (0.19 B.L.), Lucknow (0.15 B.L.) and Allahabad (0.12 B.L.) The average per capita consumption of the State was 0.18 B.L. There were only six districts which had a higher per capita consumption than the State average. They were Dehra Dun (0.86 B.L.), Meerut (0.79 B.L.), Muzaffarnagar (0.32 B.L.), Kheri (0.25 B.L.), Pratapgarh (0.24 B.L.), and Almora (0.20 B.L.).

35. The Government of Uttar Pradesh vide Notification no. 3124-E/XIII-74, dated April 16, 1974, increased the export duty on beer from 11 paise to Rs.1.70 per bulk litre i.e. from 7 paise to Re.1.10 per bottle. They also increased vide Notification no. 25537, dated March 24, 1974 bottling fee on beer from 5 paise to 25 paise per bottle of 650 ml. size. The beer manufacturers of U. P. made a representation to the Government against these increases. The Government referred this matter to the Taxation Enquiry Committee as one in which in view of the urgency of the matter it should make an interim recommendation. The interim recommendation of the Committee is given in Annexure-14.

36. Policy of prohibition—There is total prohibition in five hill districts of Tehri, Pauri, Uttar Kashi, Chamoli and Pithoragarh. The order of prohibition also applies to three religious towns of Rishikesh, Hardwar and Brindavan. Total prohibition was also to be introduced with effect from August 1, 1970 in religious places of Varanasi, Mathura, Allahabad and Ayodhya but due to the orders of High Court this could not be implemented. The districts and towns where prohibition has been introduced have developed illicit distillation. It is agreed in most of the knowledgeable quarters that, in the hill districts the consumption of liquor is fairly high and that prohibition had little impact on their habit. It thus appears that the objective of prohibition has not

been fulfilled. We, would therefore, request the Government to reconsider its policy of prohibition in these areas.

37. *Denatured spirits*—Denatured spirits are plain spirits which have been rendered effectually and permanently unfit for human consumption. They are used only for non-potable purposes, such as burning, lighting and in manufacturing processes. They are also used in alcohol-based industries as one of the ingredients. Such spirits are excised at a much lower rate. To prevent their abuse for potable purposes they are rendered nauseous, by the addition of some substance that is not easily removed. The annual consumption of denatured spirit is to the tune of nearly 40 lakh litres. The rates of various levies on denatured spirit are given in Annexure-11 for the last 5 years. Vend fee rate remained unchanged since July 1, 1965 and stood at Re.1.10 per B.L. till replaced by Sales Tax on alcohol with effect from May 2, 1974. Wholesale and retail licence fees have already been sharply raised since 27-3-1974. Besides the vend fee and licence fee, denatured spirit was also subject to export pass fee at the rate of Re.0.50 per B.L. and administrative levy at the rate of Rs.7.50 per Kilolitre. The rate of administrative levy has remained unchanged since long.

38. The following table indicates the quantity of denatured spirit supplied to F.L. 16, F.L. 17 and F.L. 18 licensees i.e. to wholesale and retail dealers and industrial units:

TABLE 12—Quantity of denatured spirit supplied to dealers and industrial units and amount of vend fees, 1967-68 to 1971-72.

Year	Quantity (B. L.)	Vend Fee (Rs.)
1	2	3
1967-68	45,42,013	49,34,212
1968-69	47,19,046	50,29,547
1969-70	38,61,301	41,88,984
1970-71	42,72,752	48,28,320
1971-72	38,39,636	41,66,984

The table indicates that there has been a decline in the consumption of denatured spirit by 18.6 per cent and fall in vend fee by 17.1 per cent in 1971-72 over 1968-69.

39. *Industrial use of alcohol*—New industries like Polythene, Plastics and Synthetic rubber require large quantities of highly concentrated industrial alcohol. With the growth of industries, the use of industrial alcohol would increase further. In Uttar Pradesh there are two important factories which use alcohol as basic raw material. They are Synthetics and Chemicals Limited Bareilly and Somaya Industry, Bara Banki. The production of Synthetic and Chemicals Ltd., Bareilly started in December, 1962. This factory is engaged in the manufacture of synthetic rubber in collaboration with Messrs. Firestone Tyre & Rubber Company of U. S. A. The main raw material from which synthetic rubber is produced is denatured spirit which is purchased from various distilleries. In alcohol year 1964-65, it con-

sumed 51.5 per cent of the total alcohol produced in the State (Annexure-15). The consumption of Synthetic Rubber Factory which was 626.00 lakh B.L. in 1969-70 declined to 316.43 lakh B.L. in 1972-73. Production of Somaya Factory started in November, 1970 and in alcohol year 1969-70 it consumed only 0.5 per cent of the total alcohol produced. Its consumption has increased from 7.52 lakh B.L. in 1969-70 to 118.57 lakh B.L. in 1972-73. The total consumption of both the factories accounted for 45.1 per cent of the total production of alcohol. Beside these two big factories, there were 127 small units producing clinical chemicals finishing products, solvents, materials, hydraulic brake fluid, chloral hydrates, etc. A list of such units consuming alcohol for industrial purposes (excluding medicinal and toilet preparations) is given in Annexure 16. These 127 units consumed 20.16 lakh B.L. of denatured spirit in 1973-74. In order to encourage the industrial development of the State, the Government of Uttar Pradesh decided to exempt the Synthetics & Chemicals Limited, Bareilly from the payment of vend fee on the denatured spirit for five years. After the expiry of this tax-holiday, the Government reconsidered the issue and acting under section 40(2)(d) of U. P. Excise Act, 1910 an order called "The U. P. Excise (III Amendment) Rules, 1972" was issued. As a result of this amendment the exemption given to Synthetics & Chemicals Ltd., Bareilly was withdrawn and the Company became liable to vend fee on denatured spirit at the rate of Re.1.10 per B.L. with effect from November 3, 1972. The Company went in a writ petition in the High Court of Judicature, Allahabad. Hon'ble High Court, Allahabad in their judgment directed the State Government not to charge the company any vend fee on denatured spirit.

Another attempt of the Government of Uttar Pradesh to realise some revenue from Synthetics was made by levying Sales Tax on denatured spirit in May, 1974 by amending Uttar Pradesh Sales of Motor Spirit and Diesel Oil Taxation Act, 1939. Synthetics and Chemicals Limited, Bareilly went to High Court in a writ petition against this levy. The matter is *subjudice*.

40. The production in the Somaya concern, Bara Banki started in November, 1970. On the analogy of Synthetics, Bareilly they have also been allowed a tax holiday for five years by the State Government. Regarding sales tax on denatured spirit Somaya contended before the Government that as they were having their supply from their sister concern they were not liable to pay the sales tax. The Government have allowed them a quota of 135 lakh Bulk Litre of alcohol from their sister concern without any payment of sales tax. If any further allotment is made, sales tax will be chargeable on the excess quantity.

41. Industrial alcohol is excised at a much lower rate than alcohol used for drinking purposes. Hence distilleries engaged in producing industrial alcohol do not provide as much revenue as distilleries preparing alcohol for human consumption. Any diversion of industrial alcohol to potable purposes results in loss of revenue to Government. A strict watch on the distilleries manufacturing industrial alcohol would ensure proper utilization of molasses, and more revenue to Government.

42. Earlier a vend fee of Rs.1.10 per litre was imposed on denatured spirit including industrial alcohol. On June 27, 1974 the Government amended the Uttar Pradesh Sales of Motor Spirit and Diesel Oil Taxation Act, 1939 and made provision for Alcohol also in the Act along with Motor Spirit and Diesel Oil by amending section 11 of the aforesaid Act. In the amended Act (Uttar Pradesh Sales of Motor Spirit and Diesel Oil (Amendment) Act, 1974], a provision was made to impose sales tax of not more than 25 paise per litre on Motor Spirit, 10 paise per litre on Diesel Oil and 90 paise per litre on alcohol. On September 1, 1974 the Uttar Pradesh Sales of Motor Spirit, Diesel Oil and Alcohol Taxation (Amendment) Ordinance, 1974 was issued and on the first sale of motor spirit, diesel and alcohol in the State a tax at the rate of 25 paise, 10 paise, and 40 paise per litre respectively was levied with effect from May 2, 1974. From the discussion with the Excise Department it is learnt that the cost price of industrial alcohol comprising of rectified spirit, its transport charges and addition of denaturants is about 90 paise. Thus a sales tax of about 44 per cent on the use of raw materials for industrial products may be detrimental to the industrial development of the State. We, therefore, recommend that a sales tax of not more than 10 per cent may be imposed on alcohol used as raw material in industries.

43. There was a sales tax on industrial alcohol earlier also. It was administered and collected by the Sales Tax Department. By amending the Uttar Pradesh Sales of Motor Spirit and Diesel Oil Taxation Act, 1939, the administration and collection of sales tax on industrial alcohol have fallen under the purview of the Excise Department. We do not see any need for this change, and are of the view that if the entire sales tax collection is made by Sales Tax Department, it will bring greater efficiency in administration and the right outlook. Therefore, we suggest that the implementation of the Uttar Pradesh Sales of Motor Spirit, Diesel Oil and Alcohol Taxation (Amendment) Ordinance, 1974 along with the original Act should be made the responsibility of Sales Tax Department.

44. *Medicinal and toilet preparation*—Excise duties on medicinal and toilet preparations containing alcohol and narcotic drugs are levied by the Government of India under the Medicinal and Toilet Preparation Act, 1955 and collected by the State Government through the Excise Department. The rates are uniform throughout the country. There are also two enactments which control the manufacture of spirituous medicinal preparations, viz. the Medicinal and Toilet Preparation (Excise Duties) Act (16 of 1955) and the Drugs and Cosmetics Act (25 of 1940).

45. It has been observed that there is a large scale misuse of spirituous preparations, which are, in many cases, used as a substitute for potable alcohol. There are mushroom pharmaceutical concerns which come into existence where they can secure large quota of spirits. They convert them into potable drinks, in the guise of medicinal and toilet preparation. Most of these preparations can be used as alcoholic beverages and even the higher rate of duty on alcohol is suffi-

ciently attractive to indulge in the business of these spurious preparations.

46. The following table shows the amount of revenue receipt from the duty levied on medicinal and toilet goods from alcohol:

TABLE 13.—Revenue receipts from alcohol for Medicinal and Toilet Preparations from 1968-69 to 1972-73

Year	Excise revenue from alcoholic medicinal and toilet preparations (Rs. 0'00)	Percentage rise over the previous year
1	2	3
1968-69	2,495	..
1969-70	864	(-)-05.4
1970-71	1,216	40.8
1971-72	3,082	154.8
1972-73	1,579	(-)-48.8

It appears that behaviour of excise revenue from medicinal and toilet preparations was quite erratic. In 1972-73, the revenue was 63 per cent of the revenue earned in 1968-69. There was a steep fall in the revenue in 1969-70 over the previous year while in 1971-72 there was a very sharp increase over 1970-71. It is gratifying to note that the abuse referred to in para 45 does not seem to be on the increase.

47. The number of pharmacies in 1972-73 to which quota was allotted for preparation of alcoholic medicines was 30. The number remained stationary in 1973-74 and 1974-75. A list of bonded pharmacies is at Annexure 27.

48. *Molasses*—The most popular base for distillation of liquor is furnished by molasses produced in sugar factories and Khandsari units. The Central Government has made the 'Molasses Control Order' so as to make provisions for the storage, sale, removal etc. of molasses produced by sugar factories. This order, however, does not apply to the Khandsari units in the open pan system. Therefore, a lot of molasses finds its way to illicit distillers from Khandsari units. As distilleries use molasses before fermentation starts, sugar factories manage to have fermentation by mixing water. For the rejected molasses which finds its way to illicit distillers, they make more money. An enquiry conducted by the Special Investigation Branch of the Office of the Sales Tax Commissioner, Uttar Pradesh revealed that sugar factories and distilleries were not maintaining the record of their stock of molasses properly and correctly. It has also been observed by them that the wastage allowed by the Excise Department was excessive. The recovery percentage of molasses shown by certain factories was found far less than the normal percentage. More than 100 cases were recorded against the sugar factories for concealing of molasses, selling it in black and doing other irregularities during 1968-72. The mal-practices are also prevalent at the level of allottees who get the quota of molasses in the name of fictitious industries and sell them at high profit in black market. It will

be better if experts are appointed to examine the sucrose content before molasses are passed out to the tanks. It may also be necessary to control the distribution of all types of molasses by an amendment in the Molasses Control Act. Mal-practices of allottees can be minimised if Industries Department recommend allotment of molasses only to genuine industrial units, e. g., foundry industry, yeast manufacturing units, tobacco manufacturing firms etc. Permit rules should provide for joint inspection of industrial units by Excise and Industries Departments.

49. *Tari*—*Tari* is a drink of low alcoholic contents manufactured from the fermented shape of four different types of palm tree. The juice when freshly extracted is called 'Neera' which is non-alcoholic. Fermentation starts in it after a few hours, but is delayed if the pot is clean and lime washed. After fermentation for 9 to 12 hours neera becomes tari with an alcoholic percentage varying between 3 to 8. Tari is often unfortunately adulterated with habit forming drugs, one of which is chloral hydrate. There is a marked tendency to consume tari in excessive quantity so that a totally irrational proportion of consumer's budget is spent on this drink. In these circumstances, it is essential that admixture of chloral hydrates and other adulterants should be prevented and the drinks should only be prepared under Government supervision.

50. There are at present three systems of tari excise taxation prevalent in Uttar Pradesh viz:

(a) *Auction System*—Under this system excise revenue is derived from licence fee which is determined in open auction. The licensee is free to tap as many trees as he likes in the area after obtaining tappers' permit. This system is prevalent in the districts of Saharanpur, Meerut, Aligarh, Agra, Bareilly, Moradabad, Shahjahanpur, Rampur, Allahabad, Jhansi, Lucknow, Sultanpur, Hardoi, Kheri, Faizabad, Bahraich, Bara Banki, Banda, Etah, Mainpuri, Farrukhabad, Sitapur, Pratapgarh, Kanpur, Unnao, Fatehpur and Rae Bareilly.

(b) *Pure Tree Tax System*—This is prevalent in the following areas of the State:

(i) In the entire district of Gorakhpur except Municipal and Cantonment areas of Gorakhpur and an area within the distance of four miles from the nearest point of the aforesaid areas.

(ii) Chakia Tahsil of Varanasi district.

(iii) Entire Basti, Deoria, Azamgarh and Mirzapur districts except the Municipal areas of these districts and areas within a distance of two miles from the nearest point of the municipal areas of these districts. Under this system, the excise revenue from Tari is derived (1) through tree tax at prescribed rates on Khajur and Tari trees tapped, and (2) a surcharge vend fee per tree to be paid by the vendor for the privilege of vend before he is granted tapper's permit.

(c) *Auction-cum-tree Tax System*—This is prevalent in the following areas of Uttar Pradesh.

(i) Municipal and Cantonment areas of Gorakhpur and all places within a distance of

four miles from the nearest point of the aforesaid areas.

(ii) Whole of the district of Varanasi except Chakia Tahsil.

(iii) Municipal areas of Basti, Deoria, Azamgarh and Mirzapur districts and all places within the distance of two miles from the nearest point of the aforesaid areas.

(iv) Whole of the districts of Ballia, Ghazipur and Jaunpur.

Under this system the shop is settled with a person offering the highest bid. The licence fee obtained at the auctions is adjusted towards the tree tax and surcharge on trees and in case the licensee wants to register trees of the value over and above the amount offered at the auction he can do so by depositing extra tree tax and surcharge for such trees during the currency of his licence.

51. In some of the districts of Madhya Pradesh auction system is prevalent while in some districts excise revenue on tari is derived either through tree tax on trees tapped or in the form of licence fee which is determined by auction. Excise revenue from tari is derived in Andhra Pradesh and Kerala through two sources, viz.—

(i) Tree tax at fixed rates on trees tapped and,

(ii) Rental i.e., licence fee fixed in open auction.

52. The following figures show the revenue earned from tari from the year 1968-69 to 1972-73.

TABLE 14—Revenue receipts from Tari  
1968-69 to 1972-73

Year	Revenue (Rs. in lakhs)	Percentage increase over 1968-69
1	2	3
1968-69	62.12	..
1969-70	63.87	13.6
1970-71	67.45	8.6
1971-72	70.72	13.8
1972-73	64.21	3.4

The maximum revenue from Tari was obtained in 1971-72 and the least in 1968-69. The rise in 1971-72 over 1968-69 was 13.8 per cent. But there was a decline in the revenue in 1972-73 over 1971-72 by about 9 per cent.

53. The number of tari shops has also been more or less static. In 1968-69 there were 956 shops which remained at 922 in 1972-73. The rates of duty and licence on Tari are given in Annexure 18. There are three rates of Rs.20.00, Rs.27.00 and Rs.40.00 applicable to Tari. Rates are comparatively higher in Municipal areas than in rural areas. The rates vary in different places according to the prevalent system and local demand. They have not been revised since

1965-66. In view of general increase in prices of all commodities there is a case for some increase, say 10 per cent in the tree tax and surcharge.

54. *Opium*—The oral consumption of opium has been banned throughout India since 1957 except for addicts on medical grounds. In Uttar Pradesh opium is supplied to addicts by Tahvildars and excise revenue on this is derived in the shape of excise duty only. The system of supply of opium in other States is more or less the same as in Uttar Pradesh. The consumption of the opium during the period 1968-73 is given below:

TABLE 15—Consumption of opium in Uttar Pradesh 1968-69 to 1972-73

Year	Consumption of opium (Kg.)	Percentage increase over 1968-69
1	2	3
1968-69	11.21	..
1969-70	17.84	59.1
1970-71	14.69	31.0
1971-72	10.07	(- )10.2
1972-73	8.61	(- )23.2

55. The excise revenue from opium amounted to Rs.5.03 lakh in 1968-69. It increased to Rs.35.91 lakhs in 1972-73. In a span of five years time there was a seven-fold increase in the excise revenue from this source. We do not suggest any further measure to boost up the excise revenue from opium. The rate of duty on opium and hemp drugs is given in Annexure 19.

56. *Hemp drugs*—Bhang and Ganja are two hemp drugs prevalent in Uttar Pradesh. There were 1829 shops selling bhang in 1967-68. In 1971-72 their number decreased to 1808. Excise revenue from Bhang is derived from (1) Excise Duty, and (2) Licence fee which is determined by auction. The same system is prevalent in Madhya Pradesh. There is total prohibition of Bhang in Punjab.

The following table indicates the consumption of Bhang during the recent years.

TABLE 16—Consumption of Bhang in Uttar Pradesh 1968-69 to 1972-73

Year	Consumption of Bhang (in Kg.)	Per Capita consumption (in Grams)	Amount of Excise duty from Bhang (Rs. in lakhs)	Average Excise duty per Kg. (Rs. 0.00)
1	2	3	4	5
1968-69	2,34,912	2.78	16.98	7.23
1969-70	2,28,200	2.65	17.15	7.52
1970-71	1,95,230	2.23	16.19	8.29
1971-72	1,98,265	2.22	20.86	10.52
1972-73	1,87,987	2.07	16.79	8.93

There has been continuous decline both in *per capita* consumption and total consumption of Bhang till 1972-73. The fall in *per capita* consumption from 2.78 grams in 1968-69 to 2.07 grams in 1972-73 indicates a percentage fall of 26 points. Similarly in the total consumption there was a percentage fall of about 20 points. Allahabad, Kanpur, Varanasi, Agra and Mathura are the most important districts from the point of view of consumption of Bhang. As regards revenue from excise duty from Bhang, it has shown very little variation since 1968-69. Average excise duty per kilogram varied from Rs.7.23 to Rs.10.52. Besides the excise duty licence fee was also earned from the shops. Licence fee from Ganja, Charas and Bhang shops amounted to Rs.31.26 lakhs in 1968-69 and Rs.38.98 lakhs in 1969-70. Thereafter it showed a downward trend in the subsequent two years, 1970-71 and 1971-72, respective figures being Rs.26.68 and Rs.22.02 lakhs. In 1972-73 there was a rise when the amount increased to Rs.29.66 lakhs.

57. Ganja has been prohibited in Uttar Pradesh since 1956 except for sale to addicts. The excise revenue on Ganja supplied to these addicts is derived in the following ways:

(i) in the shape of excise duty, and

(ii) Surcharge at fixed rates which is recovered from the licensees at the time of issue from the warehouses. Except Madhya Pradesh, Bihar and West Bengal Ganja is prohibited throughout India. In Madhya Pradesh the excise revenue on Ganja is derived in the shape of excise duty and licence fee which is determined by auction.

The consumption of Ganja during 1968-69 in Uttar Pradesh is given below:

TABLE 17—Consumption of Ganja in Uttar Pradesh 1968-69 to 1972-73

Year	Consumption of Ganja (Kg)	Percentage increase over 1968-69
1	2	3
1968-69	122.400	..
1969-70	100.625	(- )17.8
1970-71	168.200	37.4
1971-72	134.250	9.7
1972-73	105.300	(- )14.0

58. *Collection costs*—It may also be interesting to compare the collection charges in various States. In Annexure 20 the collection costs per Rs.100 of State Excise Revenue is given for various States for the years 1965-66, 1971-72 and 1972-73. In 1972-73 collection charges in Uttar Pradesh were lowest in the country, figure being Rs.2.29 against Rs.31.71 in Gujarat, Rs.14.50 in Rajasthan, Rs.12.63 in Assam, Rs.10.78 in Orissa, Rs.10.51 in Jammu and Kashmir, Rs.9.73 in Maharashtra and Rs.9.33 in Kerala. The collection charges in Punjab and Tamil Nadu were almost at par with those of Uttar Pradesh, respectively percentages being 2.52 and 2.95.

59. *Arrears*—Annexure-21 depicts the arrears in collection of excise revenue relating to licence fees pertaining to Excise Department as on September 30, 1972. This indicates that total arrear amounted to Rs.63.05 lakhs out of which demand has been suspended to a tune of Rs.20.61 lakhs. Thus there was a net arrear of Rs.33.45 lakhs which is about 1 per cent of the total excise revenue. The amount is not very significant, yet some amounts are outstanding for a long time and these should receive special attention of collection authorities.

60. *Evasion*—There is considerable evasion in excise duty, though no definite data are available to assess the extent of loss due to evasion. The Department of Excise has estimated that about 20 per cent of excise revenue flows off resulting in a loss of Rs.5 to 6 crores annually to the State. In the earlier part of this chapter, we have often drawn attention to the indirect evidence of illicit consumption. Some direct evidence of it can be gathered from the detailed statement of excise crimes given in Annexure 22-A to 22-D. Illicit distillation and other cases pertaining to alcohol and quantities of liquor seized showed a sharp increase in the last twelve years, but evidence pertaining to most of the other items was not clear cut.

61. *Research*—The entire gamut of problems relating to optimum use of excise taxation needs to be viewed in proper perspective. There is considerable gap of knowledge in this sphere even in regard to the information on drinks and drink policy in adjoining States. Since the major purpose of the tax is regulatory, its effects in this direction have to be carefully assessed with a view to reconcile the interest of the exchequer with this aim. The tax is administered in a very different way from other taxes. The rationale of this manner in light of the new circumstances has to be gone into. Policy regarding licensing of shops and their distribution among different areas *prima facie* calls for a radical reorganization. The Excise Department has considerable data in its files bearing on the subject which lie unused. The creation of a small cell in the Excise Department to systematically collect and collate these data will help greatly policy making in this controvertial realm.

#### SUMMARY OF RECOMMENDATIONS

1. Unlike in the case of other commodities, drinks are not only subject to taxation but the drink shops are auctioned and heavy licence fees realized. Supplies of drink to licensed shops are not restricted though there is a restriction on the number of licences to be issued. This confers a privilege on the licensee which enables him to earn differential monopoly profits depending on the locality. Auctions are a method of obtaining a substantial part of these for the Exchequer. However, if the bidding at the auction is really free, it has a destabilizing effect, and the shop-keeper is prevented from taking a long-term view. There is a strong suspicion that the shop-keeper often overbids and makes up through unfair methods. There is a *prima facie* case for treating drinks like any other commodity, and give licences to all those who agree to abide by certain conditions, so that trade in drinks may develop

along healthy lines. The stakes of revenue are, however, large, and the trade is shrouded in secrecy. It may be, therefore, worthwhile to try two pilot experiments in two urban centres, one of the State running the drink shops itself, and another of free licensing. (Para 11).

2. Revenue from excise duty in Uttar Pradesh exceeded that of licence fees. In Punjab licence fee formed a major part of excise revenue and a nominal duty was imposed on country spirit. The Taxation Enquiry Committee, Uttar Pradesh 1968-69 suggested that the Government of Uttar Pradesh should follow the Punjab pattern. We feel that the Punjab pattern of reducing the duty to gain in auction may not be very suitable to this State. We suggest that 'Tender-cum-auction system' as prevalent in Karnataka may be introduced in Uttar Pradesh. (Paras 13 and 15).

3. A study of total and *per capita* consumption of country liquor in the State from 1968-69 to 1973-74 reveals that while there has been 12.5 per cent increase in total consumption of the country spirit over a period of six years, there is only 2.8 per cent increase in the *per capita* consumption during the same period. The total and *per capita* consumption showed a declining trend in the years 1969-70 and 1970-71 over respective preceding years, after which there has been a negligible increase. This behaviour is in contrast with that of other commodities and points towards increasing evasion. (Para 14).

4. A study of district-wise total consumption and *per capita* consumption of country liquor reveals wide regional variations. A systematic effort should be made to check these figures of recorded consumption in small localities with other evidence and local impressions regarding consumption so as to arrive at some idea of the extent of illicit consumption and evolve effective measures to reduce it. Figures of variations in consumption of country liquor in different places should be examined in the same manner. (Para 16).

5. In a policy of licensed shops, it is necessary to ensure that they are properly distributed over the State according to the number of customers to be served and their drinking habits. Neither of these criteria seems to be well observed in the distribution of present shops. We suggest that the number of shops should be raised in a phased programme and that these new shops should be properly distributed to cater to the growing demand. We believe that with these measures consumption of licit drinks will increase at the expense of illicit consumption. (Paras 18 to 20).

6. Multiplicity of excise duty rates on country liquor leads to mal-practices. The number of rates which was 9 at the time of last Taxation Enquiry Committee has since been reduced to five but it can further be reduced to three and distinction between the urban and rural rates can be done away with. (Para 21).

7. The rates of duty in Uttar Pradesh are comparatively higher than in other States. Similar States e.g. Andhra Pradesh, Madhya Pradesh,

and Rajasthan with less duties get much more revenue *per capita*. We, therefore, do not suggest further increase in rates of duties and recommend that the Excise Department should better concentrate on ways and means to reduce evasion. (Para 24).

8. The recorded consumption of foreign liquor has been falling in the State. The consumption of almost every other commodity shows an increasing trend and the figures of foreign liquor consumed in other neighbouring States also show a rise. All these lead to strong suspicion of increasing illicit consumption in this State. We, therefore, recommend that an experiment may also be made in the State trading of foreign liquor in one urban centre and the result of this pilot project may be studied carefully. (Para 30).

9. The licensing policy in respect of foreign liquor which is based on restricting number of shops, as in case of country liquor does not seem to have served its purpose. It needs liberalization on the lines adopted in Punjab and Haryana States where all restrictions on the number of licences to be issued to retail traders have been lifted. (Para 31).

10. The consumption of beer in the State is nearly 1/7th to 1/8th of the quantity exported outside the State. It is learnt that following the Tek Chand Committee Report, the State would like to encourage the consumption of beer by opening 'beer bars'. It is suggested that if in these bars, beer could be served with the help of measures from barrels, the heavy cost of bottles could be avoided. (Para 33).

11. It is agreed in most of the knowledgeable quarters that in the hill districts, the consumption of liquor is fairly high and that prohibition had little impact on their habit. It thus appears that the objective of prohibition has not been fulfilled. We, therefore, recommend that the Government should reconsider its policy of prohibition in these areas. (Para 36).

12. Earlier, a vend fee of Rs.1.10 per litre was imposed on the denatured spirit including industrial alcohol. By an amendment to the U. P. Sales of Motor Spirit and Diesel Oil Taxation, 1939, the Government have made a provision to impose sales-tax on alcohol also and by an ordinance a sales-tax at the rate of 40 paise per litre has been levied on alcohol with effect from May 2, 1974 besides sales-tax on motor spirit and diesel. From the discussion with the Excise Department, it is learnt that the cost price of industrial alcohol comprising of rectified spirit, its transport charges and addition of denaturants is ap-

proximately Re.0.90. A sales-tax of about 44 per cent on industrial alcohol which is a raw material for industrial products, is not in line with State policy regarding taxation of raw materials and intermediate products, and may be detrimental to the industrial growth of the State. We, therefore, recommend that a sales-tax of not more than 10 per cent may be imposed on alcohol used as raw material in industrial units. (Para 42).

13. We suggest that implementation of the Uttar Pradesh Sales of Motor Spirit and Diesel Oil and Alcohol Taxation (Amendment) Ordinance, 1974 along with the original Act should be made the responsibility of the Sales Tax Department and not the Excise Department and the administration and collection of sales-tax on industrial alcohol along with motor spirit and diesel should be transferred to the Sales Tax Department from the Excise Department as it will bring greater efficiency in administration and the right outlook. (Para 43).

14. Industrial alcohol is excised at a much lower rate than alcohol used for drinking purposes. Hence there is theft and diversion of industrial alcohol to potable purposes resulting in loss of revenue to Government. A strict watch on the distilleries manufacturing industrial alcohol is needed to prevent misutilization of molasses and diversion of industrial alcohol. (Para 41). There is a large scale misuse of spirituous preparations which are used as alcoholic beverages. The misuse of these spirituous medicinal and toilet preparations should be checked by allotment of quota of alcohol to firms after careful and detailed scrutiny of their genuine needs preferably on the basis of individual items manufactured and by strict supervision on the preparations made. (Para 45). Molasses which provide a base for distillation of liquor find their way from the sugar factories and khandsari units to illicit distillers. Effective steps should be taken to prevent misutilization of molasses. (Para 48).

15. Tree tax and surcharge rates on Tari have not been revised since 1955-56 and in view of the general increase in prices of all commodities, there is a case for some 10 per cent increase in these rates. (Para 53).

16. The major purpose of the Excise Taxation is regulatory and its effect in this direction have to be carefully assessed with a view to reconcile the interests of the Exchequer with this aim. The Excise Department has considerable data in its files bearing on the subject which lie unused. The creation of a small Statistical Cell in the Excise Department to systematically collect and collate these data will help greatly policy making in this controversial realm. (Para 61).

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## ANNEXURE 1

## Break-up of State Excise Revenue, 1971-72 and 1972-73

(Rs in lakhs)

Serial no.	Items	Uttar Pradesh		Gujarat		Kerala		Madhya Pradesh	
		1971-72	1972-73 (R.E.)	1971-72	1972-73 (R.E.)	1971-72	1972-73 (R.E.)	1971-72	1972-73 (R.E.)
		3	4	5	6	7	8	9	10
1	Country Spirit	1,881	1,813	..	..	347	350	1,512	1,561
2	Country Fermented Liquor	71	66	..	..	397	345	8	11
3	Malt Liquor	489	121	0	0	12	10	0	12
4	Wines and spirits	203	535	11	7	175	145	98	87
5	Commercial Spirit including denatured medicated wines.	135	99	4	4	4	1	14	6
6	Opium	32	13	2	2	1	0	8	10
7	Medicinal and Toilet Preparations.	31	16	62	66	11	11	1	3
8	Hemp and other Drugs	51	49	4	0	0	0	85	111
9	Receipt from distilleries	0	0	..	..	0	0	2	0
10	Fines, confiscation etc.	32	62	2	2	51	39	3	3
11	Collections of payments for Services rendered.	3	2	2	2	2	1	..	..
12	Miscellaneous	15	0	0	0	0	0	10	3
	Gross total	2,743	2,776	84	84	1,000	902	1,759	1,807
	Less refund	15	25	2	1	1	2	12	2
	Net total	2,728	2,751	82	83	999	900	1,744	1,805

## ANNEXURE 1

## Break-up of State Excise Revenue, 1971-72 and 1972-73

(Rupees in lakhs)

Serial no.	Items	Maharashtra		Punjab		Rajasthan		West Bengal	
		1971-72	1972-73 (R.E.)	1971-72	1972-73 (R.E.)	1971-72	1972-73 (R.E.)	1971-72	1972-73 (R.E.)
		11	12	13	14	15	16	17	18
1	Country spirit	0	1	2,175	2,477	798	1,017	1,089	1,128
2	Country fermented liquor	144	145	..	..	..	..	46	47
3	Malt liquor	14	30	32	70	1	7	88	100
4	Wines and spirits	288	312	467	340	94	122	385	305
5	Commercial spirit including denatured medicated wines.	50	82	13	11	4	3	194	200
6	Opium	1	1	0	0	26	32	7	7
7	Medicinal and Toilet Preparations.	234	250	0	1	2	2	..	..
8	Hemp and other drugs	0	0	1	1	9	12	24	25
9	Receipt from distilleries	..	..	0	0	0	0	..	..
10	Fines, Confiscation etc.	59	65	5	5	6	7	11	11
11	Collections of payments for Services rendered.	..	..	..	..	0	0	2	2
12	Miscellaneous	0	0	..	..	0	0	0	0
	Gross total	790	886	2,693	2,905	940	1,202	1,846	1,915
	Less refund	1	2	2	5	2	2	2	2
	Net total	789	884	2,691	2,900	938	1,200	1,844	1,913

Source—State Budgets.

## ANNEXURE 2

Revenue from State Excise Duty, 1960-61 to 1971-72

Sl. no.	States	Excise Revenue in Lakh Rs. in				Percentage Increase over 1960-61 in		
		1960-61	1965-66	1970-71	1971-72	1965-66	1970-71	1971-72
1	2	3	4	5	6	7	8	
1	Uttar Pradesh	758	1,423	2,443	2,728	87.7	222.3	259.9
2	Andhra Pradesh	810	1,374	3,647	3,471	89.6	337.9	328.5
3	Assam	193	217	259	255	12.4	34.2	32.1
4	Bihar	579	818	1,188	1,265	41.3	105.2	118.5
5	Gujarat	18	49	93	82	172.2	416.7	355.6
6	Jammu and Kashmir	41	80	215	237	117.1	424.4	478.0
7	Karnataka	319	404	1,973	2,355	26.6	518.5	638.2
8	Kerala	262	501	1,001	999	91.2	282.1	281.3
9	Madhya Pradesh	502	894	1,598	1,744	78.1	218.3	247.4
10	Maharashtra	69	326	682	789	372.5	888.4	1,043.5
11	Orissa	133	223	425	465	67.7	219.5	249.6
12	Punjab and Haryana	562	1,326	3,167	3,645	135.9	463.5	548.6
13	Rajasthan	421	781	877	938	85.5	108.3	122.8
14	Tamil-Nadu	25	49	140	2,223	96.0	460.0	8,792.0
15	West Bengal	617	1,164	1,708	1,844	88.7	176.8	198.9

Source—Excise revenue—State Budgets.

## ANNEXURE 3

Per capita incidence of State Excise Duty, 1960-61 to 1972-73

Serial no.	States	1960-61			1965-66		
		Tax revenue (Lakh Rs.)	Mid-year population (Lakhs)	Per capita incidence (Rs.)	Tax revenue (Lakh Rs.)	Mid-year Population (Lakhs)	Per Capita Incidence (Rs.)
1	2	3	4	5	6	7	8
1	Uttar Pradesh	758	732.74	1.03	1,423	800.54	1.78
2	Andhra Pradesh	810	357.66	2.26	1,374	392.25	3.50
3	Bihar	579	461.08	1.26	818	507.19	1.61
4	Gujarat	18	204.29	0.09	49	231.97	0.21
5	Jammu and Kashmir	41	35.48	1.16	89	40.07	2.22
6	Karnataka	319	233.96	1.36	404	260.30	1.55
7	Kerala	262	167.49	1.56	501	187.95	2.67
8	Madhya Pradesh	502	320.81	1.56	894	363.03	2.46
9	Maharashtra	69	392.07	0.18	326	441.65	0.74
10	Orissa	133	174.17	0.76	223	194.28	1.15
11	Punjab and Haryana	562	201.13	2.79	1,326	217.37	6.10
12	Rajasthan	421	199.62	2.11	781	255.36	3.00
13	Tamil Nadu	25	335.30	0.07	49	369.14	0.18
14	West Bengal	617	345.16	1.79	1,164	389.17	2.99

## ANNEXURE 3

Per capita incidence of State Excise Duty, 1960-61 to 1972-73

Serial no.	States	1971-72			1972-73 (R.E.)		
		Tax Revenue (Lakh Rs.)	Mid-year population (Lakh)	Per Capita incidence (Rs.)	Tax Revenue (Lakh Rs.)	Mid-year population (Lakh)	Per Capita incidence (Rs.)
1	2	9	10	11	12	13	14
1	Uttar Pradesh .. ..	2728	891.35	3.03	2751	907.46	3.03
2	Andhra Pradesh .. ..	3471	439.14	7.90	3475	447.49	7.77
3	Bihar .. ..	1265	568.96	2.23	1415	579.96	2.44
4	Gujarat .. ..	82	270.40	0.30	82	277.40	0.30
5	Jammu and Kashmir .. ..	237	46.77	5.13	571	47.99	11.90
6	Karnataka .. ..	2355	296.16	7.95	2860	302.60	9.45
7	Kerala .. ..	999	215.95	4.63	900	321.00	4.07
8	Madhya Pradesh .. ..	1744	421.79	4.13	1805	432.47	4.17
9	Maharashtra .. ..	789	510.23	1.55	884	522.06	1.69
10	Orissa .. ..	465	221.90	2.10	473	226.88	2.08
11	Punjab and Haryana .. ..	3045	237.63	15.34	4000	241.18	16.50
12	Rajasthan .. ..	938	200.81	3.60	1200	267.24	4.49
13	Tamil Nadu .. ..	2223	416.10	5.34	3506	424.49	8.25
14	West Bengal .. ..	1844	448.39	4.11	1913	459.11	4.17

Source—Tax Revenue—State Budgets. Population—Projected.  
R. E.—Revised Estimates.

## ANNEXURE 4

Excise duty as percentage of total State income (at current prices), 1960-61 to 1971-72

Serial no.	States	1960-61			1965-66		
		State Income (Rs. in lakhs)	Excise Revenue (Rs. in lakhs)	Excise Revenue as a percentage of State Income	State Income (Rs. in lakhs)	Excise Revenue (Rs. in lakhs)	Excise Revenue as a percentage of State Income
1	2	3	4	5	6	7	8
1	Uttar Pradesh .. ..	179931	758	0.42	296595	1423	0.48
2	Karnataka .. ..	66740	319	0.48	101181	404	0.40
3	Kerala .. ..	44378	262	0.59	78315	501	0.64
4	Madhya Pradesh .. ..	92390	502	0.54	125870	894	0.71
5	Maharashtra .. ..	159742	69	0.04	235448	326	0.14
6	Punjab and Haryana .. ..	65610	562	0.86	110406	1326	1.20
7	Rajasthan .. ..	62647	421	0.67	84147	781	0.93
8	Tamil Nadu .. ..	111088	25	0.02	149178	49	0.03
9	West Bengal .. ..	110693	617	0.56	161029	1164	0.72

## ANNEXURE A

Excise duty as percentage of total State income (at current prices), 1960-61 to 1971-72

Serial no.	States	1965-69			1969-70		
		State Income (Rs. in lakhs)	Excise Revenue (Rs. in lakhs)	Excise Revenue as a percentage of State Income	State Income (Rs. in lakhs)	Excise Revenue (Rs. in lakhs)	Excise Revenue as a percentage of State Income
1	2	9	10	11	12	13	14
1	Uttar Pradesh	402182	2445	0.61	448141*	2331	0.52
2	Karnataka	136029*	1311	0.96	142622*	1797	1.26
3	Kerala	102027*	972	0.95	113320*	870	0.77
4	Madhya Pradesh	189370	1302	0.69	214030*	1449	0.68
5	Maharashtra	332308	549	0.17	365637*	726	0.20
6	Punjab and Haryana	183148*	3034	1.66	214788*	2996	1.39
7	Rajasthan	101029	939	0.93	121039	809	0.67
8	Tamil Nadu	191613	84	0.04	211308	117	0.06
9	West Bengal	201974*	1368	0.68	220110*	1608	0.73

\*Provisional.

Serial no.	States	1970-71			1971-72		
		State Income (Rs. in lakhs)	Excise Revenue (Rs. in lakhs)	Excise Revenue as a percentage of State Income	State Income (Rs. in lakhs)	Excise Revenue (Rs. in lakhs)	Excise Revenue as a percentage of State Income
1	2	15	16	17	18	19	20
1	Uttar Pradesh	455403*	2443	0.54	527133	2728	0.52
2	Karnataka	156640*	1973	1.26	163212	2355	1.44
3	Kerala	124437*	1001	0.80	124963	999	0.80
4	Madhya Pradesh	227630*	1598	0.70	245930	1744	0.71
5	Maharashtra	384570*	682	0.18	413190	789	0.19
6	Punjab and Haryana	231318	3167	1.37	254190	3645	1.43
7	Rajasthan	148813*	877	0.59	145904	938	0.64
8	Tamil Nadu	237330*	140	0.06	265530	2223	0.84
9	West Bengal	235790*	1708	0.72	246308	1844	0.75

\*Provisional.

Source—Excise Revenue—State Budgets.

State Income—Directorate of Economics and Statistics, U. P.

## ANNEXURE 5

## Excise System in Delhi

In the Union Territory of Delhi Excise Department was part of Sales Tax Department till 1971. In 1971 it became a separate entity. But for very little earning from the opium and bhang the major chunk of revenue is derived from foreign and country liquor. The trade in foreign liquor is in the hands of private traders while there is State trading in country liquor.

2. *Country liquor*—On the 23rd January, 1972 it was widely reported in various papers that more than 38 persons had died after taking illicit liquor and that the condition of several was precarious. Reports continued to pour in of more deaths and seizures. The Government perturbed by this tragedy by Notification No. F-6(53)/72-Law, dated January 23, 1972 ordered an enquiry under the Commission of Inquiry Act, 1952 (Act no. 60 of 1972) under the Chairmanship of Sri R. K. Bawaja. This Commission suggested streamlining of the excise system. While considering the report of this Commission the Government decided to take the entire trade of country liquor in its hand. Thus with effect from April 1972 the country liquor distribution in Delhi has been nationalised.

3. *Number of shops*—Before State took over the trade there were only 2 shops in entire Delhi. The number of shops has now been raised to 8 of which 7 are functioning. They serve the entire length and breadth of the Union Territory.

4. *Consumption*—After the nationalization of the trade, there has been thirteen fold increase in the consumption of country liquor in Delhi. The consumption in 1971-72 was 3 lakh bulk litre. It increased to 39.5 lakh B. L. in 1973-74. The following table depicts the consumption figure between 1970-74:

TABLE 1—Statement showing consumption of country liquor in Delhi

Year	Consumption in lakh bulk litre	Percentage increase over 1971-72
1	2	3
1970-71	4.0	..
1971-72	3.0	..
1972-73	23.54	684
1973-74	39.54	1,218

The increase in consumption mainly reflects the quantum of illicit drink which subsequently became licit after the State taking of this trade. Therefore, there has been a substantial increase in the revenue also.

5. *Revenue from country liquor*—The following table depicts the amount of revenue receipt from the country liquor in the Union Territory of Delhi during the years 1971-74:

TABLE 2—Revenue receipts from country liquor in Delhi

Year	Revenue receipt (in lakh rupees)	Percentage increase over 1971-72
1	2	3
1971-72	46.04	..
1972-73	236.01	410
1973-74	384.56	736

The above table reveals that there was eight fold increase in two years after the nationalisation of the Trade.

6. *Structure*—Delhi is not a manufacturing area of the country spirit. It imports it from neighbouring State of U. P. The entire consumption is of spiced spirit. The bottling service is also not done in Delhi. The imported cost of per dozen bottled liquor was between Rs.14.76 to Rs.15.00 in 1972-73, Rs.14.23 to Rs.15.00 in 1973-74 and Rs. 21.02 in 1974-75. The present selling price of one bottle of 750 ml. is Rs.10.00. The break-up of this price is shown below:

	Rs.
(1) Cost of one bottle (including bottling charges).	1.75
(2) Excise Duty per bottle	5.70
(3) Sales Tax	0.50
(4) Incidental expenses including transportation charges and requiremental on vends.	0.55
(5) Sub Total	8.50
(6) Profit per bottle	1.50
(7) Sale price per bottle	10.00

7. *Quality*—The administration is taking revolutionary steps to improve the quality of the drink supplied.

8. The country liquor supplied shall be made from molasses by addition of spices or flavouring agent and permissible edible food colours and must satisfy the following requirements:

- (1) It shall be clear and transparent liquid.
- (2) It must be free from sediment or suspected matter of any sort of gross inspection.
- (3) The ethyl alcohol contents shall be 500 proof (28.57 per cent by volume with a tolerance of 2").

9. *Chemical constituents*—The country spirit shall satisfy the following specifications with regard to chemical constituents present in it.

- (i) Total acids as Tartaric acid (expressed in terms of 100 ml. of absolute alcohol). Max. : 15 mg.
- (ii) Volatile acids as acetic acid (expressed in terms of 100 ml. of absolute alcohol). Max. : 5 mg.
- (iii) Esters as ethyl acetate (expressed in terms of 100 ml. of absolute alcohol). Max. : 50 mg.
- (iv) Copper ppm. Max. : 10 mg.
- (v) Iron ppm. Max. : 10 mg.
- (vi) Furfural Negative Test.
- (vii) Methyl alcohol

10. *Foreign liquor*—The trade of foreign liquor is in the hands of private individuals. There are 28 wholesale foreign liquor shops (L 1 Licensees) and 27 retail shops (L 2 Licensees). Earlier there were bar licences (L 4) but now these have been discontinued and merged into L 2 licences. Licences have been issued to hotels (L ) for service of liquor to residents. The shops are annually renewed. There is a possession limit of foreign liquor by any individual. One can possess 4 bottles of whisky or rum or brandy and 12 bottles of beer at a time. Possession of any more liquor is an offence. Ultimate aim is to nationalize foreign liquor trade also.

## ANNEXURE 6

Districtwise consumption of Alcohol and receipt from Licence fee and duty on Country Liquor, 1973-74.

Serial no.	Districts	Projected population as on March 1, 1974 ('000)	Consumption of Alcohol (A.L.)	Number of shops	Supply per shop (A.L.)	Population served per shop ('000)	Per capita consumption of alcohol (A.L.)	Total licence fee and duty (Rs.)
1	2	3	4	5	6	7	8	9
1	Dohra Dun .. ..	628	281269	24	11720	26	0.45	7401270
2	Saharanpur .. ..	2203	435202	36	12089	61	0.20	10370929
3	Muzaffarnagar .. ..	1919	239985	41	5853	47	0.12	8003336
4	Meerut .. ..	3580	541063	41	13197	87	0.15	16868832
5	Bulandshahr .. ..	2179	186389	24	7766	91	0.09	4854094
	<b>Meerut Division</b> .. ..	<b>10509</b>	<b>1683908</b>	<b>168</b>	<b>10144</b>	<b>63</b>	<b>0.16</b>	<b>47498461</b>
6	Aligarh .. ..	2223	124092	29	4310	77	0.06	3901845
7	Mathura .. ..	1359	68401	16	4279	85	0.05	2231354
8	Agra .. ..	2459	303934	41	7413	60	0.12	11819331
9	Mainpuri .. ..	1530	115832	37	3131	41	0.08	2732457
10	Etah .. ..	1659	62731	31	2024	54	0.04	1844796
	<b>Agra Division</b> .. ..	<b>9220</b>	<b>675950</b>	<b>154</b>	<b>4389</b>	<b>60</b>	<b>0.07</b>	<b>22529783</b>
11	Bareilly .. ..	1878	283278	56	5148	34	0.15	8047344
12	Bijnor .. ..	1588	128934	33	3907	48	0.08	4785778
13	Budaun .. ..	1719	181602	51	3561	34	0.11	3773090
14	Moradabad .. ..	2574	213636	38	5622	68	0.08	6160300
15	Shahjahanpur .. ..	1335	149857	29	5167	46	0.11	4295744
16	Pilibhit .. ..	796	110481	26	4249	31	0.14	2794304
17	Rampur .. ..	967	93655	31	3021	31	0.10	2883034
	<b>Rohilkhand Division</b> .. ..	<b>10857</b>	<b>1166443</b>	<b>264</b>	<b>4418</b>	<b>41</b>	<b>0.11</b>	<b>32739594</b>
18	Farrukhabad .. ..	1641	188935	49	3856	33	0.12	4739522
19	Etawah .. ..	1535	79816	21	3801	73	0.05	2051169
20	Kanpur .. ..	3198	572592	96	5964	33	0.18	16480750
21	Fatehpur .. ..	1343	74914	53	1413	25	0.06	1992995
22	Allahabad .. ..	3099	400004	86	4651	35	0.13	12730842
	<b>Allahabad Division</b> .. ..	<b>10816</b>	<b>1316261</b>	<b>206</b>	<b>4316</b>	<b>35</b>	<b>0.12</b>	<b>37914278</b>
23	Jhansi@ .. ..	1379	311748	60	3897	17	0.23	6249530
24	Jalaun .. ..	862	87270	27	3232	32	0.10	1888922
25	Hamirpur .. ..	1052	122154	54	2262	19	0.12	2193224
26	Banda .. ..	1254	85021	49	1735	26	0.07	1867196
	<b>Jhansi Division</b> .. ..	<b>4547</b>	<b>606198</b>	<b>210</b>	<b>2887</b>	<b>22</b>	<b>0.13</b>	<b>12198872</b>
27	Varanasi .. ..	3011	436216	74	5895	41	0.14	12215016
28	Mirzapur .. ..	1635	213141	83	2568	20	0.13	5800484
29	Jaunpur .. ..	2091	135099	53	2549	39	0.06	3190805
30	Ghazipur .. ..	1597	79359	49	1620	33	0.05	2004566
31	Ba lia .. ..	1670	88978	31	2870	54	0.05	2420592

1	2	3	4	5	6	7	8	9
	Varanasi Division .. ..	10004	952793	290	3285	34	0.10	25631463
32	Gorakhpur .. ..	3184	402352	84	4796	38	0.13	9098469
33	Deoria .. ..	2947	216847	43	5043	69	0.07	5555082
34	Basti .. ..	3091	116190	70	1660	44	0.04	2947026
35	Azamgarh .. ..	2997	198483	58	3422	52	0.07	4682410
	Gorakhpur Division .. ..	12219	934372	255	3664	48	0.08	23183887
36	Lucknow .. ..	1708	440405	39	11292	44	0.26	11194611
37	Unnao .. ..	1566	174774	75	2320	21	0.11	4305901
38	Rae Bareilly .. ..	1571	113038	89	1270	18	0.07	2242758
39	Sitapur .. ..	1969	115130	51	2257	39	0.06	2983488
40	Hardoi .. ..	1938	154994	51	3039	38	0.08	3441191
41	Kheri .. ..	1558	331799	59	5624	26	0.21	5403474
	Lucknow Division .. ..	10310	1330140	364	3654	28	0.13	29571423
42	Faizabad .. ..	2018	128564	61	2108	33	0.06	4136535
43	Gonda .. ..	2370	87000	53	1642	45	0.04	2366956
44	Bahraich .. ..	1797	134154	56	2396	32	0.07	2181330
45	Sultanpur .. ..	1714	73133	58	1261	30	0.04	1811038
46	Pratapgarh .. ..	1474	102336	94	1089	16	0.07	2256042
47	Bara Banki .. ..	1704	76221	68	1121	25	0.04	1859066
	Faizabad Division .. ..	11077	601408	390	1542	28	0.05	14610967
48	Naini Tal .. ..	865	220563	25	8823	35	0.25	9029658
49	Almora .. ..	786	48359	2	24180	393	0.06	1866410
	Naini Tal Division .. ..	1651	268922	27	996	61	0.16	11496068
	State .. ..	91220	9536390	2425	3933	38	0.10	25737479

## ANNEXURE 6

*District-wise Consumption of Alcohol and receipt from Licence fee and duty on Country Liquor, 1973-74.*

Serial no.	Districts	Licence fee (Rs.)	Per A. L. Licence fee and Duty (Rs. 0.00)	Per A. L. Licence fee (0.00)	Revenue collected per shop (Rs.)	Licence fee per shop (Rs.)	Excise Duty per shop (Rs.)
1	2	10	11	12	13	14	15
1	Dohra Dun .. ..	3135000	26.31	11.15	308386	130625	177761
2	Saharanpur .. ..	5333000	23.83	12.25	288081	148139	139942
3	Muzaffarnagar .. ..	4225675	33.35	17.61	195203	103065	92138
4	Meerut .. ..	7727000	31.18	14.28	411435	188463	222972
5	Bulandshahr .. ..	2562800	26.04	13.75	202254	106783	95471

1	2	10	11	12	13	14	15		
	<b>Meerut Division</b>	..	..	22983475	28·21	13·65	286135	188455	147680
6	Aligarh	..	..	1953100	31·22	15·63	134546	67349	67197
7	Mathura	..	..	1154800	32·59	16·86	139460	72162	67298
8	Agra	..	..	6613500	38·89	21·76	288276	161305	126971
9	Mainpuri	..	..	1030500	23·59	8·90	73850	27851	45999
10	Etah	..	..	941900	29·41	15·01	59510	30384	29126
	<b>Agra Division</b>	..	..	11693600	33·33	17·30	146297	75932	70365
11	Baroilly	..	..	3439300	27·92	11·93	143703	61416	82237
12	Bijnor	..	..	2687000	37·12	20·84	145024	81424	63600
13	Budaun	..	..	1227450	20·78	6·76	73982	24068	49914
14	Moradabad	..	..	2821200	28·84	13·21	162113	74242	87871
15	Shahjahanpur	..	..	2074900	28·67	13·85	148129	71548	76581
16	Pilibhit	..	..	1091650	25·29	9·88	107473	41987	65486
17	Rampur	..	..	1362600	30·78	14·55	93001	43955	49046
	<b>Rohelkhand Division</b>	..	..	14704100	28·07	12·61	124014	55697	68317
18	Farrukhabad	..	..	2029800	25·09	10·74	96725	41424	55301
19	Etawah	..	..	898300	25·70	11·25	97675	42776	54899
20	Kanpur	..	..	7240400	28·78	12·64	171674	75421	96253
21	Fatehpur	..	..	816500	25·40	10·90	35906	15406	20500
22	Allahabad	..	..	6870500	31·85	17·18	148138	79890	68243
	<b>Allahabad Division</b>	..	..	17855500	28·80	13·57	124809	58543	65766
23	Jhansi@	..	..	2909800	20·05	9·33	78119	36372	41747
24	Jalaun	..	..	972325	21·64	11·14	69960	36012	33943
25	Hamirpur	..	..	972720	17·95	7·96	40615	18013	22602
26	Banda	..	..	994200	21·06	11·69	38106	20290	17816
	<b>Jhansi Division</b>	..	..	5849045	20·12	9·65	58090	27853	30237
27	Varanasi	..	..	5257200	28·00	12·05	165068	71043	94025
28	Mirzapur	..	..	2905400	27·21	13·63	69885	35005	34880
29	Jaunpur	..	..	1174930	23·62	8·70	60204	22168	38036
30	Gazipur	..	..	785000	25·26	9·89	40910	16020	24890
31	Ballia	..	..	1015250	27·20	11·41	78084	32750	45334
	<b>Varanasi Division</b>	..	..	11187780	26·90	11·69	88384	38406	49978
32	Gorakhpur	..	..	4790032	24·82	11·89	119029	57024	62005
33	Deoria	..	..	2124600	25·62	9·80	129209	49409	79800
34	Basti	..	..	1298700	25·36	11·18	42100	18553	23547
35	Azamgarh	..	..	1688890	23·59	8·51	80731	29119	51612
	<b>Gorakhpur Division</b>	..	..	9902222	24·81	10·60	90917	38832	52085
36	Lucknow	..	..	4259420	25·42	9·67	287041	109216	177825
37	Unnao	..	..	1686500	24·64	9·65	57412	22487	34925
38	Rae Baroli	..	..	630600	19·84	5·58	25200	7085	18115
39	Sitapur	..	..	1180980	25·91	10·31	58500	23274	35226
40	Hardoi	..	..	1180150	22·20	7·61	67474	23140	44334
41	Kheri	..	..	2533800	16·29	7·64	91584	42946	48638
	<b>Lucknow Division</b>	..	..	11477450	22·23	8·63	81240	31531	49709
42	Faizabad	..	..	2284900	32·17	17·77	67812	37457	30355

1	2	10	11	12	13	14	15
43	Gonda .. ..	127726)	27.21	14.68	44860	24099	2,561
44	Bahraich .. ..	104175)	16.26	7.77	38952	18603	2,349
45	Sultanpur .. ..	727600	24.76	9.95	31225	12543	18682
46	Pratapgarh .. ..	72130)	22.05	7.05	2400)	7673	16327
47	Bara Banki .. ..	753.50	21.39	9.88	27339	11074	16265
FAIZABAD DIVISION		6855760	24.29	11.32	37404	17451	20013
48	Naini Tal .. ..	6253337	43.64	28.35	385186	250133	135053
49	Almora .. ..	1311000	38.59	27.11	933205	655500	277705
NAINI TAL DIVISION		7564337	42.75	28.13	42378)	280161	145019
State .. ..		119373269	26.99	12.58	106134	49474	56060

@ Includes Lalitpur District.

NOTE—Pithoragarh District of Naini Tal Division and Pauri-Garhwal, Tehri-Garhwal, Uttar Kashi and Chamoli districts of Garhwal Division have been excluded as these are dry districts.

Source—(1) Economics and Statistics Directorate U. P. (Projected Population).

(2) Excise Commissioner, U. P.

### ANNEXURE 7

#### Rates of tax prevalent in different districts of the State

District	Rate of duty in Rs. per bulk li. re of strength of	
	36% v/v.	28% v/v.
1	2	3
1. Dehra Dun—		
(a) Towns of Dehra Dun, Rajpura and Mussoorie	7.00	
(b) Rest of the district	6.90	
2. Saharanpur—		
(a) Towns of Saharanpur, Roorkee, Deoband, Laksar, Gangoh and Manglore	7.00	
(b) Rest of the district	6.90	
3. Muzaffarnagar—		
(a) Towns of Muzaffarnagar, Khatauli, Shamli, Purkuzi, Shahpur, Budhana, Jansathi and Mirapur.	7.00	
(b) Rest of the district	6.90	
4. Meerut—		
(a) Towns of Meerut, Ghaziabad, Hapur, Mawana, Modinagar, Moradnagar, Sardhana, Baraut, Baghpat, Garhmukteshwar and Lohara Sarai.	7.00	
(b) Rest of the district	6.90	
5. Bulandshahr—		
(a) Towns of Bulandshahr, Khurja, Sikandrabad, Gulaoti, Debai, Dadri and Siyana	7.00	
(b) Rest of the district	6.90	
6. Aligarh—		
(a) Towns of Aligarh and Hathras	7.00	
(b) Rest of the district	6.90	
7. Mathura—		
(a) Town of Mathura	7.00	
(b) Rest of the district	6.90	
8. Agra—		
(a) Towns of Agra, Firozabad, Tundla and Etmadpur	7.00	
(b) Rest of the district	6.90	
9. Mainpuri—		
(a) Towns of Mainpuri and Shikohabad	7.00	
(b) Rest of the district	6.90	
10. Etah—		
(a) Towns of Etah and Kasganj	7.00	
(b) Rest of the district	6.90	

1	2
11. Bareilly—	
(a) Towns of Bareilly, Baheri, Faridpur, Nawabganj, Khalilpur and Aonla	7.00
(b) Rest of the district	6.90
12. Bijnor—	
(a) Towns of Bijnor, Najibabad, Dhampur and Nagina	7.00
(b) Rest of the district	6.90
13. Budaun—	
(a) Towns of Budaun, Dataganj, Ujhani, Sehagwan, Bisauli, Bilsa and Karkala	7.00
(b) Rest of the district	6.90
14. Moradabad—	
(a) Towns of Moradabad, Sambhal, Chandausi, Sasanpur and Mandi Dhanaura	7.00
(b) Rest of the district	6.90
15. Shahjahanpur—	
(a) Town of Shahjahanpur	7.00
(b) Rest of the district	6.90
16. Pilibhit—	
(a) Towns of Pilibhit, Puranpur and Bisalpur	7.00
(b) The portions of Hazara Police Station bounded on the north by Nepal in the east by tahsil Nighasan of Kheri District and in the south-west by river Sarda.	2.20
(c) Rest of the district	6.90
17. Farrukhabad—	
(a) Town of Farrukhabad	7.00
(b) Rest of the district	6.90
18. Etawah—	
(a) Towns of Etawah, Auraiya and Bidhuna	7.00
(b) Rest of the district	6.90
19. Kanpur—	
(a) Town of Kanpur	7.00
(b) Rest of the district	6.90
20. Fatehpur—	
(a) Towns of Fatehpur and Bindki Road	7.00
(b) Rest of the district	6.90
21. Allahabad—	
(a) Town of Allahabad—	7.00
(b) The portion of Karchana Tahsil, which was formerly Bara Tahsil and the portion of Meja Tahsil which lies south of Allahabad—Mirzapur Railway.	3.50
(c) Rest of the district	6.90
22. Jhansi—	
(a) Towns of Jhansi, Lalitpur and Mauranipur	3.60
(b) Rest of the district	3.50
23. Lalitpur—	
(a) Town of Lalitpur	3.60
(b) Rest of the district	3.50
24. Jalaun—	
(a) Towns of Jalaun, Oraï, Konch and Kalpi	3.60
(b) Rest of the district	3.50
25. Banda—	
(a) Town of Banda	3.60
(b) Rest of the district	3.50
26. Hamirpur—	
(a) Towns of Hamirpur, Rath and Mahoba	3.60
(b) Rest of the district	3.50
27. Varanasi—	
(a) Towns of Varanasi, Ramnagar and Moghalsarai	7.00
(b) Part of the Chakia Tahsil lying south of the line running east-west (4 kilometres south of Nai Basti approximately 24.80 latitude). Through the point where river Karamnasa enters Lehra Patti of Chakia Tahsil at Bihar border.	2.20
(c) Rest of the district	6.90
28. Mirzapur—	
(a) Towns of Mirzapur, Vindhyachal and Chunar	7.00
(b) Hathia Circle of Mirzapur Tahsil and portion of Robertsganj Tahsil which is bounded as follows:	

	1	2	3
From the southern boundary of Barhal Pargana of Robertsganj Tahsil where it touches Rewa District of Madhya Pradesh proceeding east-ward along the pargana boundary to where it touches the Ghaghar River proceeding northward along the western cliff of Ghaghar gorge to the Chandraul reservoir proceeding westward along the reservoir edge to the Chandraul Dam and thence eastward along the reservoir edge to the Hunwa Nala; proceeding up to the bank of the Nala to the Karamnasa cut; proceeding along the Karamnasa cut to the Sylhat reservoir; proceeding along the bank of the Karamnasa River to the place where the river touches the erstwhile Banaras State border			8.50
(c) Robertsganj and Dudhi tahsils excluding areas mentioned in sub-item (b) above and the ou-still area described below:			
Area starting on the right bank of Son Nadi where it enters Robertsganj Tahsil coming up to the confluence of the Rehand and Son Nadi then going on the left bank of Rehand Nadi up to Rehand Dam. Then going on the boundary of Notified Area of Pipri and Mirdhawa where it touches the Railway line going on the Railway tract up the Northern distant signal of Muirpur Road Railway Station, from where a line be drawn in the southern direction touching the point of the south-western boundary of Muirpur going to distance of three kilometres in the south, then after going to a distance of four kilometres in north and then from this point, the line turning towards the west and meeting the starting point at the northern signal then from that signal going along the railway tract to the point where it touches Kanhar Nadi, then from this point a line be drawn in the south direction up to a distance of two kilometres going along the eastern direction, touching the southern boundary of Vindhanganj (Muri Semar) village and then going to the point where it meets the boundary of this Pradesh. Then this line going along the boundary of the Pradesh in the north direction up to the point where the railway line from Vindhanganj crosses into Bihar. From this point going again towards Dudhi along the railway line to the point where the railway track meets Kanhar Nadi is reached, the going along the left bank of Kanhar Nadi to the point where it meets Son Nadi, then going along the right bank of Son Nadi up to the point where it crosses into Bihar.		2.00	
(d) Rest of the district		6.90	
29. Jaunpur—			
(a) Towns of Jaunpur and Mungra Badshahpur		7.00	
(b) Rest of the district		6.90	
30. Ghazipur—			
(a) Towns of Ghazipur, Zamania, Pathkauli, Yusufpur, Muhamdabad, Syedpur, Aurihar and Rauja Rajadepur		7.00	
(b) Rest of the district		6.90	
31. Ballia—			
(a) Towns of Ballia, Rasra, Siar and Sinkandarpur		7.00	
(b) Rest of the district		6.90	
32. Gorakhpur—			
(a) Town of Gorakhpur		7.00	
(b) Portion of Pharenda, Maharajganj Tahsil in Gorakhpur District north of Raghauli, Chumukha, Panera Captainganj Road excluding the village Chumukha, Bahumari, Panera and Partwal lying to the north of the aforesaid area.			3.50
(c) The area bounded in the north by Nepal border line, in the east by Gandak River, in the west by Ghanghi Nadi and in the south running from a point of influx of Dunri Nadi into Ghonghi Nadi (1) along side of bank of river Dunri and (2) thence along the southern boundaries of village Amra, Karaila, Murli, Bennarsia, Karaila, (Ajmarhe), Kasri, Dhurtihwa across the East Lehara State Forest (3) and thence along the north-east boundary line of village Nijhar (Desrath Tola to where it meets the Pyas Nadi), (4) and thence along the bank of Pyas Nadi north of Sonari Forest; (5) thence across Pyas Nadi at the Kishenpur southwards along the western border line of village Bonda, Nairi, Pipraria, Jhalwaria, Bishenpura, Paragadhi, Dudha Dib, Pipra Bali, Damki, Sidhwa Balwa, (6) and thence across the southern boundary line of village Belwa, Amwa across the Nichalaul-Captainganj Road East-ward, (7) and thence along the southern bank of little Gandak River, (8) and thence along the southern boundary line of village Domakhand East and northward to where it joins Gandak River.			2.20
(d) Rest of the district		6.90	
33. Deoria—			
(a) Town of Deoria		7.00	
(b) Portions of Padrauna and Hata tahsils in Deoria District, north of Raghauli-Chumukha Panera, Captainganj Road, excluding the village Chumukha, Bahumari, Panera and Partwal lying to the north of the aforesaid area.			3.50
(c) Rest of the district		6.90	
34. Basti—			
(a) Town of Basti		7.00	
(b) Trans-Rapti Tract			3.50
(c) Rest of the district		6.90	

	1	2	3
35. Azamgarh—			
(a) Towns of Azamgarh and Mau	7.00		
(b) Rest of the district	6.90		
36. Naini Tal—			
(a) Towns of Naini Tal, Haldwani, Rudrapur, Kashipur, Ramnagar, Sittarganj Khatima, Tanakpur and Bazpur.	7.00		
(b) Rest of the district	6.80		
37. Almora	...		3.50
38. Garhwal	...		3.50
39. Lucknow—			
(a) Towns of Lucknow and Telibagh Gaon Sabha	7.00		
(b) Rest of the district	6.90		
40. Unnao—			
(a) Town of Unnao	7.00		
(b) Rest of the district	6.90		
41. Rae Bareilly—			
(a) Towns of Rae Bareilly, Salon, Dalmau, Lalganj, Maharajganj, Bachhrawan and Jais	7.00		
(b) Rest of the district	6.90		
42. Sitapur—			
(a) Town of Sitapur	7.00		
(b) Rest of the district	6.90		
43. Hardoi—			
(a) Towns of Hardoi, Bilgram, Sandi, Pihani and Shahabad	7.00		
(b) Rest of the district	6.90		
44. Kheri—			
(a) Towns of Lakhimpur-Kheri, Mohanfdji and Gola Gokaranath	7.00		
(b) The entire tahsil of Nighasan	...		2.20
(c) Rest of the district	6.90		
45. Faizabad—			
(a) Towns of Faizabad and Ajudh'a	7.00		
(b) Rest of the district	6.90		
46. Gonda—			
(a) Town of Gonda	7.00		
(b) The entire Trans-Rapti area of Balrampur Tahsil	...		2.20
(c) Rest of the district	6.90		
47. Bahraich—			
(a) Town of Bahraich	7.00		
(b) (i) The area lying north and north-west of Sarju River up to the point where it cuts the Nanpara-Katarniaghat Railway line, and			
(ii) The area lying north of Sarju River and Bhakla River and Bhinga Behangani Katcha Road connecting the two points where it cuts the aforesaid rivers.	...		2.20
(c) Rest of the district	6.90		
48. Sultanpur—			
(a) Town of Sultanpur	7.00		
(b) Rest of the district	6.90		
49. Pratapgarh—			
(a) Town of Pratapgarh	7.00		
(b) Rest of the district	6.90		
50. Bara Banki—			
(a) Town of Bara Banki	7.00		
(b) Rest of the district	6.90		
51. Rampur—			
(a) Towns of Rampur and Biluspur	7.00		
(b) Rest of the district	6.90		

	1	2	3
59. Tehri-Garhwal			8.50
58. Chamoli			8.50
54. Pithoragarh			8.50
55. Uttar Kashi			8.50

*Explanation*—(1) For the purposes of this notification expression "Town" shall be deemed to include the area within the limits of Nagar Mahapalika, Municipality, Town Area or Notified Area, the area within the Cantonment limits as the case may be, and all places within a distance of two miles from any point from such limits:

Provided the Lilmatha village situated within a distance of two miles of the Lucknow Cantonment limits shall be deemed to be included in the area defined in item 39(b):

Provided further Jhusi Town and Malakaharhar village situate within a distance of two miles of Allahabad Corporation limits shall be deemed to be included in the area defined in item 21(c).

(2) (a) Where a rate of duty for a town is not given separately but only the rate of duty for district is given, the latter will apply to the town as well.

(b) When manufactured at distillery in Uttar Pradesh:

(c) When imported in bond:

(d) When issued from a distillery or bonded warehouse in Uttar Pradesh to a regimental unit stationed in Uttar Pradesh:

Duty is payable before issue from the distillery or bonded warehouse concerned save in the case of issue under bond.

II. On both "Ordinary spiced country spirit" and "fruit spiced country spirit" when transported from any distillery or bonded warehouse in Uttar Pradesh to the premises of a licensed vendor:

Place

Rate of duty per  
bulk litre of the  
nominal strength  
of

86% v/v

Throughout Uttar Pradesh

7.70

Duty is payable before issue from the distillery or bonded warehouse concerned save in the case of issue under bond.

### ANNEXURE 8

#### Foreign Liquor

Number	Description of form	
1	2	
F. L. 10	...	Licence for the vend. of foreign liquor by auction.
F. L. 11	...	Occasional licence for retail vend of foreign liquor (other than denatured spirit) at public entertainments.
F. L. 12	...	Special bar licence for retail vend of foreign liquor (other than denatured spirit) at public entertainments of a more or less permanent nature.
F. L. 13	...	Statement showing sales of foreign liquor during the previous year and the amount of licence fees assessed for previous years and advance to be realised for the current year.
F. L. 14	...	Licence for the sale of rectified spirit of wine by chemists and druggists.
F. L. 15	...	Licence granted to chemists, druggists and medical practitioners for the sale of tonics or medicated wines, manufactured in Uttar Pradesh, as contain 20 per cent or over but under 42 per cent of proof spirit and also those of such tonics or medicated wines, imported from outside Uttar Pradesh, as are not listed in the Schedule of restricted preparations appended to the Medicinal and Toilet Preparations (Excise Duties) Rules, 1956.
F. L. 16	...	Licence for the wholesale vend of denatured spirit.
F. L. 17	...	Licence for retail sale of denatured spirit.
F. L. 1	...	Manufacturer's licence for the wholesale vend of foreign liquor other than denatured spirit manufactured by himself to licensed wholesale vendors of foreign liquor only.
F. L. 2	...	Licence for wholesale vend of foreign liquor (other than denatured spirit) to licensed wholesale and retail vendors and to <i>bona fide</i> clubs and messes.
F. L. 3	...	Licence for the bottling of foreign liquor.
F. L. 4	...	Shop licence for retail vend of foreign liquor (other than denatured spirit) for consumption both on and of the premises.
F. L. 5	...	Shop licence for retail vend of foreign liquor (other than denatured spirit) for consumption of the premises only.
F. L. 6	...	Licence for retail vend of foreign liquor (other than denatured spirit).
F. L. 7	...	Licence for retail vend of foreign liquor (other than denatured spirit) at restaurants and hotel bars.
F. L. 8	...	Licence for retail vend of foreign liquor (other than denatured spirit) at railway refreshment rooms or in dining cars.
F. L. 9	...	Licence for retail vend of foreign spirit and foreign fermented liquor under the military "canteen tenant" system.

Source:—Excise Commissioner, U. P.

## ANNEXURE 9

Rates of duty and licence fee on foreign liquors and wines, 1969-70 to 1974-75

Year	Duty on Indian made foreign liquor	Export duty on I.M.F.L.	Duty on wines	Concessional duty on Military Rum
1	2	3	4	5
1969-70	From 19-8-'68 Rs.15 per L.P.L. From 1-8-'69 Rs.21. per L.P.L.	From 19-8-'68 25 paise per L.P.L.	From 1-4-'62 Sparingling wines Rs.2-31 per litre all others 1-32 per litre.	Rs.5-94 per L.P.L.
1970-71	Ditto	Ditto	Ditto	From 1-4-'70 Rs.7-00 per L.P.L. Ditto.
1971-72	Ditto	Ditto	Ditto	Ditto.
1972-73	From 25-10-'72 Rs.37 per litre of alcohol.	From 1-12-'72 Rs.1-10 per L.P.L.	Ditto	From 25-10-'72 Rs.12-50 per alcoholic litre
1973-74	Ditto	From: April 1973 25 paise per L. P. Litre on bulk spirit and 15 paise per L.P.L. litre on bottled spirit.	Ditto	Ditto.
1974-75	From 27-3-'74 Rs. 40 per A.L.	From 27-3-'74 Rs. 0-70 per A.L. from 16-4-'74 Rs.1-75 per A.L. Bulk Rs.1-32 per bottle.	Ditto	Ditto.

## Licence fees

Year	Wholesale			Retail				Bottling Fees
	F.L 1	F.L 12	F.L. 4,6,7,8,12	F.L. 9	F.L.9	F.L.9-A		
1	6	7	8	9	10	11	12	
1969-70	From 1-10-'65 fixed fee of Rs. 200 per annum.	From 1-5-'67 Rs.4-50 per Qt. for sale to licenced vendor Regimental clubs Rs.5-75 per Qt. for sale to clubs.	From 1-5-'67 Rs.1-50 per Qt.	From 1-5-'67 Rs. 1-00 per Qt.	From 1-10-'65 Rs.4 per B.G.	Rs.0-37 paise per Qt Bottle.	14 paise per bottle subject to a minimum of Rs. 500.	
1970-71	Ditto	From 1-4-'70 Rs.4-80 per Qt. bottle for sale to licenced vendors and Regimental clubs Rs.7-25 per Qt. on sale to clubs.	From 1-4-'70 Rs.3-00 per Qt. bottle.	From 1-4-'70 Rs.2-00 per Qt. bottle.	Ditto	Ditto	Ditto.	
1971-72	Ditto	Ditto	Ditto	Ditto	Ditto	Ditto	Ditto.	
1972-73	Ditto	Ditto	Ditto	Ditto	Ditto	Ditto	Ditto.	
1973-74	Ditto	Ditto	Ditto	Ditto	Ditto	Ditto	Ditto.	
1974-75	From 27-3-'74 fixed fee of Rs.5,000 per annum.	From 27-3-'74 fixed fee of Rs.2,500 and (a) Rs.5 for sale of vendors (b) Rs.10 per bottle for sale to clubs.	From 27-3-'74 fixed fee-F.L. 4 Rs.6,000 7,8, 12 (sale up to 5,000) per annum Rs.4,000 for every increases of 5,000 litre in sale.	From 27-3-'74 Rs.3,000 fixed upto 5,000 bottle. For every increase of 5,000 bottle Rs.2,000 assessed fee 3 per bottle minimum 500 per annum.	Ditto	Ditto	From 27-3-'74 Rs.0-25 per bottle.	
	<i>Assessed Fee</i>	<i>Minimum Fee</i>						
F.L. 4	Rs.5-00	bottle 2,500	F. L. 6 Hotels recognised by tourists and Dev. Department. For sale up to 5,000 bottle per annum 4,500. For sale exceeding 5,000 bottle for every 5,000 bottle or fraction Rs.3,000. Other Hotels for sales up to 5,000 bottles Rs.3,750. For sale exceeding 5,000 bottles—for every 5,000 bottles or fraction thereof 2,500.					
F.L. 6	4-00	.. (a) 500 (b) 250						
F.L. 7	4-00	.. 500						
F. L. 8	4-00	.. 250						
F. L. 12	4-00	Ist Class City 2,500 IInd Class City 1,000.						

Source—Excise Commissioner, U. P.

## ANNEXURE 10

## Rates of duty and licence fees—Beer, 1969-70 to 1974-75

Year	Duty on beer, Ale porter, Cider and other fermented liquor	Export duty on beer	Licence Fee				Bottling fees
			Whole sale		Retail		
			F. L. 1 per Qt. bottle	F. L. 2 per Qt. bottle	F. L. 4,6,7, 8 and 12 per Qt. bottle	F. L. 5 per Qt. bottle	
1	2	3	4	5	6	7	8
1969-70 ..	From 1-12-'68 (a) In barrels or other containers containing 750ML or more-86 paise per litre. (b) In bottles containing not less than 570 M.L. but not more than 750 M.L.-50 paise per bottle.	From 1-10-'65 11 paise per B.L.	From 1-10-'65 fixed fee of Rs.200 and an additional fee of 3p per B. C. for sale of fermented liquor to troops.	From 1-5-'67 (a) for sale to licensed vendors 56 paise per bottle (b) for sale to clubs 77 paise per bottle.	From 1-5-'67 21 paise per bottle.	Rs.0.08 per reputed Qt. bottle	At an uniform rate of 5 paise per bottle subject to a maximum of Rs.200 per annum.
1970-71 ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto.
1971-72 ..	From 7-9-'71 (a) 1-32 per litre. (b) 1-00 per bottle.	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto.
1972-73 ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto.
1973-74 ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto.
1974-75 ..	Ditto ..	From 27-3-'74 20 paise per B. L. From 16-4-'74 1-70 per B.L. From 3-6-'74 1-15 paise per B. L. or 75 paise per B. L.	From 27-3-'74 fixed fee of Rs.5,000 per annum and 3 paise per litre in case of sale of Regimental troops.	From 27-3-'74 fixed fee of Rs.2,500 and (a) Rs.0-60 sale to vendors. (b) Rs.0-90 for sale to clubs.	From 27-3-'74 fixed fee and minimum fee same as given in annexure IX. Assessed fee 0-37 paise per bottle.	From 27-3-'74 fixed fee and minimum fee same as given in Annexure IX. Assessed fee 0-10 paise per bottle.	From 27-3-'74 bottling fee at a uniform rate of 25 paise per bottle of 650 M.L. and 10 paise per bottle of 325 M.L. capacity subject to a minimum of Rs.500 per annum or part thereof.

NOTE—A new licence fee for form F. L. 7-A has been introduced since 27-3-'74. Fixed fee for this licence is Rs.1,000, assessed fee 0-30 per bottle and minimum fee is Rs.250 per annum.

Source—Ex. Commissioner, U. P.

ANNEXURE 11

Rates of tax, vend fees and licence fees on denatured spirit, 1969-70 to 1974-75

Denatured spirit

Year	Vend Fees	Export Pass fee	Administrative levy	Licence fees	
				Wholesale F.L. 16	Retail F.L. 17
1	2	3	4	5	6
1969-70 ..	Rs.1-10 per B.L. from 1-7-'65.	10 Paise per B. L. from 19-8-'68.	Rs.7-50 per Kilolitre.	From April, 1965 (a) for sales not exceeding 10,000 litres per annum Rs.200. (b) For sales exceeding 10,000 litres per annum the fee shall be increased by Rs.100 for every 5,000 litres or fraction thereof.	From April 1, 1965 (a) For sales not exceeding 2,000 litre per annum Rs.100 per annum. (b) For sales exceeding 2,000 litres but not 3,000 litres per annum Rs.150 per annum. (c) For sales exceeding 3,000 litres but not exceeding 4,000 litres per annum Rs.200 per annum. (d) For sales exceeding 4,000 litres—The fee shall be increased by Rs.100 for every additional 1,000 litres or fraction thereof.
1970-71 ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..
1971-72 ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..
1972-73 ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..
1973-74 ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..
1974-75 ..	Ditto ..	From 27-3-'74 Rs. 1-00 per B.L.	Rs. 7-50 per kilolitre.	From 27-3-'74 : (a) For sales not exceeding 2000 litres per annum Rs.1,000. (b) The fees shall be increased by Rs.500 for every increase of 5,000 litres in sale.	From 27-3-'74: (a) For sales not exceeding 2000 litres per annum Rs.500. (b) For sales exceeding 2,000 litres but not exceeding 3,000 litres Rs.750. (c) For sales exceeding 3,000 but not exceeding 4,000 litres. Rs.1,000 per annum. (d) For sales exceeding 4,000 litres per annum the fee shall be increased by Rs.500 for every additional 1,000 litres or fraction thereof.

Source—Excise Commissioner, U. P.

ANNEXURE 12

Permit fee on import of foreign liquor, 1969-70 to 1973-74

Year	Indian made Foreign Liquor				Overseas Foreign Liquor into Scheduled Areas			
	Foreign Spirits		Beer		Foreign Spirit		Beer	
	By licenced vendors	By individuals and clubs	By licenced vendors	By individuals and clubs	By licenced vendors	By individuals and clubs	By licenced vendors	By individuals and clubs
1	2	3	4	5	6	7	8	9
1969-70 ..	From 28-4-67 Rs.4-25 per Qt. bottle.	Rs.5-75 per Qt. bottle.	Rs.0-56 per Qt. bottle.	Rs.0-70 per Qt. bottle.	Rs.0-25 per Qt. bottle.	Rs.5-75 per Qt. bottle.	Rs.0-56 per Qt. bottle.	Rs.0-77 per Qt. bottle.
1970-71 ..	Ditto ..	From 1-4-70 Rs.7-25 per bottle.	Ditto ..	From 1-4-70 Rs.0-77 per bottle.	Ditto ..	From 1-4-70 Rs.7-25 per bottle.	Ditto ..	Rs.0-77 per bottle.
1971-72 ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..
1972-73 ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..
1973-74 ..	From 27-3-74 Rs.5-00 per bottle.	From 27-3-74 Rs.10-00 per bottle.	From 27-3-74 Rs.0-60 per bottle.	From 27-3-74 Rs.0-90 per bottle.	From 27-3-74 Rs.6-00 per bottle.	From 27-3-74 Rs.10-00 per bottle.	From 27-3-74 Rs.0-60 per bottle.	From 27-3-74 Rs.0-40 per bottle.

Source—Excise Commissioner, U. P.

## ANNEXURE 13

Consumption of foreign liquor and beer in various districts 1971-72.

Serial no.	Name of District	Urban population of the district as on March 1, '72 ('000)	Country made foreign liquor		Country made beer	
			Total Consumption (in bottles)	Per capital consumption (in bottle)	Total consumption (in B. L.)	Per capita consumption (in B. L.)
1	2	3	4	5	6	7
1	Dehra Dun .. .. .	280	75486	0.27	240959	0.86
2	Saharanpur .. .. .	494	43113	0.09	83052	0.17
3	Muzaffarnagar .. .. .	257	6186	0.02	82920	0.32
4	Meerut .. .. .	844	282199	0.33	669668	0.79
5	Bulandshahr .. .. .	282	6044	0.02	5691	0.02
	<b>Meerut Division</b> .. .. .	<b>2157</b>	<b>413029</b>	<b>0.19</b>	<b>1082290</b>	<b>0.50</b>
6	Aligarh .. .. .	386	N.A.	..	N.A.	..
7	Mathura .. .. .	217	2044	0.01	17426	0.08
8	Agra .. .. .	864	N.A.	..	N.A.	..
9	Mainpuri .. .. .	126	2522	0.02	2375	0.02
10	Etah .. .. .	157	2738	0.02	9885	0.06
	<b>Agra Division</b> .. .. .	<b>1750</b>	<b>7834</b>	<b>0.01</b>	<b>29686</b>	<b>0.06</b>
11	Bareilly .. .. .	404	9520	0.02	18148	0.04
12	Bijnor .. .. .	278	29597	0.11	10020	0.04
13	Budaun .. .. .	158	1461	0.01	18175	0.12
14	Moradabad .. .. .	592	13840	0.02	14867	0.03
15	Shahjahanpur .. .. .	200	4681	0.02	10344	0.05
16	Pilibhit .. .. .	105	1031	0.01	3266	0.03
17	Rampur .. .. .	179	1284	0.01	2763	0.02
	<b>Rohilkhand Division</b> .. .. .	<b>1916</b>	<b>61414</b>	<b>0.03</b>	<b>77583</b>	<b>0.04</b>
18	Farrukhabad .. .. .	173	685	0.00	2198	0.01
19	Etawah .. .. .	146	N.A.	..	5755	0.04
20	Kanpur .. .. .	1311	282529	0.22	167783	0.13
21	Fatehpur .. .. .	75	N.A.	..	N.A.	..
22	Allahabad .. .. .	552	124143	0.22	97146	0.18
	<b>Allahabad Division</b> .. .. .	<b>2257</b>	<b>407857</b>	<b>0.20</b>	<b>272882</b>	<b>0.12</b>
23	Jhansi .. .. .	328	28274	0.09	21496	0.07
24	Jalaun .. .. .	115	867	0.01	2540	0.02
25	Hamirpur .. .. .	102	N.A.	..	..	..
26	Banda .. .. .	102	1589	0.02	2142	0.02
	<b>Jhansi Division</b> .. .. .	<b>647</b>	<b>30780</b>	<b>0.06</b>	<b>26178</b>	<b>0.04</b>
27	Varanasi .. .. .	733	N.A.	..	N.A.	..
28	Mirzapur .. .. .	190	3875	0.02	17787	0.09
29	Jaunpur .. .. .	129	1825	0.01	N.A.	..
30	Ghazipur .. .. .	72	319	0.00	1544	0.02
31	Bellia .. .. .	76	..	..	N.A.	..

1	2	3	4	5	6	7
	Varanasi Division	1200	6019	0.01	19331	0.07
32	Gorakhpur	246	9400	0.04	14570	0.06
33	Deoria	86	7273	0.08	14179	0.16
34	Basti	79	N.A.	..	N.A.	..
35	Azamgarh	153	391	0.00	899	0.01
	Gorakhpur Division	564	17064	0.04	29657	0.06
36	Lucknow	840	486946	0.58	N.A.	..
37	Unnao	39	N.A.	..	N.A.	..
38	Rae Bareilly	52	717	0.01	2547	0.05
39	Sitapur	144	N.A.	..	23222	0.16
40	Hardoi	150	2188	0.01	15817	0.11
41	Kheri	94	4762	0.05	23838	0.25
	Lucknow Division	1319	494613	0.44	65424	0.15
42	Faizabad	189	1030	0.01	4856	0.03
43	Gonda	133	1785	0.01	4654	0.03
44	Bahraich	104	72	0.00	331	0.00
45	Sultanpur	33	N.A.	..	N.A.	..
46	Pratapgarh	29	476	0.02	6952	0.24
47	Bara Banki	97	941	0.01	2241	0.02
	Faizabad Division	585	4304	0.01	19084	0.03
48	Naini Tal	183	27452	0.15	33676	0.18
49	Almora	40	29814	0.75	7921	0.20
50	Pithoragarh	13	N.A.	..	N.A.	..
	Naini Tal Division	236	57266	0.26	41597	0.19
51	Garhwal	36	N.A.	..	N.A.	..
52	Tehri-Garhwal	11	898	0.08	72	0.01
53	Uttarkashi	6	..	..	..	..
54	Chamoli	13	..	..	..	..
	Garhwal Division	66	898	0.03	72	0.00
	State	12897	1500027	0.15	1663734	0.18

NOTE:—The per capita consumption at divisional level has been calculated on the basis of the districts for which the consumption figures are available.

Source : 1. Economics and Statistics Directorate, U. P. (Projected Population).

2. Excise Commissioner, U. P.

## ANNEXURE 14

### Interim report on the Export Duty of the Beer

The Government of Uttar Pradesh vide notification no. 3124E/XIII—386-74, dated April 16, 1974, increased the Export duty on beer from 11 paise to Rs.1.70 per bulk litre, i.e. from 7 paise to Rs.1.10 per bottle. They also increased vide notification no. 25537, dated March 24, 1974 bottling fee on beer from 5 paise to 25 paise per bottle of 650 ml. size. The beer manufacturers of U. P. made a representation to the Government against these increases. The Government referred this matter to the Taxation Enquiry Committee as one in which in view of the urgency of the matter it should make an interim recommendation. The Committee interviewed the Excise Secretary and the Excise Commissioner on May 6, 1974, and discussed the rationales of these steps. It appeared that in making these

increases the Excise Department was actuated by two major considerations:

(1) Popularisation of beer consumption in Uttar Pradesh and making available sufficient supplies for meeting the demand in the State; and

(2) Raising more revenues.

2. The increase in Export Duty on beer is expected to yield Rs.3.1 crores and the increased bottling fee on beer and other foreign liquors Rs.80 lakhs. The representatives of the Excise Department stated that since for every bottle of beer consumed in Uttar Pradesh the revenue accruing to the State was Rs.1.70 (excluding fees which were the same

for both home-consumed beer and beer exported), the export of a bottle outside the State before the present enhancement involved a loss of revenue to the State of Rs.1.63. They would, therefore, welcome a diversion of beer sales to the U. P. market but would be against steps which adversely effected the production of beer in U. P. and harmed revenue proceeds from this source. They also maintained that the all-India demand for beer and the position of U. P. beer in the Indian market were such that a much higher Export Duty on beer than 7 paise could be borne. It was keeping these considerations in view that they had increased the Export Duty on beer to Rs.1.10 a bottle compared with the duty on domestic consumption of Rs.1.70.

3. Messrs. Mohan Meakin and Mohan Goldwater gave a representation to the Chairman. The representatives of these firms and of the Narang Breweries were called on the afternoon of May 6, 1974. Their main contention was that they did not enjoy any special advantage in Uttar Pradesh with regard to the raw materials whereas the Excise Department had contended that they had such an advantage insofar as water and barley were concerned. Sri Kapil Mohan of Mohan Meakin stated that in their Ghaziabad unit they had to bring water from a distance of five miles which had to be softened before use. They had to purchase packing materials from outside the State. Sri Lal, the representative of Narang Breweries, argued that the cost of production of beer in States like Maharashtra was lower due to the ready availability of bottles, spare parts and crown corks. The representatives of the beer industry maintained that there was no shortage of beer as such in the Indian market and only certain brands were in very high demand and the additional burden amounting to Rs.1.23 per bottle on account of increase in Export Duty and in bottling fee would have a crippling effect on their exports. They pointed out that a large number of breweries were being set up in other States which gave several facilities to them and levied no or little Export Duty and no bottling fee. Sri Kapil Mohan further stated that the beer manufacturers could at best be asked to pay the highest Export Duty that was being levied by other States.

4. The Committee asked for some more information about the licenced capacity, actual production, exports to other States, actual and potential competition in export market, selling arrangements, etc., from the Excise Department and beer manufacturers. Both the parties, we are glad to note, co-operated in the enquiry and sent in much of the required information. Additional information was also obtained by the office of the Committee. There was, however, paucity of data regarding the regional consumption, cost of production of different producers and the likely trend of prices in the Indian beer market. We record below our impressions and findings based on these data.

5. Both the U. P. producers export an overwhelming proportion of their production outside Uttar Pradesh (Appendix 'A'). Beer imports from other States into U. P. are of a very small quantity (Appendix 'B'). The U. P. Market for beer is not at present large enough to absorb the production of U. P. breweries. It is also clear that with all possible increases in consumption due to greater availability and greater popularisation of beer, in the near future the U. P. market can absorb only a small proportion of beer produced in U. P. The demand for beer in U. P. has the further inherent limitation of being seasonal so that total dependence on it will make for only seasonal breweries. The Market for beer in the South is more stable over the seasons. Orders have already been passed reserving a portion of U. P. beer production for the U. P. market, that portion can be raised, if necessary. The beer producers have argued before us that they would not for the sheer pleasure of it like to neglect a nearer market for remote ones and they only exported because they had to. The representatives of Mohan Meakin have assured us that they would be prepared to satisfy the claims of the U. P. market on a priority basis. We would, not, therefore, place much credence in the need for the pull in favour of the home market that this increase in export duties may have nor think it advisable on this ground.

6. The major question, therefore, before the Committee is: can the breweries in U. P. pay a high export duty which their local competitors in importing States have not to give and which their other exporting competitors may not have to pay (Appendix 'C'). According to the data that we could obtain the major importers of U. P. beer are Maharashtra, Andhra Pradesh, West Bengal, Delhi, Rajasthan and Karnataka (Appendix 'D') but we have no detailed information about total beer consumed in the States and their imports from and possible exports to other States. From the all India production data it is seen that U. P. occupies an important position in the beer market. The Production of beer in the State accounts for about half of that in India. The only major beer producer outside U. P. is in Karnataka (Appendix 'E'). There are a few units in production which have not reached their licenced capacity and are, therefore, free to increase their production. Nine more units have been issued letters of intent licences for a capacity of 44,000 Kls. Twenty-four units with a capacity of 1,03,500 Kls. have been registered with the D. C. T. D. (Appendix 'F'). No reliable data are available regarding units being set up in the small scale sector. It is suggested by the Planning Commission that beer production in the fourth Five-year Plan, should grow at a rate of 11 per cent per year. It will, however, take some time for these new units to get into full stride and make their brands known so as to challenge the established beer manufacturers of U. P. There is no likelihood of the existing U. P. producers manufacturing and exporting much more in the next 2-3 years. Though the licenced capacity of Mohan Meakin in Mohan Nagar is 4091 Kls. the factory produced 17581 Kls. in 1973-74. An application was made by them for regularisation of their capacity at the level of 13,000 Kls. on the ground that they had increased the production by introducing technical improvement without any imports. They had also applied for permission for substantial expansion to take this capacity to 25,000 Kls. Both these applications have not been granted yet. It has been decided by the Government of India that no further licences would be given for the beer industry. Since 1968, beer consumption as judged from production figures (Appendix 'G') has been expanding rapidly due to relaxation in the policy of prohibition in some States, increase in income specially in rural areas and changes in tastes. While no reliable estimates of current or projected demands are available, the forces leading to growth of beer consumption will continue.

Considering these factors and the in-bond and retail prices, and the margins between the in-bond and retail prices of beer in U. P. (Appendix 'H') we see that the U. P. producers will be in a position to bear a much heavier export tax than was prevalent before March. It, however, seems to us that enhancement made in March and April which now takes the level of Export Duty on beer to more than one third of the in-bond prices of certain popular brands of beer is unduly heavy and needs some reduction.

8. An Export Duty resting on comparative advantage has to be used with great delicacy and care and needs to be reviewed periodically. In order that this function should be adequately discharged the Excise Department should make a careful study of the all-India beer market and keep in touch with the trends in it so that it may be possible to take steps in time and avoid the adverse effects of a substantial Export Duty when the beer market turns more competitive.

9. There is a wider aspect of the question, viz. the political and economic advisability of a State levying a substantial Export Duty on intoxicating drinks in the context of the general prohibition on the State's power to levy an Export Duty on sales and the present maximum export tax under the Central Sales Tax Act being leviable at 8 per cent. We do not feel, as a Committee, we have sufficient competence to go into this wider aspect, and have only judged the question from the view point of augmentation of State's Financial resources within the constitutional powers given to it.

In view of the considerations we have analysed above, we recommend that the Export Duty and Bottling Fee taken together should be Re.1 (Rupee one only) per bottle.

(Sd.) D. T. Lakadawala,  
29-5-74.

Chairman  
U. P. Taxation Enquiry  
Committee.

(Sd.) N. P. Bhatnagar,  
29-5-74.

Member  
U. P. Taxation Enquiry  
Committee.

(Sd.) G. D. Pant,  
29-5-74.

Member  
U. P. Taxation  
Enquiry  
Committee.

(Sd.) J. L. Bajaj  
29-5-74.

Member Secy  
U. P. Taxation  
Enquiry Committee.

## APPENDIX A

Statement showing production and issues for  
U. P. consumption and for exports  
(in lakh litres)

Year	Issues			Total
	Production	For U. P.	For Ex-ports	
1970-71	192.28	15.05	143.33	158.38
1971-72	218.13	14.41	165.67	180.08
1972-73	256.08	18.65	213.25	232.00
1973-74	225.37	25.40	197.36	222.76

Source—Excise Commissioner, U. P.

## APPENDIX B

Imports and sale of beer from other States in  
certain districts of U. P.

Imports of beer

District	(in bottles)		
	1971-72	1972-73	1973-74
Meerut	8,400	21,200	25,200
Varanasi	37,500	45,000	..
Lucknow	..	..	..
Kanpur	30,600	15,000	..
Allahabad	16,800	..	8,400
Sales of beer			
Meerut	..	..	6,75,321
Varanasi	3,10,923	3,888	..
Lucknow	6,71,840	9,35,619	13,60,000
Kanpur	83,422	2,70,797	2,13,694
Allahabad	77,063	1,07,094	1,37,743

Source—Secretary Excise, U. P.

## APPENDIX C

Export duty and bottling fee on beer  
in different States (per bottle)

Sl. No.	Bottling fee	Export duty	Remarks
	paise	paise	
1. Andhra Pradesh	..	22	
2. Himachal	..	20	
3. Karnatak	..	83	Managing Director, Mohan Meakin informed that the increased Export fee had been struck down by the Bangalore High Court.
4. Madhya Pradesh	..	10	
5. Maharashtra	..	16.5	
6. Jammu & Kashmir	..	10	

Sl. no.	Bottling Fee	Export duty	Remarks
7. Uttar Pradesh	..	110	
8. West Bengal	..	13	
9. Punjab	..	..	
10. Kerala	..	..	
11. Tamil Nadu	..	13	

Source : Secretary Excise, U. P.

## APPENDIX D(i)

State-wise export of beer from Mohan Meakin  
Breweries Ltd., Mohan Nagar & Gold Water  
Brewery, Lucknow

Name of State and other territories	Quantity of Beer Exported 1973-74			Total
	Mohan Water Lucknow	Gold Brewery, Lucknow	Mohan Meakin Brewery, Mohannagar Ghaziabad.	
1. Andhra Pradesh	8.24	25.29	33.53	
2. Jammu & Kashmir	0.58	1.17	1.75	
3. Kerala	0.95	..	0.95	
4. Rajasthan	3.07	11.65	14.72	
5. Delhi	2.27	15.29	17.56	
6. Chandigarh	0.40	..	0.40	
7. Tamil Nadu	5.00	5.72	10.72	
8. Pondicherry	..	..	..	
9. West Bengal	0.14	17.26	17.40	
10. Assam	0.30	4.45	4.75	
11. Manipur	0.09	..	0.09	
12. Nagaland	0.38	..	0.38	
13. Meghalaya	..	..	..	
14. Karnatak	..	15.30	15.30	
15. Himachal Pradesh	..	0.04	0.04	
16. Haryana	2.61	5.09	7.70	
17. Maharashtra	15.33	33.69	49.02	
18. Punjab	6.78	5.20	11.98	
19. Madhya Pradesh	0.65	..	0.65	
20. Bihar	2.84	5.22	8.04	
21. Orissa	0.49	2.70	3.19	
22. Gujarat	..	1.17	1.17	
23. Goa	..	8.02	8.02	
Total	50.14	157.24	207.48	

Source : Excise Commissioner, U. P.

**APPENDIX D(ii)**  
*State-wise exports of beer from Narang  
Breweries, Nawabganj, Gonda  
during 1973-74*

Sl. no	State	(In lakh bulk liters)
1.	Andhra Pradesh .. ..	2.69
2.	Jammu & Kashmir .. ..	0.66
3.	Rajasthan .. ..	1.95
4.	Delhi .. ..	2.80
5.	West Bengal .. ..	0.59
6.	Assam .. ..	0.31
7.	Haryana .. ..	2.61
8.	Maharashtra .. ..	12.31
9.	Punjab .. ..	2.13
10.	Himachal Pradesh .. ..	0.89
11.	Bihar .. ..	1.31
12.	Orissa .. ..	0.33
Total		28.58

Source—Narang Breweries.

**APPENDIX E**  
*Production of beer in the country*

Name of Brewery	Capacity (Kilo-litres)	Production in (Kilo-litres)	
		1971 (Actual)	1972 (Provisional)
1. Messrs. Mohan Meakin Breweries, Mohannagar, U. P.	4,091	12,418	15,062
2. Messrs. Mohan Gold water, U. P.	5,000	3,896	4,896
3. Messrs. Narang Breweries.	2,500	2,614	2,520
Total ..	11,591	18,928	22,478
4. Messrs. M. M. Solan	5,455	3,413	5,351
5. Messrs. United Breweries.	8,183	8,305	12,178
6. Messrs. Huttonjee & Co. Ltd.	3,273	3,319	3,804
7. Messrs. Associated Breweries.	2,000	271	464
8. Messrs. Pilamner Breweries.	2,500	1,533	4,235
9. Messrs. Bangalore Breweries.	5,000	647	1,200
10. Messrs. Dewans Modern Breweries.	4,840	..	559
11. Messrs. Lila Sons Breweries, Bhopal.	4,000	..	567
12. Hindustan Breweries, Bombay.	5,000		
13. Premier Breweries, Kerala.	5,000		
14. Skol Breweries, Bombay.	5,000		
15. Mohan Koohy, Bombay	5,000		
16. Keserval Breweries, Goa.	1,500		
17. High Range, Kerala	1,500		
GRAND TOTAL ..	69,842	36,416	50,886

**APPENDIX F**  
*List of Breweries Licensed*

Name of Unit	Capacity Kls.
1. Shri A. K. Ghosh Valley View Brewery, Bihar.	4000
2. Shri N. K. Mahapatra, Orissa	5000
3. Shri D. Kumar Mahajan ..	5000
4. Punjab State Industrial Corporation ..	5000
5. Haryana State Industrial Corporation	5000
6. N. K. Jododia .. ..	5000
7. Anil Brothers .. ..	5000
8. Brewery India Private India, Kerala ..	5000
9. Sika Breweries .. ..	5000
44,000	

*List of Registered Units—*

10. Prahladrai Dalmia .. ..	5000
11. Madhu Breweries, Madhya Pradesh	2500
12. Sanghi Motors Private Limited, Maharashtra.	5000
13. Vijai Breweries, Himachal Pradesh ..	8000
14. Mysore Breweries Private Limited, Mysore	5000
15. Bagai Food & Breweries (P) Ltd., Bihar	5000
16. Bohrug Lager Brewery, Maharashtra	5000
17. V. S. Balakrishna, Andhra Pradesh ..	5000
18. Saraya Distillery, Uttar Pradesh ..	5000
19. Central Distillery, Uttar Pradesh ..	5000
20. West Coast Brewery & Distillery, Maharashtra.	5000
21. Emsu Breweries, Bihar .. ..	3000
22. Jai Agro Industries, Rajasthan ..	5000
23. National Brewery, Assam .. ..	2500
24. Essar Construction Carrier Limited, Pondicherry.	5000
25. Artos Breweries Limited, Andhra Pradesh	2000
26. Verkey Georgeo, Kerala .. ..	5000
27. Mohan Sbiwalik, Chandigarh .. ..	5000
28. P. K. Chakarvarty Limited, Himachal	3500
29. Premnath Monga, Uttar Pradesh ..	5000
30. Associated Breweries, Maharashtra ..	5000
31. Modern Breweries, Gwalior, Madhya Pradesh.	5000
32. Vindale Distillery .. ..	2000
33. Jupiter Breweries .. ..	5000

1,03,500

APPENDIX G

Number of units producing beer, licenced capacity and production

(in Kilo litres)

Year	Number of Units	Actual licenced capacity	Production
1	2	3	4
1965	4	21002	17470
1966	4	21002	18582
1967	4	21002	19762
1968	4	21002	19204
1969	5	23002	23888
1970	9	38002	33307
1971	9	38002	36416
1972	11	44342	52057
1973*	17	69842	25890

\*January—June 1973.

APPENDIX H

In bond prices and retail prices of beer

1	2
Name of Brand .. .. .	Price at which available from the manufacturers wholesale FL. 2 licence to the retailer (Per dozen) from 10th May, 1974. Rs.
Golden Eagle Licence fee .. .. .	57.00 7.20
12½ per cent sales tax .. .. .	64.20 8.02
	72.22
Security for bottles .. .. .	6.00
	Total : 78.22
Guru .. .. .	72.00
Licence fee .. .. .	7.20
12½ per cent sale tax .. .. .	79.20 9.91
Security for bottles .. .. .	89.11 6.00
	Total : 95.11
Manufacturers price per dozen	

Name of Brand	Price excluding excise levies at which supplied by the brewery to their whole-sale licence				Price including excise levies at which supplied by brewery to their whole-sale licence			
	Feb., 74	March 74	April 74	May 74	Feb., 74	March 74	April 74	May 74
1	2	3	4	5	6	7	8	9
Golden Eagle .. .. .	23.40	25.40	27.00	42.00	36.00	38.00	42.00	57.00
Gold Water .. .. .	..	27.10	30.10	42.00	..	42.00	45.00	57.00
Guru .. .. .	..	..	46.25	57.00	..	..	61.25	72.00

## APPENDIX H

Statement showing retail prices of beer prevalent in Lucknow

Sl. no.	Name of Brand	From 1st April, 1974	From 24th April, 1974	From 10th May, 1974
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	Golden Eagle .. ..	6.50	6.50	8.00
2.	Lion Beer .. ..	7.00	7.00	8.50
3.	Queen Beer .. ..	6.50	7.00	8.50
4.	Asia 72 .. ..	7.50	8.00	9.50
5.	Meaking Beer .. ..	6.50	6.50	8.00
6.	Tabby .. ..	6.50	6.50	8.00
7.	Gura .. ..	8.00	8.00	9.50
8.	Gold Water .. ..	6.50	6.50	8.00
9.	Three Castles .. ..	7.00	7.00	8.50
10.	Gymkhana .. ..	7.00	7.00	8.50
11.	Continental .. ..	6.50	6.50	8.00
12.	Continental D-Luxe .. ..	8.00	8.00	8.50
13.	Big Fella .. ..	10.00	10.00	10.00
14.	Double 8 .. ..	7.00	7.50	8.00
15.	Square .. ..	7.00	7.50	N.A.
16.	Stunt .. ..	11.00	11.00	N.A.
17.	Kent Beer .. ..	8.50	8.50	9.50

Source—Excise Commissioner, U. P.

N.A.—Not available.

## ANNEXURE 15

Production and distribution of alcohol (according to alcohol year December 1 to November, 30)

(In lakh litre)

Year	Total Production	Domestic Consumption	Synthetics	Somaiya	Export to other State	Export outside Country
1	2	3	4	5	6	7
1964-65 .. ..	870.66	157.95	448.31	..	361.60	75.60
1965-66 .. ..	1,094.71	206.36	390.38	..	249.51	221.49
1966-67 .. ..	765.34	210.47	436.05	..	78.06	..
1967-68 .. ..	551.66	236.66	264.05	..	171.45	..
1968-69 .. ..	1,041.91	242.43	418.70	..	367.21	..
1969-70 .. ..	1,378.20	225.21	626.00	7.52	470.94	77.73
1970-71 .. ..	1,266.39	243.68	541.02	65.02	339.14	123.48
1971-72 .. ..	800.20	268.54	381.89	93.71	115.36	13.49
1972-73 .. ..	985.16	286.11	316.43	118.57	241.99	..

Excise Commissioner, U. P.

## ANNEXURE 16

Consumption of alcohol for industrial purposes (excluding medicinal and toilet preparations), during 1973-74 by F. L. 18 Licencees

Serial no.	Name of Unit and address	Supply of Alcohol		Purpose for which spirit allotted
		Quantity in B. L.	Price in Rs.	
1	2	3	4	5
<i>Dehra Dun District—</i>				
1	Messrs. Anti Biotic Plant, Rishikesh .. ..	60,000	66,000	Tetra Cycline Penicilin.
2	Messrs. New Kohli Furniture Mart, 45 New Connaught Place, Dehra Dun.	960	1,056	Polishing.
3	Messrs. Standard Furniture Mart, 35 Rajpur Road, Dehra Dun	480	528	Do.
4	Messrs. Lahore Furniture Mart, 19 Connaught Place, Dehra Dun.	1,200	1,320	Do.
5	Messrs. Adiet Industries, 108 Palton Bazar, Mehar Wali Gali, Dehra Dun.	3,600	3,960	Do.
6	Messrs. Kohinoor Miniature Bulb Industries, 6 Chakrata Road, Dehra Dun.	1,440	1,584	Do.
7	Messrs. Swastika Stationery Works, 32 Sharmada Tyagi Marg, Dehra Dun.	1,920	2,112	Do.
8	Messrs. Doon Furniture, 8 Connaught Place, Dehra Dun ..	600	660	Do.
9	Messrs. Precision Scales, Lakhna Chowk, Dehra Dun ..	3,360	3,696	Do.
10	Messrs. Deepak Scales, 23 P. D. Tandon Marg, Dehra Dun	2,160	2,376	Finishing Product.
11	Messrs. Bharat Stationery Manufacturing Co., 36 Idgah Road, Dehra Dun.	960	1,056	Ditto.
12	Messrs. Anand Industries, Saharanpur Road, Dehra Dun ..	480	528	Ditto.
13	Messrs. Bombay Jewellers, 15 B-Rajpur Road, Dehra Dun	360	396	Ditto.
14	Messrs. Natraj Furniture, 29 Rajpur Road, Dehra Dun ..	960	1,056	Ditto.
15	Messrs. Furnico, 63-A New Connaught Place, Dehra Dun ..	600	660	Polishing.
16	Messrs. Mainiature Bulb Industries of India, 131 Kanwal Road, Dehra Dun.	240	264	Do.
17	Messrs. Ajit Furniture Mart, 79 Kanwali Road, Dehra Dun	480	528	Do.
18	Messrs. Dongra Industrial Co., 38 Park Road, Dehra Dun	1,800	1,990	Do.
19	Messrs. Hicks Thermometres (India) Ltd., Mussoorie ..	350	385	Clinical Chemicals.
	Total of Dehra Dun ..	81,950	90,145	
<i>Lucknow Charge—</i>				
20	Messrs. Sehgal Paints Stores, 10 Karim Bux Building, Gautam Budh Marg, Lucknow.	42,600	46,860	N. C. Lacquar and Thinner.
21	Messrs. Pilot Paints, Bara Birwa, Kanpur Road, Lucknow	6,000	6,600	Ditto.
22	Messrs. Alka Industries, Jai Prakash Nagar, Alambagh, Lucknow.	42,600	46,860	Ditto.
23	Messrs. Industrial Paints Solvents & Chemical, Krishna Nagar, Lucknow.	12,000	13,200	Ditto.
24	Messrs. Allied Paints, 1-2 Government Industrial Estate, Talkatora.	24,000	26,400	Ditto.
25	Messrs. Singhal Paints, 25, Gautam Budh Marg, Lucknow ..	20,400	22,440	Ditto.
26	Messrs. Chetak Paints, Kanpur Road, Alambagh, Lucknow ..	12,000	13,200	Road making paints.
27	Messrs. Bantus Interior Decorators, 10 Rana Pratap Marg, Lucknow.	2,400	2,640	Polishing.
28	Messrs. J. K. & Co., 191 Jhaolal Kek Bazar, Lucknow	10,200	11,220	Nail Polish.
29	Messrs. The Engineering Manager, Government Precision Instruments Factory, U. P., Lucknow.	360	396	Factory use.
	Total of Lucknow ..	1,72,560	1,89,816	
<i>Kanpur Charge—</i>				
30	Messrs. Rallis India Liver Extraction Factory, Magarwara, Unnao.	36,000	39,600	Extractor Biological Products.
31	Messrs. Light Engineering Enterprises, 10-B Co-operative Industrial State, Vivekanand Nagar Kanpur	14,400	15,840	Vaccum Metalising Glass. Plastic Metal.

1	2	3	4	5
32	Messrs. Govind Metalising Specialities, 55/103 Generalganj, Kanpur.	6,000	6,600	Use in dissolving of colour.
33	Messrs. Olera Industries, 72/3 Sootar Khana, Kanpur ..	2,700	2,970	Hydraulic Brake Fluid.
34	Messrs. Parley Chemicals Products, 117/501 Pandu Nagar, Kanpur.	10,800	11,880	Hydraulic Brake Fluid.
35	Messrs. Swadeshi Cotton Mills Co. Ltd., Kanpur ..	12,000	13,200	Factory use.
36	Messrs. Tannery and Foot-wear Corporation of India Ltd., Hazari Bungalow, Kanpur	14,400	15,840	..
37	Messrs. Juggilal Kamlapat, Kanpur .. ..	2,400	2,640	Factory use.
38	Messrs. Vesso Industries, 14-C Shanti Nagar, Kanpur ..	1,800	1,980	Ditto.
39	Messrs. Simplex Chemicals, Chandra Nagar, Harijinder Nagar, Kanpur.	19,200	21,120	Ethyl Chloride and Chloral Hyd- rate.
40	Messrs. Pahlad Rai Chemicals, 83/141 Juhi, Kanpur-3 ..	43,200	47,520	Chloral Hydrate, Chloroform, etc.
41	Messrs. Nagarath Paints Private Ltd., 46 Fazalganj, Kanpur	4,800	5,280	Road Making Paints.
42	Messrs. Jain Miniature Bulb Industries, 18-A Pokharpur, Kanpur.	1,200	1,320	Metal Glass.
43	Messrs. Solar Laboratories, Fazalganj, Kanpur ..	36,000	39,600	Chloral Hydrate.
44	Messrs. Srivasean Industrial Corporation, Kanpur ..	16,800	18,480	Hydrate and Allied Chemicals.
45	Messrs. Indian Ceramic Paints Lajpat Nagar, Kanpur ..	12,000	13,200	Paints and Enamels.
Total of Kanpur ..		2,33,700	2,57,071	
<i>Allahabad Charge—</i>				
46	Messrs. Eagle Paints, Naini, Allahabad .. ..	600	660	Paints and Varnish.
47	Messrs. Luxo Electronic Co., Allahabad .. ..	1,404	1,544	Spider and Dust cap.
48	Messrs. Neo Offset Co., Allahabad .. ..	360	396	Printing Coloured Label and Poster.
49	Messrs. Radio Tarang Co., S. C. Basu Road, Allahabad ..	120	132	Radio and Transisters and wooden.
50	Messrs. Ashim Filter, Naini, Allahabad .. ..	3,600	3,960	Craveil Packed Strainers.
51	Messrs. Wood Seasoning Plant, Katra Road, Allahabad ..	50	55	Furniture Polish.
Total of Allahabad ..		6,134	6,747	
<i>Mirzapur District—</i>				
52	Messrs. Vindhyachal Udyog, Mirzapur .. ..	18,000	19,800	Varnish and Polish.
53	Messrs. India Engineering Co., Mirzapur .. ..	7,200	7,920	Dry Mounting Tesius.
Total of Mirzapur ..		25,200	27,720	
<i>Faizabad District—</i>				
54	Messrs. Raghbir Industries, Faizabad .. ..	1,800	1,980	Polishing.
55	Messrs. Reliance Industries, Faizabad .. ..	1,020	1,122	Do.
56	Messrs. Gupta Furniture Stores, Faizabad .. ..	600	600	Do.
Total of Faizabad ..		3,420	3,762	
<i>Aligarh District—</i>				
57	Messrs. Bharat Chemical Corporation, Sikandrarao, Aligarh..	84,000	92,400	Chloral Hydrate and Ethyl Chloride.
58	Messrs. Pearls & Beads, Aligarh .. ..	600	660	Guilding Polish.
59	Messrs. Brij Basi Fine Arts, Mathura .. ..	8,400	9,240	Varnish.
Total of Aligarh ..		93,000	1,02,300	

1	2	3	4	5
<i>Agra District—</i>				
60	Messrs. Shanks Electricals, Agra .. .. .	5,400	5,940	Brake Lite Tubs etc.
61	Messrs. S. K. Industries, 22, Vijayanagar Colony, Agra ..	60,000	66,000	Leather Polishing.
62	Messrs. Indian Manufacturing Agency, Agra .. .. .	15,000	16,500	Ditto.
63	Messrs. India Ceramic, Agra .. .. .	3,600	3,960	Liquid Cold.
64	Messrs. Bhartiya Paints Co., Agra .. .. .	10,800	11,880	Leather Polishing.
65	Messrs. Pratap Stationery, Agra .. .. .	3,600	3,960	Printing.
66	Messrs. Paper Conversion Co., Agra .. .. .	2,400	2,640	Fluit Paper.
67	Messrs. Agro Brass Brush, Agra .. .. .	720	792	Polishing Brush.
68	Messrs. Mahabir Moulding Co., Sooka Bazar, Agra ..	1,800	1,980	Polishing Pictures.
	Total of Agra .. .. .	1,03,320	1,13,652	
<i>Mainpuri Charge—</i>				
69	Messrs. Hind Lamps Ltd., Mainpuri .. .. .	13,200	14,520	Electric Lamps.
<i>Etah District—</i>				
70	Brij Lal Goyal & Sons, Kasganj, Etah .. .. .	1,200	1,320	Wooden Polish.
<i>Gorakhpur Charge, Gonda District—</i>				
71	Janta Furniture, Gonda .. .. .	1,800	1,980	Polishing.
<i>Deoria District—</i>				
72	India Wood Polish Nirmata, Deoria .. .. .	18,000	19,800	Wood Polish.
<i>Naini Tal District—</i>				
73	Kumar Scale Industries, Haldwani, Naini Tal .. .. .	2,400	2,640	Scales Polish.
<i>Moradabad District—</i>				
74	Paper Converters, Station Road, Chandausi, Moradabad ..	9,600	10,560	Printing of Papers.
<i>Bareilly District—</i>				
75	Noor Paint & Varnish Industry, 365, Kharwan, Bareilly ..	18,000	19,800	Lacquer and Thinner.
76	Synthetics and Chemical, Bareilly .. .. .	6,840	7,524	Lab. Use.
	Total of Bareilly .. .. .	24,840	27,324	
<i>Meerut Charge—</i>				
77	Messrs. Daurala Sugar Works, Meerut .. .. .	36,000	39,600	Phenylactic Acid.
78	Messrs. Modi Spinning & Weaving Mills, Modinagar ..	10,908	11,999	Dyeing and Colours.
79	Messrs. Paintco & Vernish Ch. Ltd., 376 Swamipara Meerut..	24,000	26,400	Thinner.
80	Messrs. Hira Agencies, Kankarkhera, Meerut .. .. .	12,000	13,200	Do.
81	Messrs. Ultra Chemical, 143, Prempuri, Rly. Road, Meerut ..	48,000	52,800	Do.
82	Messrs. H. M. Isaac & Sons, Sardar Bazar, Meerut .. .. .	7,200	7,920	Do.
83	Messrs. Metco Paints Co., Shanti Bhawan, Pathrawalan, Meerut	24,000	26,400	Do.
84	Messrs. Ethiker Pvt. Ltd., Meerut .. .. .	48,000	52,800	Ethyle Chloride and Chloroform.
85	Messrs. Modi Paint & Varnish Works, Modinagar, Meerut ..	42,000	46,200	Road Making Paints Lacquer Thinner.
86	Messrs. Morocco Sports Works, 172 Abulane, Meerut ..	6,000	6,600	Polishing.
87	Messrs. Northern India Chem. Works Pvt., Ltd., Pardhana Road, Railway Crossing, Meerut.	8,400	9,240	Thinner etc.

1	2	3	4	5
88	Messrs. Prima Mover Enterprise, Meerut .. ..	2,400	2,640	Brake Fluid.
89	Messrs. Modi Lantern Works, Modinagar .. ..	1,200	1,320	Industrial Use.
90	Messrs. Meera Paints & Varnish, Bagpat Road, Meerut ..	48,000	52,800	Thinner etc.
91	Messrs. Crystal Paints, 260 Thaper Nagar, Meerut ..	12,000	13,200	Thinner.
92	Messrs. Meera Chemicals, Ghaziabad .. ..	19,200	21,220	Do.
93	Messrs. Bramic Suri, Ghaziabad .. ..	54,000	59,400	Solution of Rinder.
94	Messrs. Hindustan Tin Works, Ghaziabad .. ..	1,440	1,584	Solution Flux.
95	Messrs. Delux Chemical, Ghaziabad .. ..	72,000	79,200	Brake Oil.
96	Messrs. Rolex Chemical Reg., Ghaziabad .. ..	12,000	13,200	Thinner.
97	Messrs. Sidhumal Paper Costers, Ghaziabad Road, Muzaffar-Nagar.	24,000	26,400	Fluxible Racking.
98	Messrs. Subhash Chand Ramesh Chand, Pikhwa, Ghaziabad	6,000	6,600	Thinner.
99	Messrs. Hindustan Tin Works, Ghaziabad .. ..	1,440	1,584	Soldering Flux.
100	Messrs. Donfors (India), B-20-21, Industrial Area, Site no. 3, Meerut Road, Ghaziabad.	2,400	2,640	Refregeration Control.
101	Messrs. Bensi Lal & Sons, Shahibabad, Ghaziabad ..	24,000	26,400	Paint and Thinner.
102	Messrs. Madan Chemical, Ghaziabad .. ..	12,000	13,200	Lacquer Thinner.
103	Messrs. Unicham Laboratories, C-32, Industrial Area ..	12,000	13,200	Drugs.
104	Messrs. Asia Chemical, G. T. Road, Ghaziabad .. ..	24,000	26,400	Thinner Lacquers.
105	Messrs. Bloom Feld Trading Co., Ghaziabad .. ..	1,200	1,320	Aniline Painters.
106	Messrs. Reinz Falberes Pvt. Ltd., 19, Loni Industrial Area, Ghaziabad.	2,400	2,640	Compressed Asbestos Fibre.
107	Messrs. Paper Coaters, 123, Prakash Industrial Estate, Gishi Border, P. O. Chikamberpur, Ghaziabad.	4,800	5,280	Varnish Coated Paper.
108	Messrs. D. R. J. Engineers, Meerut .. ..	6,000	6,600	Paints and Varnish.
109	Messrs. Maharaja Industries, Meerut .. ..	30,000	33,000	Thinner and Paints.
110	Messrs. Ajanta Udyog, Ghaziabad .. ..	12,000	13,200	Ditto.
111	Messrs. Bludip Paint, Ghaziabad .. ..	12,000	13,200	Paint & Varnish.
112	Messrs. Kumar Varnish, Meerut .. ..	8,250	9,075	Ditto.
113	Messrs. Texo Chemicals, Meerut .. ..	6,000	6,600	Brake Fluid.
114	Messrs. Standard Workshop, Meerut .. ..	1,200	1,320	Polish.
115	Messrs. Wilson Industries, Meerut .. ..	600	660	Do.
116	Messrs. Rainbow Paints and Chem. Industries, Ghaziabad ..	12,000	13,200	Paint & Thinner.
117	Messrs. Crystal Paint, Meerut .. ..	12,000	13,200	Ditto.
118	Messrs. Suraj Surgical Industries, Meerut .. ..	6,000	6,600	Surgical Cotton.
119	Messrs. Atlantic Oil Co., Meerut .. ..	12,000	13,200	Brake Fluid.
120	Messrs. Luxmi Paint & Chem. Industries, Ghaziabad ..	12,000	13,200	Paint & Thinner
121	Messrs. Neel Kamal Industries, Meerut .. ..	8,250	9,075	Paint and Thinner.
Total of Meerut .. ..		11,73,288	12,90,617	

1	2	3	4	5
<i>Saharanpur District</i>				
122	Vijai Paints, Saharanpur .. ..	12,000	13,200	Thinner.
123	Messrs. Kishore Chemicals Co., Saharanpur .. ..	24,000	26,400	Chloral Hydrate.
124	Messrs. Arun Paint, Saharanpur .. ..	2,400	2,640	Paint and Thinner.
125	Messrs. Avon Product, Saharanpur .. ..	2,400	2,640	Ink.
Total of Saharanpur .. ..		40,800	44,880	
<i>Muzaffarnagar District—</i>				
126	Messrs. Indon Milk Product, Muzaffarnagar .. ..	300	330	Lab. Purpose.
127	Messrs. Data Ram Mool Chand, 29 Rampuri, Roorkee Road, Muzaffarnagar. .. ..	12,000	13,200	Thinner Purpose.
Total of Muzaffarnagar .. ..		12,300	13,530	
Total Supply of Denatured Spirit (Alcohol) in 1973-74 .. ..		20,16,712	22,18,383	

Source—Excise Commissioner, U. P.

### ANNEXURE 17

#### Bonded pharmacies in U. P., 1974-75

Serial no.	Name of Bonded Pharmacy	Annual quota in L.P.	1	2	3
1	2	3			
<i>Allahabad—</i>					
1	Amitoo Pharmacy, 2, Beli Road .. ..	30,000			
2	Sri Baidya Nath Ayurved Bhawan, Naini .. ..	11,000			
<i>Ghaziabad—</i>					
1	National Chemical & Pharmaceutical Works, Mukundnagar. .. ..	38,000			
2	Federal Chemical Works, 127, Model Town .. ..	42,000			
3	Cosmo Pharmaceuticals, 129, Model Town .. ..	20,000			
4	Elly Lilly Pharmacy, 123, Guldhar .. ..	32,000			
<i>Meerut—</i>					
1	Northern India Chemicals, P. B. no. 39 .. ..	81,000			
<i>Saharanpur</i>					
1	Medico Laboratories Mission Compound .. ..	25,000			
<i>Hardwar—</i>					
1	Sudha Pharmaceutical Works, Bhupatwala Road. .. ..	37,000			
<i>Roorkee—</i>					
1	Janta Chemicals, Civil Lines .. ..	22,000			
2	United Pharmaceuticals, 55, Civil Lines .. ..	30,000			
<i>Hapur—</i>					
1	A. B. M. Research Institute, Rajindransgar .. ..	75,000			
<i>Dehra Dun—</i>					
1	New India Chemical and Pharmaceutical Works. .. ..	37,000			
<i>Bijnor—</i>					
1	Hindustan Chemical Works, Nagina .. ..	24,000			
<i>Ferozabad (Agra)—</i>					
1	Rastriya Deep Laboratories, Sekh Latif .. ..	15,000			

Source—Excise Commissioner, U. P.

**ANNEXURE 18**

*Duty and licence fee on Tari*

(In Rupees)

Year	Tax Tari			Khajur		Surocharge		Licence fees		
	Gorakhpur Municipality	Varanasi Nagar Mahapalika	Rest of Gorakhpur and Varanasi District and districts of Ballia, Basti, Azamgarh, Ghazipur, Mirzapur and Deoria	Gorakhpur Municipality	Varanasi Nagar Mahapalika	Rest of Gorakhpur and Varanasi District and districts of Ballia, Basti, Azamgarh, Ghazipur, Mirzapur and Deoria	Tari	Khajur	Under farming system	Under Shop to Shop system
1	2	3	4	5	6	7	8	9	10	11
1969-70	27.00	40.00	20.00	8.00	10.00	8.00	8.00	4.00	Shops settled under Auction system.	
1970-71	"	"	"	"	"	"	"	"	"	
1971-72	"	"	"	"	"	"	"	"	"	
1972-73	"	"	"	"	"	"	"	"	"	
1973-74	"	"	"	"	"	"	"	"	"	
1974-75	"	"	"	"	"	"	"	"	"	

Source—Excise Commissioner, U. P.

**ANNEXURE 19**

*Rates of duty and licence fee, hemp drugs and opium*

Year	Rates of duty		Licence fees		Opium duty	Licence fees
	Ganja	Bhang	Ganja	Bhang		
1	2	3	4	5	6	7
1969-70	Rs.214.34 per kg. inclusive of contract price in force in district of issue.	Rs.7.00 per Kg.	Shops settled under uniform surcharge system	Shops settled under auction system	Rs.674 per Kg. issue price Rs. 774 per kg.	Sales through sub-treasuries
1970-71	"	Rs. 8.00 per kg.	Surcharge fee @ Rs.201.44 per Kg.	"	"	"
1971-72	"	"	"	"	"	"
1972-73	"	"	"	"	"	"
1973-74	"	"	"	"	"	"
1974-75	"	"	"	"	"	"

Source—Excise Commissioner, U. P.



## ANNEXURE 22-A

Cases detected by Excise Staff, 1962-63 to 1973-74

Year	Illicit distillation	Other cases pertaining to alcohol	Ganja	Opium	Opium Smoking	Dangerous Drugs	Others	Total
1	2	3	4	5	6	7	8	9
1962-63 .. ..	2418	3463	4480	1412	1069	..	..	12642
1963-64 .. ..	2745	1431	3932	906	910	..	..	12674
1964-65 .. ..	2727	4427	4161	840	870	..	..	13025
1965-66 .. ..	3008	4356	4260	723	721	..	..	13068
1966-67 .. ..	2873	4632	4664	562	616	..	..	13347
1967-68 .. ..	2339	4875	5760	675	770	..	..	14419
1968-69 .. ..	2651	5245	5047	679	701	6	..	14929
1969-70 .. ..	3148	5406	4923	734	618	5	213	15047
1970-71 .. ..	3386	6130	4785	656	591	..	143	15701
1971-72 .. ..	3399	6595	5233	671	502	..	149	16549
1972-73 .. ..	4025	6619	4616	859	525	..	172	16816
1973-74 .. ..	4126	7036	4723	641	558	17	188	17289

Source—Excise Commissioner, U. P.

## ANNEXURE 22-B

Cases detected by ganja, charas party in the State

Year	Liquor	Charas	Ganja	Bhang	Opium	Opium Smoking	Post Donda	Others	Total
1	2	3	4	5	6	7	8	9	10
1956-57 .. ..	72	261	634	88	261	17	..	10	1,343
1957-58 .. ..	73	277	734	131	376	19	..	12	1,627
1958-59 .. ..	62	182	776	134	375	37	..	7	1,673
1959-60 .. ..	54	283	743	54	362	59	..	3	1,558
1960-61 .. ..	83	303	612	78	392	74	..	5	1,547
1961-62 .. ..	127	239	478	68	474	60	..	12	1,497
1962-63 .. ..	113	279	553	67	341	29	8	14	1,404
1963-64 .. ..	124	203	621	[86	321	47	..	14	1,366
1964-65 .. ..	108	181	593	[30 24	316	55]	27	9	1,319
1965-66 .. ..	87	267	703	[33	319	32	38	10	1,459
1966-67 .. ..	111	247	668	[16]	308	24	..	13	1,385
1967-68 .. ..	77	190	638	26	332	31	57	14	1,359
1968-69 .. ..	63	170	599]	[22]	301]	37	44	9	1,245
1969-70 .. ..	60	205	651	[22	323	20	35	10	1,326
1970-71 .. ..	78]	164	709	15	344	25	11	6	1,352
1971-72 .. ..	73]	153	787	99	343	15	13	2	1,395
1972-73 .. ..	[61	135	762	21	379	17	1	3	1,379

Source—Excise Commissioner, U. P.

## ANNEXURE 22-C

Quantity of intoxicants seized by ganja and charas party, 1956-57 to 1972-73

Year	Charas (Kg.)	Ganja (Kg.)	Bhang (Kg.)	Opium (Kg.)
1	2	3	4	5
1956-57	184.140	1,548.450	100.440	122.760
1957-58	120.850	2,241.300	526.430	228.830
1958-59	87.420	3,147.120	487.320	246.450
1959-60	133.920	3,158.315	129.300	122.760
1960-61	103.300	3,600.050	516.190	399.950
1961-62	103.000	2,803.950	265.000	405.530
1962-63	80.410	2,344.512	130.399	191.320
1963-64	69.475	1,454.190	242.165	302.463
1964-65	192.533	1,416.358	35.496	43.160
1965-66	33.880	2,797.846	223.240	29.309
1966-67	46.970	2,532.655	73.388	69.056
1967-68	94.072	1,993.596	384.267	44.833
1968-69	24.713	1,747.390	74.180	39.596
1969-70	55.707	3,141.800	116.400	95.294
1970-71	251.826	4,503.468	122.100	88.645
1971-72	93.360	8,032.000	97.00	72.000
1972-73	65.630	5,534.000	238.000	204.000

Source—Excise Commissioner, U. P.

## ANNEXURE 22-D

Quantity of intoxicants seized during 1962-63 to 1973-74 by excise staff in the State

Year	Liquor in litres	Charas (Kg.)	Ganja (Kg.)	Bhang (Kg.)	Opium (Kg.)
1	2	3	4	5	6
1962-63	13,876.3	333.4	8,841.4	3,237.4	1,526.7
1963-64	29,804.0	315.0	6,565.3	1,876.1	570.9
1964-65	29,248.4	47.4	8,743.8	72.3	97.1
1965-66	18,088.6	212.4	6,627.7	757.0	286.0
1966-67	15,487.8	214.0	8,094.2	342.5	141.9
1967-68	19,111.5	359.1	7,937.6	761.5	226.6
1968-69	18,159.7	167.6	6,628.6	498.4	171.8
1969-70	21,990.5	196.6	7,329.6	640.1	382.2
1970-71	26,704.5	391.4	7,989.2	201.8	329.5
1971-72	24,774.2	220.8	16,655.6	1,981.6	265.5
1972-73	28,298.3	217.1	11,745.4	1,077.7	633.1
1973-74	30,830.0	346.8	4,551.1	692.3	502.4

Source—Excise Commissioner, U. P.

## CHAPTER VI

### TAXES ON COMMODITIES AND SERVICES

In this chapter, we propose to discuss taxation on commodities and services in general. While the States are empowered to levy a tax on all sales and purchases of commodities except for some specific restrictions, they have no such general power to levy a tax on services except those specifically mentioned like tax on entertainment and betting and that on road fares and freights. For convenience of analysis, electricity duty is dealt with in the chapter on 'State Electricity Board' and the tax on petrol and that on road fares and freights as a part of motor vehicle taxation. Restrictive State excises are discussed in Chapter V, because of their special character. The rest are discussed here. We shall first deal with sales taxation in Uttar Pradesh, then take up purchase tax on sugarcane and, finally entertainment and betting taxes.

#### A—SALES TAX

2. Among the taxes assigned to the States under the Constitution, sales tax is now the most productive. It was introduced in Uttar Pradesh in 1948 to augment the revenue in order to compensate the loss to the State resulting from the policy of prohibition, and also to meet the increasing expenditure on economic development of the State. It was stated in the 'objects and reasons' accompanying the Sales Tax Bill—1948 that "A tax on the sale of goods, which has already been exploited by other provinces, and which, experience has shown, imposes a negligible burden on the consumer is a fruitful source of additional revenue". In the beginning, it was a 'negligible burden'. The incidence of tax was low, and commodities of mass consumption such as foodgrains were exempt. The revenue from sales tax in the first year amounted to Rs.4.23 crores. As the needs of the State grew over the years, more and more revenue was raised from sales tax and in the year 1973-74 collections from sales tax amounted to Rs.83.54 crores. The *per capita* incidence of sales tax, which was only Rs.1.77 in 1961-62 went up to Rs.9.04 in 1973-74.

3. Sales tax is one of the few State taxes which is paid by all groups of people. Being by and large a tax on consumption, it is regarded as the fairest form of commodity taxation. If levied at uniform rates, its incidence would be regressive, but by being levied at varying rates on commodities, according to the income elasticity of demand for them, it can be made to bear a proper relationship to fairly high income-levels. Unlike an excise duty, it is levied at the State level mainly for revenue. It is, however, one of the taxes in imposing which other States' sales tax systems need be closely watched. If the tax differentiation is large, even small consumers may prefer to buy costly and durable articles from outside the State. Traders operate on small margins and, therefore, are very sensitive to price change in their choice of places of purchase. Industrialists buying raw materials and intermediate goods can easily make arrangements

to import them on their own account from outside the State. Products may be taken by them outside the State and sold. Consumers outside the State can easily buy cheaper products from another State. In a State like Uttar Pradesh, these considerations are more relevant as there are many places, some of them fairly prosperous, nearer production and distribution centres of neighbouring States. The use of sales taxation has to be made with proper care and scrutiny.

4. *Evolution*—The Uttar Pradesh Sales Tax Act, first introduced in 1948-49, was essentially modelled on the Madras pattern, as a result of which, it had primarily a system of multi-point levy at the rate of 3 pies per rupee. The single-point levy was restricted to 38 commodities only. Out of these, 30 commodities were subject to a tax @ 6 pies per rupee and seven had a levy at the rate of 3 pies; the remaining solitary item was sugar which was levied at the rate of 2 pies.

5. With the commencement of the second Five-Year Plan in 1956, the State Government found it necessary to raise its revenues, and, for the first time, material changes were brought about in the rates and structure of tax from 1st April, 1956. These changes may be summed up as under:

(i) The maximum taxable limit was lowered from Rs.15,000 to Rs.12,000.

(ii) The ceiling of single-point tax was enhanced to one anna per rupee.

(iii) Foodgrains, Kerosene oil, Deshi ghee and Gur which were hitherto exempt from tax, were subjected to tax along with other articles.

6. Additional excise duty was levied by the Government of India by agreement with the States in lieu of sales tax on mill-made textiles, sugar, tobacco and its products with effect from December 13, 1957. The entire proceeds of duties are shared among the States. The Central Sales Tax was enacted in 1956, but its taking provisions came into force with effect from July 1, 1957, providing for the levy of a central tax on the sale, effected in the course of inter-State trade and commerce. In October 1958, the State Government, on the recommendation of the Government of India, raised the ceiling of single-point tax to 7 per cent. 15 luxury goods were subjected to tax at this maximum rate. As a consequence of the introduction of decimal system of coinage, the rate of multiple point tax was rounded up with effect from April 1, 1959; all commodities subject to tax at the rate of 6 pies per rupee were taxed at the rate of 3 per cent and those taxable at the rate of 3 pies per rupee were made taxable at a much higher rate of 2 per cent. With effect from June, 1963 the rate of tax on 15 luxury goods was enhanced from 7 per cent to 10 per cent.

7. The purchase tax was introduced for the first time from October 1, 1964. A single-point purchase tax was levied on the first purchase of foodgrains at the rate of 1.5 per cent, of gur at the rate of 3 per cent and of oilseeds at the rate of 2 per cent. The purchase tax on deshi ghee imposed at the rate of 5 per cent from October 1, 1964 was later reduced to 3 per cent from February 16, 1965. The purchase tax on gur was further enhanced to 5 per cent from October 26, 1964. With effect from June 7, 1965, rab was also subjected to purchase tax at the rate of 5 per cent.

8. The rate of multi-point tax was enhanced to 3 per cent from October 1, 1969. It was further enhanced to 3.5 per cent from November 15, 1971. An additional tax was levied at the rate of  $\frac{1}{4}$  per cent from October 1, 1970 on the taxable turnover, if the total turnover of sales or of purchases or of both in the assessment year exceeded Rs. 2 lakhs. The rate of additional

tax was enhanced to  $\frac{1}{2}$  per cent from November 15, 1971. The latest rise in the rate of tax was effected by an Ordinance when rate of tax on multi-point goods was enhanced from  $3\frac{1}{2}$  per cent to 4 per cent and the rate of additional tax from  $\frac{1}{2}$  per cent to 1 per cent. This Ordinance also provides that the tax charged by the dealer or purport to have been charged shall form part of the turnover for the purpose of computing the tax thereon. This amounts to an additional increase of the same percentage in the tax rate as the tax rate itself and is, thus a tax on tax which has not much to commend itself.

9. *Growth of sales tax revenue*—The sales tax revenue has grown steadily from the year of its enforcement and it witnessed an increase of about 20 times during the period 1948-49 to 1973-74. A broad idea of the growth in sales tax receipts and its incidence in this State during various Plan periods can be had from the following table:

TABLE 1—Incidence of Sales Tax receipts 1950-51 to 1973-74

Year	Sales tax receipts/ departmental fi- gures Rs. (in crores)	Annual rate of growth in tax receipts (per cent)	Per capita tax (Rs.)	Tax as percentage of State Income (per cent)
1	2	3	4	5
1950-51	4.92	3.9 (First Plan)	0.78	0.30
1955-56	5.95	14.5 (Second Plan)	0.89	0.41
1960-61	11.69	16.3 (Third Plan)	1.60	0.65
1965-66	24.93	19.0 (Three Annual Plans)	3.10	0.80
1968-69	41.97	14.8 (Fourth Plan)	4.97	1.04
1973-74 (Provisional)	83.54	..	9.04	1.08

The table reveals that the annual growth rate in the sales tax receipts was not impressive during the First Plan period. The sales tax revenue increased from Rs.5.95 crores to Rs.11.69 crores during the period 1955-56 to 1960-61, meaning thereby an annual growth of 14.5 per cent in the tax receipts during the Second Five-Year Plan. By the end of the Third Plan, the receipts went up to Rs.24.93 crores showing a growth of 16.3 per cent per annum and the growth was still higher, being 19 per cent during the three Annual Plans. In the Fourth Plan period the rate of growth in tax receipts slowed down to 14.8 per cent; the total tax revenue became double during this period. As regards the incidence of sales tax, the *per capita* tax burden increased from Rs.0.78 in 1950-51 to Rs.9.04 in 1973-74 and as a percentage of income, the incidence increased by about  $2\frac{1}{2}$  times during the planning era of 23 years.

10. The increase in sales tax revenue can be mainly ascribed to (i) increase in tax rates and the coverage, (ii) increase in real turnover, and (iii) rise in price level. These factors are being examined here since the beginning of the Third Plan period for which some reliable data are available.

11. The sales tax receipts for different tax rates prevailing in 1960-61, 1965-66, 1968-69 and 1972-73 are given in Annexures 1, 2, 3 and 4 respectively. In the year 1972-73, there were no commodities taxed at less than 1 per cent, and more than one-fifth of the collection was from commodities taxed at 10 per cent or more. In 1960-61, on the other hand, the highest tax rate of 7 per cent fetched less than 7 per cent of the tax receipts. The following table brings out the upward movement of the rates during the period:

TABLE 2—Receipts by Rates of Tax 1960-61 to 1972-73

Maximum tax rate (per cent)	Percentage of the receipts to total receipts (cumulative)			
	1960-61	1965-66	1968-69	1972-73
1	2	3	4	5
1	10.94	1.66	8.35	0.42
2	45.85	21.15	14.89	3.60
3	52.82	39.04	33.55	17.00
5	59.69	43.40	40.51	40.69
7	86.66	77.19	77.46	70.27
10	86.66	88.77	90.56	92.97
12	86.66	88.77	90.56	93.12
Others	13.34	11.23	9.44	6.88

It will be seen that 3 per cent and below tax rate accounted for more than half of the tax receipts in 1960-61; its importance progressively declined to one-sixth by 1972-73. The maximum tax rate of 7 per cent in 1960-61 was enhanced to 12 per cent by 1972-73.

Likewise the State income at constant prices which has a direct bearing on the real turnover of consumption goods, increased by 36.2 per cent during the period 1960-61 to 1972-73 and the wholesale prices of agricultural commodities and of industrial goods during the same period also increased by 166.4 per cent and 131.8 per cent respectively. Thus, all the three factors—increases in tax rates, real income and prices—contributed to the increase in the total sales tax revenue during the period 1960-61 to 1972-73. It was, however, not possible to separate their individual contributions because of the difficulties in getting changes in consumption, in the tax rates and prices of taxed commodities and, a group and commodity-wise approach for the entire ranges was not manageable.

12. We, however, made an attempt to isolate the individual contribution of these three factors in the increase of total sales tax receipts during period 1960-61 to 1972-73 by analysing the tax revenues of only thirty important commodities selected from the list of over 150 com-

modities. The percentage of sales tax receipts under these 30 commodities to total sales tax receipts (under Uttar Pradesh Sales Tax only) remained almost constant. It was 73.8 per cent in 1960-61, 68.1 per cent in 1965-66, 67.1 per cent in 1968-69 and 66.9 per cent in 1972-73. So far as individual items are concerned, sales tax receipts from agricultural implements, card-boards and straw boards, cement, cooked food; foreign liquor and Indian-made foreign liquor, medicines and pharmaceutical products and wireless reception sets registered a spectacular rise. Other commodities from which sales tax collections exhibited considerable increase included bicycles, tricycles and rickshaws, bricks, electrical goods, foodgrains, iron and steel, kerosene oil, machinery and parts, motor vehicles and parts including accessories, tyres, tubes, vanaspati and washing soap. For many of these commodities changes in prices were not available, so that it could not be possible to make estimates of changes in their real turnover. A broad assumption made was that, their prices changed in the same way as the urban middle class consumer prices. This enabled us to proceed with the allocation of responsibility for increases in sales tax receipts. The economic significance of information regarding sales tax receipts in their regard has been analysed in detail in Annexures 5 and 6(a), 6(b) and 6(c) with the summary results in the following table:

TABLE 3—Sales tax collections (under U. P. Sales Tax Act) from 30 selected commodities).  
(Rs.000)

Year	At the current rates		At the base rate of 1960-61		At the base rate and base price 1960-61	
	Collections	Index	Collections	Index	Collections	Index
	3		4	5	6	7
1960-61	79049	100.00	79048	100.00	79048	100.00
1965-66	152722	193.20	128385	162.41	91356	115.57
1968-69	253970	321.29	198034	250.52	121233	153.37
1972-73	428880	540.03	330420	418.00	155993	196.20

It would be observed that the sales tax collections from these 30 commodities under U. P. Sales Tax Act increased from Rs.7.90 crores in 1960-61 to Rs.42.69 crores in 1972-73, i.e. an increase by 440 per cent out of which about 96 per cent was due to increase in the real consumption of the taxed commodities, 222 per cent due to rise in the price level and 122 per cent due to tax rates. Thus, out of an increase of Rs.34.79 crores in the total sales tax revenue during the period 1960-61 to 1972-73 from the commodities under study, Rs.7.59 crores, Rs.17.55 crores and Rs.9.65 crores were due to increases in the real consumption, prices and the tax rates respectively. Thus, consumption increase, price increase, and rate changes contributed 21.8 per cent, 50.5 per cent and 27.7 per cent respectively.

13. We tried to analyse in greater detail the growth in the sales tax receipts of ten individual commodities for which prices were available, viz. footwear, washing soap, cooked food, medicine, vanaspati, kerosene oil, oilseeds, stationery goods; oils of all kinds other than vanaspati and

cement. The income and price elasticities of these commodities were worked out from data regarding their real turnover obtained by multiplying tax revenues from those commodities by the reciprocal of the tax rates (See Annexure 7 for detailed methodology). All the commodities excepting the oilseeds were income elastic. Footwear consumption was highly elastic with respect to income. Cement came next with income elasticity at 4.57 and in case of other commodities, it varied from 1.32 for washing soap to 3.89 for cooked food. For oilseeds, the income elasticity was 0.88. As regards the price elasticities, only two commodities—cooked food and medicine—had elasticity of more than unity. Surprisingly, footwear, cement and oils of all kinds other than vanaspati, showed a positive price elasticity.

14. It is interesting to compare the sales tax efforts made in Uttar Pradesh with those in other States, both over a time period and as they stand today. In absence of additional revenue due to enhancement of tax rates at various points of

time in other States we have had to be content with figures of increases in sales tax receipts which could be due to increases in real income and their impact on consumption, changes in price, and changes in coverage and rates. These figures for different States are given in Annexures 9, 10 and 11. Although there has been tremendous increase in the sales tax collections and the incidence of this tax has gone up considerably during the last two decades, the present position of Uttar Pradesh in this regard is not happy in comparison with other States. As is revealed by Annexure 10, the estimated *per capita* sales tax incidence in Uttar Pradesh in 1973-74 was Rs.9.04 compared with the all-States average of Rs.16.89. The States of Andhra Pradesh, Karnataka, and Kerala which are on equal footing with Uttar Pradesh in the matter of *per capita* income had *per capita* incidence of sales tax in 1973-74 much higher than that in this State being Rs.13.19, Rs.19.73 and Rs.22.15 respectively. Moreover, some States with even lower *per capita* income have higher *per capita* sales tax receipts than this State. Among the 15 States listed, Uttar Pradesh stood twelfth the only sizeable State lagging behind was Bihar. Further, the figures given in Annexure 11 show that sales tax collections as proportion of State income have been the lowest in this State.

15. We were fortunate to obtain commodity-wise sales tax receipts for Kerala and Punjab for 1970-71 and Andhra Pradesh for 1972-73, but the commoditywise classification were different. We tried to compile parallel information for all the commodities in respect of these States in Annexure 12, but the data obtained could be identified for a few commodities only. An analysis of *per capita* sales tax receipts indicated that in Kerala the *per capita* receipts against cardboard and hard board, medicines, motor vehicles, tea, timber, washing soap and wireles reception sets were more than those in Uttar Pradesh. Punjab returned better *per capita* receipts in respect of bicycles, bricks, foodgrains, iron and steel, kirana goods, motor vehicles and parts oilseeds and vanaspati. In Andhra Pradesh, six commodities viz. electrical goods, kirana goods, motor tyres and tubes, oilseeds, oils of all kinds other than vanaspati and wireles reception sets returned better *per capita* receipts. In absence of detailed knowledge about the economic structures of these States and their sales tax systems, we could not analyse the causes of these differences and their significance. There are, however, many reasons which may have been responsible for the low incidence of sales tax in this State. It may be mentioned that—

(i) the higher the *per capita* income, the greater the percentage of expenditure on commodities with high income elastic demand and, therefore, subject to higher rates. A richer State will, therefore, with the same tax efforts obtain more *per capita* receipts than the poorer States. In terms of *per capita* income, Uttar Pradesh is below the all-India average. This, naturally means low *per capita* sales tax receipts.

(ii) since our sales tax structure cannot tax agricultural goods as efficiently and highly as non-agricultural goods, the higher the per-

centage income from agriculture, the less the *per capita* sales tax receipts. On the other hand, since manufactured goods in the organised sector are subject to higher taxation, the more the importance of value added by manufacture in the national income, the larger the *per capita* incidence.

(iii) because of higher consumption in cash and greater consumption of manufactured goods and easy amenability to taxation of manufactured goods, higher urbanisation leads to higher *per capita* sales tax receipts. Annexure 13 gives the relevant data for States in India. A glance at them will show that the ranking of Uttar Pradesh in respect of both the features is adverse. There are, however, poor States with lower ranking in both these features which have higher *per capita* sales tax receipts.

16. The National Council of Applied Economic Research carried out an interesting multi-regression analysis in their report on sales tax in Mysore\* treating *per capita* income, proportion of urban population to total population and value added in the manufacturing sector *per capita* as determinants of *per capita* sales tax receipts. It was indicated therein that 97 per cent of the average variations in the *per capita* sales tax revenue in 1967-68 in various States of the country could be explained by three factors namely *per capita* State income, proportion of urban population and *per capita* value added by manufacture. The latest estimates of total State income and the income from manufacturing industries as available with us for most of the States related to the year 1970-71. We, therefore, made a similar analysis by taking the data for the year 1970-71. The figures on Statewise population in the urban and rural areas separately as on 1st October, 1970, were estimated by us and the same were taken to represent 1970-71 population. It may be mentioned that the National Council of Applied Economic Research considered the *per capita* total sales tax receipts in their study. The receipts from sales taxation also include those from inter-State sales which are a tax on importing States. It will be seen from Annexure 14 that Uttar Pradesh obtained less than 10 per cent of sales tax receipts from inter-States sales taxation in 1970-71, whereas some States like Bihar, Gujarat, Madhya Pradesh, Maharashtra, Orissa, Punjab and West Bengal received more than 20 per cent in the same way. It may be, however, noted that both in 1960-61 and 1970-71, Andhra Pradesh, Kerala, Karnataka and Rajasthan were sailing in the same boat as Uttar Pradesh. To exclude the effects of inter-State sales, we considered the *per capita* sales tax revenue under the State Sales Tax Act only. It may also be mentioned that the National Council of Applied Economic Research used *per capita* value added by manufacture as one of the variables whereas we are taking the *per capita* income from the industrial sector. Taking these three factors as independent variable and the *per capita* sales tax receipts under the State Sales Tax Act, as dependent variable, a multivariate regression analysis

\*Mysore Taxation and Resources Enquiry Committee, 1969 by S. Bhotlingam, Chairman, 'Report on Sales Tax'.

in the following form was made to explain the variations in the *per capita* sales tax revenue.

$$y = a + bX_1 + cX_2 + dX_3$$

where  $y$  = *per capita* sales tax receipts under the State Sales Tax Act—

$X_1$  = *per capita* State income.

$X_2$  = proportion of urban population to the total population.

$X_3$  = *per capita* income from registered manufacturing industries.

The coefficients  $b$ ,  $c$  and  $d$  as independent variables indicate the extent to which the *per capita* sales tax revenue will change in response to changes in the value of these variables. All these constants were estimated by fitting the above equation to the data shown in Annexure 15 by the method of least square. The estimated function thus arrived at is given below:

$$Y = -12.8194 + 0.0332 X_1 + 21.9126 X_2 + 0.0124 X_3$$

The coefficient of multiple co-relation between the three independent variables and the dependent variable was 0.84 which significant at 1 per cent level. The above results show that—

(i) the three selected factors viz. *per capita* State income, degree of urbanisation and the *per capita* income from industrial sector together explain 84 per cent of the variations in *per capita* sales tax revenue under the State Sales Tax Act,

(ii) if the proportion of urban population increases by 1 per cent, the *per capita* sales tax revenue will go up by 22 paise,

(iii) for one rupee increase in *per capita* income, the *per capita* sales tax receipt will increase by 3.3 paise,

(iv) every additional rupee from the industrial sector to *per capita* State income will mean an increase of 1.2 paise in *per capita* sales tax revenue. This increase will be in addition to its contribution, viz. increase in *per capita* State income.

The expected *per capita* sales tax receipts in various States in 1970-71 as against the actual receipts are given below:

TABLE 4—Expected and actual per capita Sales Tax Revenue 1970-71

States	<i>Per capita</i> sales tax revenue (Rs.)	Expected <i>per capita</i> sales tax revenue (Rs.)	Actual revenue as percentage of expected Col. 2/3 × 100
1	2	3	4
1. Uttar Pradesh	5.37	7.80	68.85
2. Andhra Pradesh	10.74	9.73	110.38
3. Assam	4.37	7.77	56.24
4. Bihar	4.84	3.07	157.65
5. Karnataka	14.80	10.77	137.42
6. Kerala	16.04	16.74	149.35
7. Madhya Pradesh	6.85	9.34	73.34
8. Maharashtra	21.87	21.63	101.11
9. Rajasthan	9.68	11.33	85.44
10. Tamil Nadu	14.97	13.87	107.93
11. West Bengal	8.17	11.65	70.13

The above table reveals that sales tax realisation in this State in relation to the expected receipts has been low in comparison to other States particularly Andhra Pradesh, Kerala, Bihar and Karnataka. The real question is whether besides the three economic factors as indicated above, there are some other particular forces acting in opposite directions in the case of Uttar Pradesh or whether the shortfall is due to less tax efforts. We tried two more factors, viz. consumption in kind and the strength and pattern of the trading community.

17. The revenues from sales tax depend upon the monetary transactions in the economy. The more the percentage of cash expenditure, the more the tax receipts. The Statewise comparable figures of *per capita* total expenditure and *per capita* cash purchases based on National Sample Survey data are available only for the year 1957-58 (See Annexure 16). It would be seen that cash expenditure as a proportion of total expenditure in the rural areas of this State was 46.5 per cent and it was the lowest excepting in the two States viz. Jammu and Kashmir and Orissa. On the other hand, 89.9 per cent of the consumption by the urban households in this State was in cash and there were seven States having lower proportion than this. In this way, only 53.2 per cent of the consumption was in cash here as against an all-India average of 65.3 per cent. There is unfortunately no later information to take account of changes in this position since then.

18. It is easier to collect sales tax from bigger dealers than smaller ones. We, therefore, tried to have a comparative idea of the structure of distributive trade in different States with the help of data collected from Income Tax Statistics for the year 1969-70 (vide Annexure 17). Trade is divided into wholesale trade and retail trade each of which is sub-divided into food and non-food, and the proportion of income-tax payees in each group to the total population is worked out. It is seen that the proportion for Uttar Pradesh is not less than that for other comparable States. It was also observed that income assessed per assessee was not lower in Uttar Pradesh than in other similarly situated States. We, thus, cannot specify any special structural factor or factors which adequately explain the low sales tax receipts *per capita* and as proportion of State income in this State. It is certain that this cannot be explained due to tax rates which are fairly high. While the search for a satisfactory explanation should continue, a safe guess would be that this is largely due to widespread evasion in its more dispersed economy, and comparatively large sales tax arrears.

19. Structure of the sales tax.—Tax under the Sales Tax Act in Uttar Pradesh is leviable over the turnover of a dealer, i.e. the person or association of persons, carrying on the business of buying or selling goods in Uttar Pradesh [vide section 2(c)]. It includes within its ambit a factor, a broker, a commission agent, a *del credere* agent, an auctioneer, any department of State or Central Government and also a casual dealer. It may be mentioned that in the case of sales, turnover connotes the aggregate of the proceeds of sale by a dealer (vide

Section 2(i)], and in the case of purchase, it refers to the aggregate of the amount of purchase prices paid by or payable by him [vide Section 2(ii)].

20. The Act classifies all goods into five major and a few minor classes. Broadly, the major classes are:

I. (a) Commodities which are not included in the definition of 'goods' as defined in this Act, e.g. Stocks, Shares and Auctionable claims [Section 2(d)].

(b) Commodities which are goods, but whose sale is not included in the turnover of a dealer, e.g. agricultural or horticultural or poultry or dairy products, when sold by the person who grows them, or when they are the products from fowls or animals kept by him, as the case may be [Proviso to Section 2(i)].

II. Goods, sale of which is taxable at multiple point, i.e. at all points of sale, e.g. spices, brasswares, ready-made garments, bullion (Section 3).

III. Goods, sale of which is taxable at a single point of sale i.e. only once:

(a) specified or declared goods when sold to a consumer, such as coal, cotton, hides and skins (Section 3AA);

(b) other goods, when sold by a manufacturer, importer or retailer, at such point of sale as may be specified such as dyes and colours, motor cars, tyres and tubes, cosmetics, sanitary fittings, bicycles, glasswares, etc. (Section 3-A).

IV. Goods which are exempt from payment of sales tax:

(a) subject to the dealer obtaining an exemption certificate on payment of proper fees in accordance with the rules prescribed therefor [Section 4(1) (b)];

(b) unconditionally and without payment of any fee, e.g. salt, handloom cloth, agricultural implements, fresh fruits and green vegetables, milk, etc. [Section 4(1)(a)].

V. Goods which are subject to purchase tax at the point of first purchase by a dealer, such as ghee, gur, rab, etc. (Section 3-D).

21. The present structure of Sales Tax in Uttar Pradesh can very well be described as a predominantly single-point tax structure. So far, 120 commodities have been specifically placed under a single-point levy (vide notification dated December 1, 1973) and only 39 commodities are liable to tax at all points of sale (vide notification dated December 1, 1973). The commodities which have not been for the time-being specified in any of the notifications issued under the Act are liable to single-point tax @ 7 per cent at the point of sale by the manufacturer or the importer. At present, 9 commodities are liable to purchase tax at different rates (vide notification dated November 15, 1971). The goods declared to be of special importance under section 14 of the Central Sales Tax Act, 1956 are liable to single-point tax at the point of sale to the consumer (vide notification dated November 13, 1972).

22. The following table brings out the extension of the single-point at the expense of multiple-point levy. The proceeds from single-point levy, which contributed less than half of the sales tax receipts in 1960-61 and accounted for more than three-fourths of the total in 1972-73.

TABLE 5—Shift from multiple-point to single-point  
(Figures in Rs. lakhs)

Year	Total receipts under U. P. Sales Tax only	Receipts from commodities taxed at all points of sale	Receipts from commodities taxed at single point (manufacturer, importer or sale to consumer)	Percentage share of commodities taxed at single point
1	2	3	4	5
1960-61	1005.64	570.41	435.23	43.3
1965-66	2187.64	1028.47	1159.17	53.0
1968-69	3713.07	159.26	2121.81	57.1
1972-73	6050.27	1335.07	4715.20	77.9

23. The Uttar Pradesh Sales Tax Committee, 1962-65 and the Uttar Pradesh Taxation Enquiry Committee, 1968-69 had examined the structure of the sales tax in the State and were satisfied that the prevalent pattern of sales tax where an admixture of single-point and multiple-point taxation co-existed, appeared to be the only suitable system in view of the character of the State economy.

24. We examined the present structure of the Uttar Pradesh Sales Tax in the context of the significant shift from the multiple-point to the single point and were satisfied that it was in the right direction. Under the single-point levy, it is ensured that there is controlled incidence and no more than a specific amount of tax is added to price. The single-point tax has a distinct administrative advantage where trade channels are well-known and easily identifiable, so that the incidence of tax is focussed at a known point. Considerations of economic welfare would demand that the tax should be levied at the last stage. A single-point tax imposed on the first stage may, unintended, mean some departure from the neutrality principle of taxing expenditure in all directions equally. It has, however, predominant administrative advantage of being collected from manufacturers and big dealers who could keep proper accounts and would find large evasion difficult.

25. Where there are no ascertainable channels of distribution, a multi-point levy has a technical advantage. At each stage, the rate is small, so that incentive to evasion is weaker and the commodity cannot entirely escape the tax. If a number of commodities dealt with by a class of traders are subject to the same multiple-point tax, all the advantages of a simple turnover tax would accrue. There is, however, a disadvantage that the channels of distribution may be interforced. The list of commodities subject to multi-point levy needs to be periodically examined to

find out whether any of them has become suitable for a single-point tax. In absence of dependable information about marketing channels, one has to rely on the impressions of persons in close contact with traders in relevant commodities.

26. The general level of sales tax rates has to be decided on two different sets of considerations. One set pertains to the State's accepted need for additional revenues and the optimum amounts that can be gathered through other taxes; taking in view growth and distributional effects, sales tax is a part of consumption taxes in which Central Excises are more predominant and from the viewpoint of consumers, both are to be considered together. An effective limitation on rates of sales taxation is their repercussion via neighbouring States. On many commodities subject both to Central excise duties and State sales taxes; State tax are much lower than excises.

27. Once the level of sales tax rates is decided upon, exemption and differential tax rates are comparatively easier to determine. Given that a high level of sales tax receipts has to be obtained, and the maximum rates cannot be very high, the list of exemptions has to be severely curtailed. Even foodgrains are now taxed in Uttar Pradesh; once these are taxed, there is no reason to exclude any other consumption goods. The rates on consumption goods must be determined in relation to the income elasticity for them, so that there will be some gradation of commodities according to the type of wants they cater to. Rates in neighbouring States, the inability to often distinguish among different uses of the same commodity and possibilities of evasion will also weigh heavily in rate determination.

28. Having considered the general principles of the level and structure of sales taxation, we may pass on to consider the rates of sales taxation in Uttar Pradesh. We shall begin with exempted commodities and transactions i.e. those taxed at zero per cent.

29. *Exemptions.*—When the sales tax was first levied in 1948, the list of exempted commodities was a large one. It included commodities which particularly affected the common man, such as foodgrains, cereals, pulses, atta, maida, suji, deshi ghee, firewood, paper for writing and printing purposes, groundnut, coal, soft coke, matches, khandsari, tobacco leaves whether green or dried, salt, gur, rab, kerosene oil and so on. Commodities mainly used for agricultural production, such as agricultural implements worked by human or animal labour, fertilisers, cattle fodder and powerine meant for use in tractors were granted exemption. Further, handloom cloth of all kinds was exempted from the tax in order to encourage its consumption. Similarly, goods sold by the branches of Kashmir Art Emporium, U. P. Handicrafts Emporium, All-India Khadi Board were exempted from the tax in order to stimulate production of indigenous industries.

30. It may be mentioned that this was in accordance with the prevalent ideology embodied in the Constitution, according to which the State could not increase or levy taxes on articles of special importance without the permis-

sion of the Central Government. The Taxation Enquiry Committee recommended a change in this limitation restricting State tax powers only in inter-State trade or in relation to commodities of special importance in inter-State commerce.

31. With this change in course of time, the list was progressively curtailed in the interest of revenue. The important commodities which have been taken off the exempted list and which yield substantial revenues are foodgrains, cereals, pulses, atta, maida, suji, bran, deshi ghee, gur, rab, charcoal, firewood, fertilisers, paper for writing and printing purposes, groundnut, coal, soft coke, matches; khandsari sugar, non-ferrous metal, industrial lubricants, raw hides and skins.

32. A few commodities continue to enjoy exemption. The important among them are agricultural implements worked by human and animal labour, all kinds of cloth manufactured on handloom, books and magazines and exercise books, salt, charkha and parts thereof, fresh fruits and green vegetables, livestock, milk and milk products other than those sold in sealed containers. Some new items have been added to the list of exempted commodities. These additions are not substantial from the point of revenue. To enumerate a few, bandages, cane goods other than cane furniture, condoms, donnuts and mother of pearl religious pictures, messes run by educational institutions, goods sold by Nari Kala Mandir, restaurant car attached to the railway trains passing through Uttar Pradesh, Tibetan Nehru Memorial Foundation, U. P. State Employees' Welfare Corporation, and goods sold to American Community Emergency Fund for Child and Foreign Relief, Ambassadors and Diplomats of foreign States in India, UNICEF, CARE, OXFAM, and to the United Nations and its specified agencies are exempt.

33. Broadly, the major grounds on which the exemption is granted are recorded as under:

(i) Exemption granted as a result of international or inter-State agreements, for instance, sales made to UNICEF, CARE, OXFAM and to U. N. and its specified agencies.

(ii) Exemption given on account of the fact that commodities are substantially taxed under other statutes or that the State has entered into an agreement with the Centre not to tax them, e.g. electricity, sugar, mill-made textile and tobacco and its products etc. etc.

(iii) Exemption granted for particular objectives like education or promotion of industries e.g. books and magazines, messes run by educational institutions, raw materials purchased by new industrial units manufacturing notified goods etc.

(iv) Exemption in the case of perishable commodities like milk, fresh fruits, green vegetables, meat, eggs, etc.

(v) Exemption granted on sentimental grounds, such as religious pictures, salt, etc.

(vi) Exemption for providing relief to agriculturists such as agricultural implements worked by human or animal labour.

(vii) Exemption granted to cottage industries and indigenous units employing family labour, such as all kinds of cloth manufactured on handloom, cane goods other than cane furniture, earthenware etc.

(viii) Exemption granted on goods pertaining to propagation of government policies like condoms, balanced poultry feeds etc.

(ix) Exemption extended to institutions under Section 4(i) (b) of the U. P. Sales Tax Act. The said section grants exemption to the goods sold and produced by All-India Spinners' Association, Gandhi Ashram, Meerut and their branches.

34. Basing on the data collected in connection with the Integrated Household Survey for the year 1969-70 conducted by the National Sample Survey (Government of India), we have made an attempt to estimate broadly the extent of loss related to the exemption of consumption commodities for which expenditure data were available. Annexure 18 gives the importance of such items in the family budget. In case the commodities detailed below, which at present enjoy exemptions, could have been taxed at the rate of 7 per cent single-point, the tax collected would have come to Rs.332.1 lakhs. In the above calculation, we have presumed that every transaction in the exempted commodities would have been done by registered dealers having taxable turnovers and that there would have been no evasion at all. In view of the fact that most of the exempted commodities are dealt with by dealers having turnover of less than Rs.12,000 at least half of the transactions of exempt commodities would have paid no tax.

TABLE 6—Estimate of loss of revenue on account of exemptions  
(Figures are in Rs. lakhs)

Sl. no.	Items	Rural consumption	Urban consumption	Total consumption in 1969-70	Estimated tax @ 7% S. P.
1	2	3	4	5	6
1.	Milk and milk products	779.8	1087.3	1866.6	130.7
2.	Meat, egg and fish	1053.8	276.2	1330.0	93.1
3.	Vegetables	4106.9	655.8	4762.7	335.5
4.	Fresh fruits	201.4	147.4	348.8	24.4
5.	Salt	155.0	17.4	172.4	12.1
6.	Pan leaf	45.3	19.7	65.0	4.5
7.	Books and magazines	75.7	58.1	133.8	9.4
8.	Newspapers and periodicals	5.5	31.0	36.5	2.6
9.	Earthenwares	15.6	1.7	17.3	1.2
	Total ...	6488.5	2324.6	8763.1	613.5

35. One of the major items which enjoys exemption is handloom cloth. However, data showing the actual consumption of handloom cloth

in the year 1969-70 are not available. On the other hand, from the said source, data are available with respect to the total cloth consumption in 1969-70 which are detailed below:

Cloth consumption (figures in Rs. lakhs)	Rural	Urban	Total	Tax @ 7% S. P.
	6,507.6	749.1	7,256.7	508.0

If we presume that handloom clothes contribute 10 per cent of the value of total consumption, the total consumption of handloom cloth in 1969-70 would be of the value of Rs.725.7 lakhs on which the tax @ 7 per cent single-point works to Rs.50.8 lakhs. Only half of its is likely to be realised. With this deduction, the estimated tax will come to an amount of Rs.332.1 lakhs. These estimates only include revenue losses due to items entirely exempt. The costs of partial exemptions of commodities and of tax concessions and reliefs are more difficult to estimate, but must amount to large sums. The grounds of important exemptions must, therefore, be critically examined.

36. Going by the classification of exemptions mentioned in para 33, exemption (i) is a matter of foreign policy of the Government of India. Exemption (ii) is only meant to avoid double taxation. Exemptions (iii), (v), (vi), (vii), (viii) and (ix) are all matters of economic policy. We shall make only a few general comments about State economic policy and sales taxation and shall confine detailed remarks only to (iv) and some aspects of (iii) and (ix).

37. The perishable nature of commodities like fruits, vegetables, milk and milk products, meat, etc. does not, in our opinion, make a cogent case for their exemption. The valid case for exemption is only to the extent that they are dealt with in unorganised markets and are handled by small dealers. The moment they begin to be substantially dealt with in organised markets, there would be a strong case for the review of exemption. To obtain the requisite information, marketing surveys should be made of such commodities and also of the products of the small artisans and craftsmen.

38. Technical superiority of sales tax over Central excises consists in the possibility of efficient revenue collection through the former from commodities produced in the unorganised sector but distributed through organised channels. If goods produced by certain processes or very small producers are entirely exempt from tax, the scope of sales taxation gets restricted and the chances of heavy overlapping of excise and sales taxation increase. Further, exemption from sales tax amounts to a haphazard inefficient subsidy, varying with the incidence of the tax rate. The same amount spent on reducing or removing the inefficiencies or weaknesses of the unorganised sectors through introducing some organisation may be a much better remedial measure. State economic policy needs to be reconsidered in the light of this background. The exemption of luxuries and capital intensive commodities needs to be in any case immediately removed. We see no reason for the continuance of the exemption of costlier handloom, silken cloth and sarees.

We further suggest that exemption on 'khali' and 'binola' (oilcakes and cotton seeds) should be withdrawn.

39. It has been pointed out that the advantage of the exemptions provided by section 4(i) (b) of the U. P. Sales Tax Act is sometimes extended to industries which do not seem to be *prima facie* deserving this concession. For instance, a few institutions go to the extent of running brick-kilns. We propose withdrawal of exemption of sales tax in respect of industries like lime manufacturing industry and running of brick-kilns as they involve considerable loss of revenue.

40. In order to provide incentives to the industries for accelerating their growth and even spread all over this State, certain exemptions and concessions have been granted in respect of purchases of raw materials and intermediary goods by certain industrial units which we propose to discuss in detail later. It may well be asked why this exemption should not be extended to such commodities irrespective of their use, as these are already taxed when embodied in final consumption goods and their taxation constitutes double and unintended differential taxation. Such an exemption will mean a substantial revenue loss.

41. According to the 1972-73 commoditywise sales tax collections data, commodities classified as raw materials brought Rs.4.61 crores and intermediary goods Rs.8.09 crores per annum revenue (Annexure 19). The cumulative loss accruing from the exemption of the raw materials and the intermediary goods will thus come to a total of Rs.12.70 crores—20 per cent of the total sales tax receipts. If this principle is extended to goods being sent to other States, there will be a further decline in revenues by Rs.2.52 crores. It will not be easy to make up this loss through increased rates on finished goods, some of which may be produced or treated in a less organised manner than intermediate goods and raw materials. A low tax on raw materials and so low tax on intermediate products has been widely accepted in India and allowed by the Central Sales Tax Act. We, therefore, do not recommend their entire exemption from sales taxation.

42. *Rate structure.*—One of the disconcerting features of sales tax in Uttar Pradesh is excessive rate differentiation. Commenting on the multiplicity of rates, Walter R. Mahler in his book 'Sales and Excise Taxation in India\*' has observed, "One of the most serious defects of sales tax systems in India is the haphazard and excessive rate differentiation which results in increased compliance and administrative costs. Therefore no benefit whatsoever to such extensive rate differentiation, since the desired progressivity can be achieved more easily and effectively with considerably less rate differentiation. There is no need for more than three or four rates of sales taxation". We examined the rate structure of sales tax in Uttar Pradesh from this viewpoint and felt that the large number of rates needed rationalisation.

43. There are 9 different rates of tax in respect of specified commodities subject to single-point of tax. We have appended the list of these commodities in Annexure 20. However, it will be worthwhile to mention the number of commodities against each type of rate:

Rate of tax per cent	Number of commodities
1	2
2	8
3	9
4	3
5	9
6	1
7	49
10	4
12	35
Total	120

There is one commodity subject to tax at the rate of 6 per cent i.e. articles made of gold and silver with or without any alloy. There are two commodities under 1 per cent i.e. butter and cream other than sold in sealed or tinned containers and cheese when sold otherwise than in sealed or tinned containers, 3 commodities under 4 per cent (i) yarn of all kinds including unspun fibre used in weaving other than hand-made spun yarn but excluding cotton yarn, woollen carpet yarn, filament silk yarn, staple yarn and nylon yarn, (ii) washing soap and other material used for washing purposes, (iii) ornaments made of gold and silver (with or without any alloy), and 4 commodities under 10 per cent (i) carpets of all kinds except cotton carpets and pile durries, (ii) furniture other than iron and steel furniture, (iii) sanitary goods and fittings excluding pipes and their fittings, and (iv) tiles of all kinds. The rates of tax on these commodities can be either reduced or enhanced to bring them under either the next higher or immediately lower category of rate of tax. We specifically suggest that:

(i) Articles made of gold or silver with or without any alloy which are at present taxable at the rate of 6 per cent may be placed in the category of goods subject to tax at the rate of 5 per cent. It will provide lesser temptation for evasion of sales tax.

(ii) Two commodities subject to tax at the rate of 1 per cent already detailed above may be placed under the category of 8 commodities subject to tax at the rate of 2 per cent.

(iii) Of the three commodities subject to tax at the rate of 4 per cent, the rate on yarn of all kinds and gold or silver may be reduced from 4 per cent to 3 per cent.

(iv) In respect of four commodities which are now taxed at the rate of 10 per cent, (a) the rate of tax on carpets of all kinds except cotton carpets and pile durries may be reduced

\*Sales and Excise Taxation in India—Walter R. Mahler, —Orient Longman Ltd., New Delhi, p. 267.

ed to 7 per cent; (b) the rate of tax on furniture other than that of iron and steel may be reduced to 7 per cent. The reduction of rates in respect of these two commodities will reduce the evasion of tax by carpet manufacturers and the manufacturers of wooden furniture; (c) the rate of tax on sanitary goods and fittings excluding pipes and the tiles of all kinds may be enhanced to 12 per cent. In case the above recommendations are accepted, it will reduce the number of rates under the single-point levy from 9 to 5.

44. *Purchase tax rates*—While discussing the evolution of sales tax, we have already stated that in the tax structure, Purchase Tax was first introduced in October, 1964 as its insertion appeared imperative. However, where the sellers are scattered and small and purchasers are few and organised, a purchase tax becomes more advantageous than sales tax. The best example of the need of such a tax is that on agricultural products, as in addition to technical inconvenience, they are not liable under the Act to Sales Tax.

45. The following commodities are subject to single-point purchase tax with the rates of tax noted against them:

Sl. no.	Description	Rates of tax per cent
1.	Bristles	1
2.	Foodgrains (including cereals & pulses) but excluding Sawan, Kodon, Mandua, Kiswa (Kasari or Latri), Kishari-dal, kakun, manjhri (ankri), jowar, kuttu, and ramdana	4
3.	Ghee	3
4.	Gur, including gur-shakkar, jaggery powder, gur lauta, gur rasket and palmyra gur	5
5.	Jute	2
6.	Khandsari sugar, on which additional excise duty is not leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 or, if leviable, it has specifically been exempted from such duty.	3
7.	Oil seeds	3
8.	Rab	5
9.	Resin	7

At present, there are thus six types of rates under the purchase tax. There is only one commodity taxed at the rate of 1 per cent i.e. bristles. We propose that its rate should be raised to 3 per cent. Entry no. 2 bears a mention of commodities like foodgrains etc. which is taxed at the rate of 4 per cent. In case the rate is lowered down to 3 per cent, apart from reducing the number of rates, it will mean considerable relief to the common man. If our proposals are accepted, it will cut down the number of rates under the levy of purchase tax from 6 to 4. We would further propose that purchase tax should be levied on wares of any metal or alloy at the rate of 5 per cent instead of its present rate of 4 per cent (multiple point).

46. At present, there are 39 commodities under the multi-point levy (Annexure 21). We have examined the list and come to the conclusion that it can be possible to curtail the existing list of multi-point commodities with modifications in the existing rate and stage of taxation. In this regard, we suggest the following commodities to be taken off from the multi-point list:

Name of commodities	Existing rate %	Proposed rate %	Incidence of tax
1. Sweetments, namkin, confectionery, rewari, gazak, biscuits, bread, cakes, pastries, buns, jams, jellies, murabbas, gulkand, churan, chatni, and achar, when sold loose or unpacked.	4 M.P.	3	At the point of sale to consumer.
2. Hot and cold drinks, ice cream, kulfii, milkshake, lassi, beverages, squashes or sharbat, when served to customers.	4 M.P.	3	Ditto
3. Prepared pan	4 M.P.	3	Ditto
4. Cooked food	2 M.P.	3	Ditto

47. The following commodities which are at present subject to multi-point tax may be brought under single-point levy at the first stage:

Name of commodities	Existing rate %	Proposed rate %	Incidence of tax
1. Hosiery made of pure cotton	2	3	M or I
2. Imitation ornaments and bangles, except those covered by any other notification issued under the Act.	4	7	Ditto
3. Hurricane lantern and lamps including their parts.	4	7	Ditto
4. Paraffin wax & candles	4	7	Ditto
5. Card board boxes	4	7	Ditto
6. Agarbatties and dhoop batties	4	7	Ditto
7. Shoe lasts, buckles and laces	4	7	Ditto
8. Hosiery of all kinds other than pure cotton.	4	7	Ditto
9. Umbrellas	4	7	Ditto
10. Camphor	4	5	Ditto

Spices, dry fruits, condiments including sauof, supari, ilaichi, seenk, gum, heeng, catechu, zeera, kala zeera, ajwain, joz, javitri, jaifal, kalimirch, mirch, laung, amchur, but excluding salt are taxable at the rate of 4 per cent multi-point under entry no. 22 of the notification. Some of the items coming under the above entry may be taken out and placed under single-point levy as under:

Name of commodities	Existing rate %	Proposed rate %	Incidence of tax
1. Dry fruits	4 M.P.	5	M or I
2. Betel nuts	4 M.P.	5	M or I
3. Ilaichi, heeng, gum, kala zeera, joz, javitri, jaiphal, kala namak, dalchini, tejpatta, kalimirch, and laung.	4 M.P.	5	M or I

We further suggest that bullion which is leviable at the rate of 1 per cent multiple-point should

be brought under the levy of single-point having rate of 1 per cent at the last point of sale. Similarly, ready-made garments which is at present in the list of multi-point and taxable at the rate of 4 per cent should be shifted to the list of single-point commodities and levied at the rate of 5 per cent (M or I).

48. In their representations to the Committee, the representatives of different business organisations, the sales tax lawyers and the officers of the Sales Tax Department—all expressed the view that a curb should be put on the tendency of very frequent revisions of rates which are made at all odd times of the year. Such frequent revisions not only result in confusion, embarrassment and needless work for the assessing authorities, but they also cause hardship to the dealers who are the tax collecting agents on behalf of the Government. To be widely acceptable, a tax system and its rates have to be stable. Recognising this fact, the Central Government makes it a point to charge customs and central duties normally only once or at most twice a year. We had an elaborate memorandum prepared by the Sales Tax Department enumerating the various changes made in sales tax structure including rates and the reasons for each change. The memorandum made a persuasive reading and, we are prepared to concede that, there may be occasions (the submission of this Report may be one) when unexpected turns in situations, imperative needs of clarification, or intense search for more revenues may appear to call for revisions in sales tax during the financial year. We, however, feel that in many of them, there would be net advantage in waiting till the commencement of the new year, and unpostponable revisions during the year should be few and far between.

49. Trade and industry in Uttar Pradesh have repeatedly complained of being at a handicap compared with those in other States in respect of rates of sales tax. We examined the rate structures of some States including Delhi. A comparative statement of rates of the selected commodities in respect of a few States has been given in Annexure 22. The examination reveals that the existing rates are more or less the same in case of most of the States. Only the rates of Delhi are much lower and also have been deliberately kept low. The Government of India take the view that the rates of sales tax in Delhi can be one per cent less than those in the neighbouring States in respect of articles subject to a tax of five per cent or less, and two per cent less in respect of articles taxable at rates exceeding five per cent. The justification given for this preferential treatment is that the prosperity of the Union territory as a distributing centre can be ensured only by this course of action. However, the logic does not justify the discrimination. The prosperity of all State governments and Union territories is the equal concern of the Government of India which should see that the prosperous territory of Delhi does not make progress at the expense of Uttar Pradesh and other backward States. Delhi has natural geographical and other advantage as a distribution centre, and its products should get no more favourable treatment than those of the other States. As long as this matter is not finalised, the only alternative

for us is to bring down the rates in Uttar Pradesh in case of sensitive commodities and sectors.

50. Manufacturers are generally more sensitive to a differential rate of sales tax than final consumers. We are recommending for them a special relief in para 84 which will, in our opinion, put domestic dealers in a fair competitive position. We are also recommending the same treatment to exporters at one remove from the manufacturers or importers as the direct exporters in the succeeding paragraph. The consumers will be generally tempted to buy in States which charge less rates on those commodities unit value of which is high and tax differential substantial in relation to cost of transport. We also suggest that attempts should be made to collect figures of tax collections specially for such items. Those conditions seem to exist in respect of commodities like bullion, ornaments of gold and silver, costly electrical goods, machinery and hardware, motor vehicles and parts, fancy ready-made garments, stainless steelwares, photographic goods wireless reception sets and so on. We recommend that a re-examination of the list of these commodities should be made and commodities so re-classified that those where such chances of evasion are substantial, are taxed at rates not out of line with those in Delhi. This would increase revenues, not reduce them.

51. Some Sales Associations have represented to us that the first-point first-stage tax discriminates against exports to other States made through traders who are not direct manufacturers (or importers) as in this case the sales tax is collected at full rates at an earlier stage and there is no provision for their getting a refund. Though there are no readily available statistics to show how wide exports through the intermediary traders are, this complaint appears to be genuine. We, therefore, recommend that the difference between the tax payments at Central Sales Tax rates and at rate already charged on the commodity should be refunded to exporters at one remove. This concession should only be extended to exporters who have directly purchased from manufacturers or importers who are liable to pay the tax.

52. It is a common experience that doubts sometimes crop up in determining the tax rate of any particular commodity. There is a great time lag involved between the time at which the dealer collects the tax and the point when his final liability is determined. Such doubts do much damage to the dealer-customer relationships. We feel that there should be some person authorised to immediately determine the payable rate subject to the jurisdiction of the Sales Tax Tribunal and the High Court. We recommend that the Commissioner, Sales Tax, should be authorised to determine the tax rate to which a commodity is liable and that his decision should be binding on all assessing authorities and appellate authorities.

53. *Exempt turnover*—The Committee went into the *pros* and *cons* of raising the existing exemption limit of turnover. In principle, there is no reason why any dealer at all should be exempt from the sales tax, since its incidence is expected to be on the consumers, and an exempt dealer will not sell goods at a cheaper price. The exemption can only be justified on the

ground that the cost of collection and administrative trouble involved in bringing dealers below a certain turnover in the tax net are not proportionately rewarded in terms of the yield. Table 7 giving figures of sales tax receipts from dealers according to their turnover shows that only 8.3 per cent of the tax revenue was obtained from small dealers with a turnover of Rs.80,000 or less who constituted two-third of the total number of dealers. A disproportionate amount of time and energy was devoted to recover this money. On the other hand, the cost of compliance with sales tax requirements was high for smaller dealers, who could not afford to employ a person to keep detailed accounts. We shall deal with this argument in some detail.

TABLE 7—Distribution of Tax Collection in different Gross Turn-over by Dealers—Slabs and revenue collected (1972-73)

Sl. no.	Turnover slab	Number of dealers	Net collection of sales-tax (figures in Rs. lakhs)	
1	2	3	4	5
1.	Rs.12,000 to Rs.25,000 (or less than Rs.12,000)	32,493	205	2.9
2.	More than Rs.25,000 but not more than Rs.35,000	17,272	64	0.9
3.	More than Rs.35,000 but not more than Rs.50,000	18,842	105	1.5
4.	More than Rs.50,000 but not more than Rs.80,000	36,571	212	3.0
5.	More than Rs.80,000 but not more than Rs.1,25,000	7,852	260	3.7
6.	More than Rs.1,25,000 but not more than Rs.2,00,000	22,921	410	5.7
7.	More than Rs.2,00,000	20,972	5,840	82.3
	Total	1,56,923	7,096	100.0

54. The limit of Rs.12,000 is so low that strictly enforced, it should include every dealer doing business even on the smallest scale. At a high trade margin of 20 per cent, it would leave a margin of Rs.200 a month. Rent and other liabilities have to be deducted from this to arrive at net earnings. In spite of this low limit, many dealers are not registered. According to the 1961 Population Census, Uttar Pradesh had 23,909 wholesale traders (18,166 urban and 5,743 rural) and 6,97,256 retail traders (3,10,250 urban and 3,87,006 rural) which must have grown to more than 8 lakhs now. As many as 1,28,295 dealers were registered under sales tax only in the year 1972-73. There is, thus, a big proportion of dealers who escape registration and tax, but it is feared that by merely increasing the exemption level and narrowing the tax net, a more effective coverage will not be guaranteed. Whatever the exemption limit, the current experience will repeat itself and traders near the margin will escape the net. If the minimum taxable limit is enhanced to, say, Rs.35,000, it will at one stroke of pen remove a very substantial number of dealers from the records. It will also provide dealers, whose turnover is in the range of Rs.

40,000 an incentive to claim exemption on the plea that their turnover is only Rs.35,000. Further, raising of the minimum taxable limit has only a limited connotation from the view-point of benefit to small dealers. They would be liable to pay tax, notwithstanding the minimum taxable limit, if they sell imported goods subject to single-point tax under any of the notifications issued under the Act, or if they sell any taxable goods imported against the declaration in form 'C' or if they sell goods manufactured or processed by using the goods purchased against declaration in form 'C' or by a declaration under section 3-AA or a declaration or a certificate, as the case may be, under section 3-D or section 4-B. In other States with a higher general exemption limit, exceptions have been made for importers and similar other categories of traders or and lower limits—sometimes lower than in Uttar Pradesh—prescribed for manufacturers, (vide Annexure 23). For instance, in Madhya Pradesh, Gujarat and Rajasthan, there is minimum taxable limit of Rs.5,000 for manufacturers. The minimum taxable limit, as it stands today, thus, affects only those dealers who deal in multi-point goods which are 39 in number, or who manufacture taxable goods without purchasing goods against declaration in form 'C' etc. as stated above. The loss to the State revenue will immediately be Rs.2 crores annually. On a careful consideration of all these points, we come to the conclusion that an increase in the limit of the minimum turnover of Rs.12,000 will serve no particular purpose. We also felt that the limit should be uniform for dealers in all commodities.

55. There is, however, a strong case for devising a simple procedure for assessing smaller dealers. Various devices are possible to achieve this end. Administrative instructions can be issued to the assessing authorities saying that they should not expect the same standard of book-keeping and accountancy as from bigger dealers and that the account books of dealers whose turnover does not exceed a particular sum, may not be rejected on the basis of minor omissions or technical flaws or in the absence of particulars of opening and closing stock, profit and loss account, manufacturing account etc. We understand that some such departmental instructions are in force, but have not satisfactorily served the purpose.

56. *Compounding of tax liability*—We considered in this connection the question of composition of tax liability. The provisions of compounding, as contained in section 7-D of the U. P. Sales Tax Act, have stringent conditions attached to them and this possibly explains why so far no dealer has applied for taking its benefit. The provisions permit composition of part liability only up to a turnover of Rs.25,000. Annual permissions have to be obtained, which can only be given after a detailed survey of the premises of the dealer who opts for the composition. No wonder, the scheme of composition, as embodied in the Act, has attracted no dealer so far.

57. We feel that, if the compounding scheme is to work as a serious alternative, it should not be unduly strict. The requirement of annual permission should be done away with and no detailed survey of the premises of the dealer should be made a pre-requisite condition for the scheme of

composition. The scheme of composition should be extended to a turnover limit of Rs.80,000 in respect of multi-point commodities. Commodities under the single-point levy would not fall within the ambit of this scheme, as most of the smaller dealers pay no tax on them, and those who pay have to do so at high rates.

58. The following table gives the rates of composition fee for different slabs of turnover. The slabs have been made sufficiently wide so as to make slab determination of the dealers comparatively easy, and the tax amounts are so decided as to strike a compromise between fairness to the dealers and the need of revenue requirements.

TABLE 8—Proposed rate of Composition fee

Range of turnover	Rate of composition fee	
	Rs.	
1. More than Rs.12,000 & up to Rs.20,000	360	
2. More than Rs.20,000 & up to Rs.30,000	600	
3. More than Rs.30,000 & up to Rs.40,000	900	
4. More than Rs.40,000 & up to Rs.50,000	1,200	
5. More than Rs.50,000 & up to Rs.60,000	1,500	
6. More than Rs.60,000 & up to Rs.70,000	1,800	
7. More than Rs.70,000 & up to Rs.80,000	2,100	

59. The scheme outlined here is only a beginning in the experiment of devising a simple, fair and effective scheme for the small dealers, productive of equivalent net revenue. Since the requisite data regarding trade of small dealers in single-point and multi-point commodities are not available, it may happen that the scheme proves ineffective. Adjustments will have to be made in the scheme in light of experience. We hope that, in due course, it will minimise the present large magnitude of litigation.

60. In a sales tax system where the burden is not assumed to be borne by dealers, there is no legitimate scope for progressive taxation according to turnover. In the existing system, the dealers having total turnover exceeding Rs.2 lakhs are made liable to pay a surcharge which has been raised to 1 per cent recently. It seems to us that in case biggest dealers are not an indispensable link in the transactions in single-point or multi-point commodities, this amounts to a 1 per cent turnover subsidy for the smaller dealers. We feel, it would be more advantageous to have a uniform tax rate on all dealers irrespective of their turnover.

61. *Administrative set-up*—The administration of Sales Tax Department in Uttar Pradesh is under the charge of the Commissioner, Sales Tax under the State Ministry of Finance. The Commissioner, Sales Tax, is assisted by an Additional Commissioner and several Deputy Commissioners and other officers at headquarters. We have already appended in Annexure 24 a chart showing the hierarchy of Sales Tax Department. The

State is divided into 10 Ranges of Assistant Commissioners (Executive) who supervise the work of Sales Tax Officers and Assistant Sales Tax Officers in their respective Ranges. There are at present 48 Circles in the State, 13 of which have more than one sector. Besides this, there are 17 sub-Circles. The total number of Circles/sub-Circles and sectors is 98. The State Government fixes the territorial limits of a Circle.

62. *Assessment*—Section 7 of the U. P. Sales Tax Act requires every dealer who is liable to pay tax to submit returns of turnover at such intervals as may be prescribed under Rule 41(5). If the assessee has not submitted his returns within the prescribed time or returns submitted by him are, in the opinion of the assessing authority, incorrect or incomplete, the latter may determine the turnover to the best of his judgment and provisionally assess the tax payable for the period. Section 21 of the Act provides that in case the assessing authority has reasons to believe that the whole or any part of the turnover of a dealer for any assessment year or part thereof, has escaped assessment to tax, he may after issuing notice to the dealer reassess the dealer to tax according to law. There is a limitation of four years for normal assessments and one more year is added when notice under section 21 has been served on the dealer. We went into the question—whether the present statutory limitation of four years for finalising assessment should be brought down. We felt that it would be risky to do so at present.

63. A regrettable feature of sales tax administration is the large number of pending cases.

#### States

TABLE 9—Importance of pending cases in some

State	1971-72	1972-73	1973-74
1. Uttar Pradesh	2,61,237	3,02,687	3,36,021
2. Karnataka	—NA	93,423	66,273
3. Maharashtra	3,12,408	3,29,016	—NA
4. Orissa	—NA	—NA	62,800

In the year 1972-73, the number of assessable dealers was 1,56,723. The pendency of assessment cases in the same year was 3,02,687 and in 1973-74, 3,36,021 cases remained pending. Experience shows that, normally, it takes 3-4 years for an assessing authority to complete assessment. This must be substantially brought down. In some of the States we visited, we found that a rule was made that, normally, all the assessment cases should be disposed of within a year, and while there were exceptions in complicated cases, there was more or less 90 per cent compliance. While such a norm may be immediately difficult to achieve, it should be made the goal to be achieved in two years.

64. One of the reasons that has been pointed out to us for delay in completion of assessments pertains to the heavy workload of Sales Tax Officers and Assistant Sales Tax Officers. The

Shukla Committee dealt at length with this question, and made recommendations resulting in the acceptance of substantial reduction in the workload. At present an S. T. O. is required to make 600 assessments in a year while an A. S. T. O. has to make 840 assessments in a year. We understand that the Government have taken steps in this direction by sanctioning more staff and a large number of new officers have been appointed. In the meantime, however, the department's work has so expanded that in spite of substantial fresh recruitment, it has not been possible to reduce the excessive norms of assessment work. The scheme of compounding we have suggested may, if successful, mean some reduction in work of A. S. T. Os. but the appointment of more staff will remain the key to quicker and more satisfactory assessment. We understand that there is no reluctance on the part of the Government to sanction more staff, but that there are difficulties in getting the proper men and their training takes time. We can only press the urgent need of increasing the pace so that it would be possible to reduce the norm to a more reasonable level and ensure a better quality of assessment.

65. *Survey work*—We are informed that, in addition to assessment work, at present, an S. T. O. is required to do 450 surveys, whereas an A. S. T. O. is required to carry out 550 surveys during a year. It has been represented that owing to the enormity of workload, surveys are generally done in a routine manner. Such perfunctory surveys are apt to reduce the quality of assessment which is greatly dependent on the survey report.

66. The case for separate staff for carrying out surveys was urged before us at some length. One of the arguments put before us was the need for reduction in workload. We would, however, like to treat the demand for separate survey staff independently of the question of workload, for which alternative remedies like appointments of more Sales Tax Officers and Assistant Sales Tax Officers all doing both the survey and assessment work can be thought of. We think it of great advantage that survey and assessment work should be done by the same persons, as the knowledge and impressions gained in the course of survey work can be profitably used in the task of assessment, and the quasi-judicial temperament and habits obtained in assessment work will help the quality of survey reports. We, therefore, agree with the Verma Committee that there should not be any separation between the two.

67. The need of furnishing copy of survey note to the dealer was also argued before us. If the dealer is furnished with the information in the survey note that may be used against him in advance, there is every possibility that he will have time to forge and fabricate evidence to rebut the case against him. There is a distinct advantage in the present procedure of confronting him with the facts ascertained during survey at the time of assessment. We, therefore, feel that there is no need of giving a copy of survey note to the dealers. At the time of survey, the dealer is asked to sign a declaration regarding the stocks etc. It was argued that at least a copy of this declaration should be furnished to him. We, however, see no special need for this procedure.

68. *S. I. B. units*—The first Special Investigation Branch Unit comprising of Sales Tax Officer and Assistant Sales Tax Officer was established in Kanpur in 1954-55. One unit at Agra and the other at Meerut were established in 1956-57, while units at Lucknow and Varanasi were established in 1959-60 and at Bareilly in 1965-66. Units were set up in Allahabad and Gorakhpur in 1967-68 and 1970-71 respectively. The Special Investigation Branch Units at Moradabad and Saharanpur came into being in 1974. There are, thus, at present 10 units.

69. The Special Investigation Branch Units work under the control and superintendence of a Deputy Commissioner at the headquarters who is an officer of Indian Police Service cadre. He is assisted by 2 Deputy Superintendents of Police, Police Inspectors and other staff. The function of the police authorities attached with Deputy Commissioner is to gather information regarding evasion. These officers also accompany Sales Tax Officers in plain clothes in searching the premises of dealers being suspected of maintaining duplicate sets of accounts or some other irregularities. These units have rendered good services, towards minimising the extent of evasion, and we see no reason for suggesting any radical reorganisation of them.

70. *Appeals*—According to the data for 1971-72, 31.3 per cent of the assessee filed appeals against assessment orders. Such appeals amounted to 1.2 per cent in case of Andhra Pradesh and 12.0 per cent in case of Tamil Nadu. Similarly, the percentage of appeals in the year 1972-73 came to 31.3 per cent in the case of Uttar Pradesh, whereas it was 0.96 per cent and 13.0 per cent in the case of Andhra Pradesh and Tamil Nadu respectively. It is apparent that the percentage of cases going in appeal is very high in Uttar Pradesh. Many of the appeal cases involve such small amounts as to make one wonder why the assessee find it worthwhile to take the trouble and cost involved in the appeal procedure. There are many marginal dealers who do not keep accounts and are assessed according to 'best judgment'. In such instances, it is noticed that dealers invariably go in appeal as they apprehend that, if they do not do so, in later years, they will be subjected to heavier assessments. The results of the appeals—only 30 per cent of the assessments upheld—justify this line of reasoning. It may be noted that in some other States for which we got detailed figures, we had similar percentages of successful appeals. But the two together—a high ratio of assessee going in appeal and a high ratio of successful appeals—make a formidable combination which would call for greater care on the part of the assessing officers.

71. In this connection, a study was carried out at our request in respect of Kanpur, Sitapur and Lucknow Districts for the quarter ending on 31-12-72 to ascertain the number of assessments where the returns of the assessee were accepted and the percentage of rejected returns cases which went in appeal. It revealed that the returns were accepted only in half the number of cases and that more than half of the assessee whose returns were not accepted preferred to go in appeal. 16-20 per cent of cases in which tax liability was raised by Rs.100 or less went in

appeal and in cases involving larger amounts, the appeals preferred were substantial:

TABLE 11—Results of First Appeals—1963-64 to 1973-74

TABLE 10—Percentage of appeals against rejected returns by the assessing authorities in respect of Kanpur, Sitapur and Lucknow Districts: 1-10-1972 to 31-12-1972.

	Sales Tax Officer	Asstt. Sales Tax Officer
1. Assessment orders passed	2,652	4,144
2. Number of cases in which returns filed by the dealers were accepted by the assessing authorities.	1,325 (50%)	1,857 (44.8)
3. Number of cases in which returns of dealers were rejected by the assessing authorities.	1,327 (50%)	2,287 (55.2)
Break-up of rejected return cases according to amounts:		
(a) Up to Rs.100	171 (12.9)	737 (32.8)
(b) Between Rs.101 and Rs.250	118 (8.9)	448 (20.0)
(c) Over Rs.251 but less than Rs.1,000	481 (32.5)	704 (31.3)
(d) Over Rs.1,000	607 (45.7)	358 (5.9)
Total:	1,327	2,347
5. Appeals filed against raising of additional tax as detailed in col. 4(a) to 4(d):		
(a)	28 (16.4)	146 (19.8)
(b)	109 (92.4)	206 (46.0)
(c)	397 (92.0)	668 (94.9)
(d)	401 (66.1)	263 (73.5)
Total:	935 (704)	1,283 (57.1)

72. We hope that the scheme of composition in respect of tax liability of dealers having turnover up to Rs.80,000 will reduce the number of appeals preferred in case of small amounts.

73. Till November 1967, the Assistant Commissioners (Judicial) functioned under the control and superintendence of Judge (Revisions) which was transferred to the Sales Tax Commissioner by an Ordinance. The Presidential Act of January 1968, which replaced the said Ordinance, laid down that Sales Tax Commissioner shall not in exercise of such superintendence and control, issue any orders, instructions or directions which might interfere with the discretion of the appellate authorities in exercise of their functions. We have been told that in spite of this provision, the present functioning of the appellate authorities does not command the same degree of confidence. We do not see any reasons for this in the results of appeals which tend to fare more or less in the same way as before.

Year	Total no. of appeals disposed of	Appeals dismissed	Appeals modified	Appeals allowed	Appeals remanded
1963-64	42,054	13,769 (30.4%)	16,209 (38.5%)	6,280 (14.9%)	6,796 (16.2%)
1964-65	55,114	16,364 (29.7%)	21,168 (38.4%)	8,439 (15.3%)	9,143 (16.6%)
1965-66	60,296	16,560 (27.5%)	22,265 (36.9%)	9,896 (16.4%)	11,575 (19.2%)
1966-67	47,611	12,324 (25.9%)	18,507 (38.9%)	7,536 (16.8%)	9,244 (19.4%)
1967-68	45,279	13,291 (29.4%)	17,843 (39.4%)	6,193 (13.7%)	7,952 (17.5%)
1968-69	43,700	14,898 (34%)	17,476 (40%)	6,470 (14.9%)	4,856 (11.1%)
1969-70	47,311	15,750 (33.3%)	17,906 (37.8%)	7,680 (16.3%)	5,975 (12.6%)
1970-71	55,085	18,279 (33.2%)	19,741 (35.8%)	7,085 (16.6%)	7,980 (14.5%)
1971-72	73,606	22,693 (30.8%)	26,883 (36.5%)	13,141 (17.9%)	10,889 (14.8%)
1972-73	69,486	21,077 (30.3%)	25,453 (36.6%)	12,050 (17.4%)	10,906 (15.7%)
1973-74	60,105	17,757 (29.5%)	21,644 (36%)	10,517 (17.5%)	10,187 (17%)

The table explicitly indicates no significant change in the trend of decisions of the appellate authorities after November 1967. The percentage of appeals dismissed remains round about 30 per cent as before and of those allowed 14 to 18 per cent. We, therefore, do not see any need for a change-over to the earlier system.

74. Sales Tax Tribunal—The second appeals are heard by the revising or additional revising authorities. There are nine Judges (Revisions) functioning at present. The Act provides for a reference to the High Court on any question of law arising out of the order of the revising authority. The revising authorities are at present drawn from the Higher Judicial Service of the State. This has two inherent disadvantages. The Judges (Revisions) are final authorities in matters of fact. They also have to take a view on the legal issues involved. Often incongruities arise among different judgments not all of which admit of further appeals. It has also been found that there is no adequate appreciation of the complex accounting and business issues involved in such cases. This has given rise to a demand for setting up of Tribunal both from Sales Tax Bars and the business world. We are in favour of setting up such a Tribunal. The Tribunal should hear cases in which the amounts involved are above Rs.10,000 or cases which are referred to them by the single Member Judges. The Tribunal should be presided by a member with legal background and should have two other members. The individual members hearing the smaller and simpler cases could be drawn from not only the Bench and the Bar, but also from tax or other allied departments of the Central and State Governments, profession and business. Suitable rules could be framed for their appointment, but it should be laid down

that ones appointed, they could continue to occupy this position at least for a period of five years and would have no connections with their departments or firms during this period.

75. *Arrears of Sales Tax.*—Sales tax arrears have assumed an alarming proportion, and as the following table shows, they have increased from Rs.28 crores to Rs.53 crores in 1973-74. As percentage of collections, however, they have remained round about 60 per cent:

TABLE 12—*Arrears of Sales Tax—1969-70 to 1973-74*

Year	Amount of arrears	Sales Tax Collections	Arrears as percentage of collections
1969-70	27.83	47.13	59.0
1970-71	32.02	52.02	61.6
1971-72	36.62	58.42	62.8
1972-73*	42.00	70.40	59.7
1973-74*	53.31	89.54	63.8

\* In respect of 1972-73 and 1973-74, the departmental figures are provisional.

It may be noted that in 1972-73, the arrears amounted to Rs.42 crores, 59 per cent of the sales tax receipts. The following tables gives the yearwise break-up of the sales tax arrears since 1959-60:—

TABLE 13—*Yearwise break-up of arrears from 1959-60 onwards*

Up to	Year	Amount (crores)
	1959-60	1.85
	1960-61	0.48
	1961-62	0.67
	1962-63	0.58
	1963-64	0.67
	1964-65	0.04
	1965-66	0.98
	1966-67	1.48
	1967-68	2.13
	1968-69	3.00
	1969-70	3.04
	1970-71	5.61
	1971-72	6.66
	1972-73	13.81
	Total	42.00

It is remarkable that two-thirds of the sales tax arrears are since 1969-70 and one-third have accumulated from 1968-69 or before. Further, it is striking to note that out of Rs.42 crores, recovery of Rs.7.23 crores has been stayed either by the Government orders or by the Courts of competent jurisdiction and Rs.2.56 crores are, *prima facie*, irrecoverable. This still leaves Rs.32 crores as recoverable arrears.

76. The following table gives comparative sales tax arrears position for 11 States where Uttar Pradesh emerges as the State with the largest arrears in proportion to receipts 61.55 per cent. West Bengal follows closely and Orissa

stands third. All other States have less than 15 per cent of sales tax receipts as arrears:

TABLE 14—*Arrears as percentage of sales tax receipts of 11 States—1970-71*

Name of State	Arrears (Rs. in crores)	Total receipts (Rs. in crores)	Arrears as per centage of total receipts
1. Uttar Pradesh	32.02	52.02	61.55
2. Andhra Pradesh	4.76	49.90	9.54
3. Haryana	0.83	17.41*	0.48
4. Himachal Pradesh	0.16	1.63	0.10
5. Madhya Pradesh	5.55	38.81	14.69
6. Maharashtra	21.50	146.36	14.69
7. Mysore	2.23**	10.39**	11.50
8. Orissa	7.06	16.43	42.97
9. Punjab	1.94	35.08	5.53
10. Tamil Nadu	7.58	74.85	10.13
11. West Bengal	37.34	51.02	61.19

\* Includes sales-tax on motor spirit.

\*\* Figures relate to the year 1965-66.

77. The major reason for increasing arrears in this State seems to lie in the procedure for their recovery and the lack of direct interest on the part of authorities entrusted with recovery powers. The arrears of sales tax are collected by the agency of the Collector as arrears of land revenue after the lapse of thirty days of service of the notice of demand. It has often been noticed that the collection does not elicit the same attention of the District Collector as the arrears of land revenue. Secondly, a defaulter who is liable to pay arrears of sales tax has, sometimes, his permanent home in some other district, and at the time when he is required to pay off the arrears, he conveniently shifts to the other district and, thereby, delays the realization of arrears. Thirdly, the limitation for making assessment under the U. P. Sales Tax Act is of four years. In actual practice, it takes a long time for the assessing authority to complete assessment after the end of the assessment year. Many developments take place in the interval making tax recovery difficult. Fourthly, the party who is liable to pay arrears moves the Court of competent jurisdiction and obtains stay order. Generally, the Courts take a long time in deciding the matters and, thus, the arrears remain pending. It will greatly help, if delay in disposal of such cases in which stay orders have been passed by the Court, can be minimised. Finally, delay in writing off dues which are irrecoverable detracts attention from dues where quick action is needed. We have already discussed in detail the problem of time taken for assessment elsewhere. We shall deal here mainly with the question of fixing responsibility for recovery.

78. It has been suggested to us that as in some other States like Delhi, Maharashtra, Tamil Nadu etc. and in the case of income tax, the Sales Tax Department should be entrusted with the powers of recovery of dues. A beginning has already

been made in this connection since July 1973 by placing ten districts under the control of Commissioner, Sales Tax so far as the realization of arrears of sales tax is concerned by implementing a new scheme. Under this scheme ten Deputy Collectors, Sales Tax (Collection) have been appointed on deputation and the rest of the collection staff i.e. Naib-Tehsildars, Collection Amins, Peons, Wasil Baqi Nawis and Assistant Wasil Baqi Nawis have been taken on deputation from Revenue Department. One Deputy Collector assisted by a Sales Tax Officer (Collection) is posted in each of the ten districts. The subordinate staff is posted according to sales tax arrears in each district. The norm of a collection amin has been fixed at Rs.22,500 and at least 75 recovery certificates in a calendar month. About eight to ten Collection Amins are normally posted under a Naib-Tehsildar. The arrears which are *prima facie* found irrecoverable by the Amins and Naib-Tehsildars in these districts are normally put for joint enquiry by Dy. Collector and Sales Tax Officer (Collection). If finally these dues are found to be irrecoverable by the joint team they are recommended for remission by the respective authorities. The collections under the scheme are being made under the provisions of the Land Revenue Act by the Deputy Collector, Sales Tax (Collection), as he has been declared an Additional Sub-divisional Officer for realization of sales tax dues for all the tehsils of the district. The collections of arrears from the above ten districts during the period from July 1973 to March 1974 amounted to Rs.2,73,00,000 as against Rs.2,18,00,000 during the corresponding period in the year 1972-73 when the collection was made by the Revenue staff working under the Collector. We understand that, as soon as the necessary sales tax staff is available, the scheme will be extended to other districts. It is too early to comment on the success of this scheme, but it seems logical to combine the jobs of assessment and entire collection in the same authority.

79. We recommend that as soon as the necessary administrative arrangements can be made and the needed staff recruited, the Government should fix the entire responsibility for the work of realization of arrears on the Sales Tax Department, and appoint Tax Recovery Officer on the Income-tax pattern in the Department. In some States like Delhi, Maharashtra and Tamil Nadu, this has been already done.

80. Another effective step towards speedy realization of arrears can be by attaching bank accounts of the defaulters till the dues are cleared off. It would be advisable to make a provision for attaching bank accounts of defaulters in the Act to realise arrears of sales tax more effectively.

81. *Relief to industries*—One of the devices in the power of Government to provide incentives to the growth of industries relates to the grant of sales tax exemptions and concessions on the purchase of raw and intermediate materials. An important measure of relief in this regard was taken by the State Government in June 1974. The notification dated June 11, 1974 allowed complete exemption of tax on the purchases of raw materials and intermediary goods required in connection with the manufacture of 34 notified goods for specified periods. The list of notified goods included bicy-

cles, radios, television sets, transformers, electrical equipment and so on. The recent addition of scooter to this list expands it to 35. (Annexure 25). The notification prescribed different time-limits in respect of the tax exemption which it provided to the manufacturers of the said 35 goods according to whether they were located in the backward districts (Annexure 26). After the expiry of the stipulated time-limits, the manufacturers of notified goods are allowed to purchase raw materials and intermediary goods at a concessional rate of 2½ per cent without any time-limit.

82. Other new units which were not covered under the notification concerning 35 notified goods, could purchase raw materials at a concessional rate of 2½ per cent only for a period of 5 years in respect of 37 backward districts and for a period of 3 years in other districts. After the expiry of the prescribed periods, the units not covered under the notification pertaining to 35 notified goods would pay full tax on their purchases of raw materials and component parts.

83. While these liberal concessions extended for limited periods to new units in all industries for indefinite period on a diminishing scale to new units in specified industries serve a welcome purpose, we think there is need for a more general liberal policy regarding taxation of raw materials and intermediate goods for industrial consumers, who would pay the tax on the finished goods to the State. It would be worthwhile to mention that anybody who intends to establish a business in the Union territory of Delhi for the purpose of manufacturing or producing goods of a value exceeding Rs.10,000 per year is entitled to obtain, on registration, raw materials free of tax for the purpose of manufacturing such goods other than exempted ones for sale inside Delhi or for sale in the course of inter-State trade or for sale in the course of export outside India. This concession is not available in respect of the manufacture of exempted goods or if the goods are sold outside the State on consignment basis or through depots constituted in other States. The essential idea behind this relief is that, if new units come up due to this concession, the State gains in the form of receipts of tax on the sale of finished goods inside the State or in the course of inter-State trade and will more than make up the cost of the relief.

84. While we feel that Uttar Pradesh with its big internal market and intense need for additional revenue cannot afford this liberal relief and need not give it, it should universalise the benefit of the concessional rate of 2½ per cent on the purchase of raw and intermediate materials (except alcohol, sugarcane etc. for which separate recommendations have been made) to all industrial units or manufacturers in the State, whose annual turnover is not less than Rs.12,000 and who are registered under the Act without any restriction of specified period. This would give relief to the new as well as to the old units. Similar conditions as in Delhi may, however, be imposed, viz. that the benefit would be available only if manufactured goods are sold inside the State, in the course of inter-State trade or in the course of export out of the territory of India. Such concessions are in force in developed States like Maharashtra and will go a substantial way in put-

ting U. P. industrial units on a more competitive basis with those in neighbouring States.

85. *Tax Evasion*—There is a strongly held belief that sales tax is widely evaded. Evasion takes place when turnover liable to tax is not fully disclosed. It is hardly possible to enumerate fully the methods of evasion. But direct suppression of purchases and sales by maintaining secret accounts, stocking of goods in undeclared godowns, maintenance of duplicate sets of sales bills, issue of manuscript bills without serial numbers, misuse of delivery notes, under-billing and showing under-weight, giving wrong description of goods, accounting inter-State sales as consignment sales etc., are some of the methods popularly resorted to by unscrupulous tax evaders in order to escape the liability of tax and its penal consequences.

86. The Shukla Committee examined the problem of tax evasion and found it 'extremely difficult' to make any 'accurate assessment' of the extent of evasion. The Committee observed that there could be no doubt that evasion in respect of sales tax was widespread and very considerable. One of the promising methods to determine the extent of tax evasion appears to be the working out of the potential tax base. A comparison of the actual tax receipts with the optimum which could have been obtained in an ideal condition, if the whole base were taxed, will be the first step in arriving at the extent of evasion. A wide discrepancy between the two may as well be due to deliberate tax exemptions or reliefs of some sectors like exemption of shoes made by small producers, of dealers with turnover below minimum taxable limit, etc., to avoidance of tax, which arises from 'defective phrasing of tax provisions and manipulating the pattern of trade concessions and evasion which does not have the cloak of legality but arises from collusion between the dealers and the black-sheep in administration'. The Review of Sales Tax System in Andhra Pradesh\* estimated avoidance and evasion of tax for the ten agricultural commodities produced in Andhra Pradesh in 1959-60. The turnover assessed to tax of these commodities formed only 38 per cent of the total production. It estimated turnover escaping tax in those goods and others around 40 per cent.

87. There are two methods of working out the base potential of sales tax, viz (a) consumption data and (b) production data. The first can only be applied to those items of consumption goods where the National Sample Survey obtains reliable family expenditure data. It may be mentioned that goods primarily in the nature of raw materials and the intermediary goods are not included in the sample survey data. Data relating to the luxury goods and the durable consumption goods cannot be said to be very reliable. Moreover, the National Sample Survey data are only available with a substantial time lag. Where the commodity is partly taxable and partly not, for instance deshi ghee, gur, shoes etc., it would generally not be possible to ascertain the proportion of the commodity which obtains special concessions, and the total consumption of a commodity along with its exports will only indicate what the tax proceeds would have been, if the whole were liable to a uniform tax rate.

\* Tax System in Andhra Pradesh : A Review : Dr. P. S. Lokhnathan, Director-General, National Council of Applied Economics Research, p. 46.

88. The production data are confined to a limited sector and commodity classifications for production and tax purposes are difficult to reconcile. Imports of commodities by road cannot be obtained; export movements can be traced through inter-State sales tax. In foodgrains, marketable surpluses became important; in intermediate goods, imports and exports on consignment basis and tax reliefs are likely to play a significant role in concealing the real magnitudes.

89. Both the methods of calculation, thus, give a potential tax base; the actual tax calculations may fall short compared with the calculations on this basis because of—(a) tax reliefs, exemptions, concessions etc. granted by statutory provisions, (b) evasion, and (c) avoidance. In the absence of this break-up, it is difficult to get an exact estimate of evasion. In short, the preliminary figures are only useful in suggesting fields for more detailed enquiries.

90. We have broadly worked out the potential tax base and actual tax base for the years 1955-66 and 1969-70. Annexure 27 gives the results of this exercise, which is explained in detail. Of the 14 commodities for which detailed calculations have been made, there is a sizeable gap (of more than 25 per cent) between tax potential and actual tax in case of 11 commodities. There is, thus, a case for a very detailed scrutiny of the break-up of this gap by causes.

91. *Checkposts*—One of the important methods of evasion was imports of goods from other States without entry into books of account. In order to have a check on the evasion of tax in this manner, a system of checkposts has been introduced at different entry points in the State. No taxable goods in excess of the notified quantity and value can enter Uttar Pradesh by road unless the prescribed declaration form is presented at the checkposts by the transporter. The form is obtained in advance by the importing dealer from the assessing authority concerned and sent to the ex-Uttar Pradesh dealer consigning the goods. The transporter has also to submit trip-sheets in triplicate at the checkposts border in the prescribed form, which shows the number of consignments carried by him, so that it can be ensured that no undeclared consignment enters Uttar Pradesh without the prescribed form. In order to prevent the consignment passing through Uttar Pradesh under the pretext of delivery in other States but being actually unloaded and delivered in Uttar Pradesh provision for transit pass in form 34 has been made. The said form has to be obtained by the transporter from the entry checkposts and he is required to deliver the same at the exit posts.

92. Here, it will not be out of place to mention that checkposts were first established in Uttar Pradesh in the year 1956. They were inadequately staffed, there was no satisfactory system of cross-checking and correction of the information obtained at the checkposts. As a result of these, their working did not prove effective and they were abolished. The system of checkposts was again revived from April 15, 1974. From the data furnished by the Commissioner, Sales Tax, it appears that since the establishment of checkposts, i. e. from April 15, 1974 to September 30 1974, a sum of Rs. 37.91 lakhs has been realised as security

deposits from the dealers who imported taxable goods within the State without legitimate forms. A sum of Rs. 5.47 lakhs has further been realised as a result of the efforts of the mobile squads by intercepting transport vehicles having clandestine carriage of taxable goods within this State. This would have a multiple effect on the disclosures of import transactions. The realization of the full measure of benefit will also largely depend on the systematic filing of all forms in the right place.

93. A weak link in the present checkpost system is the movements of goods by rail. There is a provision in section 28-C which requires the consignee to present form 31 or 32 for endorsement before the Sales Tax Officer before taking delivery of the goods from the railway authorities or transporting them from the railway stations as imports are made through many railway stations and checkposts cannot be established at all of them, the provision can only be made effective with the co-operation of the railway authorities which has been hitherto lacking.

94. In some of the States we visited, the system of internal checkposts was being used successfully to reduce the extent of evasion. We asked ourselves the question whether such a system should also be introduced in this State. We came to the conclusion that there was a vital difference in the pattern of sales tax collections in this State which were not concentrated as the sales tax collections of Andhra in Hyderabad, of Karnataka in Bangalore, or of Maharashtra in Bombay. It would, therefore, require a much wider chain of internal checkposts and would cause more inconvenience to trade and industry, and be more difficult to work. We do not, therefore, recommend a system of internal checkposts for this State.

95. There was considerable evasion of sales tax on fictitious consignment sales. The unscrupulous dealers were found to be evading Central Sales Tax on inter-State sales by claiming that these sales were actually effected as under:

(a) That the goods were despatched by them to their depots outside this State, and that the sales were effected over there.

(b) By showing the despatches from Uttar Pradesh to commission agents outside the State, and claiming that the sales were actually effected in other States by the commission agents on their behalf.

In any of the above events, no tax could be levied as the sales were effected outside the State, which enjoyed exemptions under Article 286 of the Constitution. To discourage fictitious consignment, a provision has been made in the Central Sales Tax Amendment Act No. 61/72 for the transporter to submit a declaration in the prescribed form giving the number and date of railway receipt, postal receipt or goods receipt, date of delivery etc. in order to show that the goods were actually received by him. The new Section 6(a), as introduced by the above Amendment Act, provides that it will be for the dealer to prove that the movement of goods was not occasioned by reason of sale if he claims exemption on the same. It may be mentioned that genuine consignment sales, which are a legitimate method of avoiding State sales taxation, cannot be touched, unless the Constitution is amended. Since this avoidance takes place on a

large scale, States have pressed the Union Government for some remedial measures. The matter is under review by the Law Commission. However, to put a curb on spread of the habit of fictitious consignment sales, the burden of proof has been thrown on the dealers concerned.

96. There is a similar problem regarding work contracts, where it is difficult to separate the costs of materials supplied from those of services. In such cases it has been held that the transaction is not taxable by the State. There is a grave danger that with higher sales tax rates more transactions will take the garb of work-contracts. A change in law permitting the States to tax such services is called for (as the Centre is not specifically empowered to tax). This will enable the States to tax services and so also works-contract. Unlike in the case of a tax on consignments which arises difficulties in principle because of the inherent freedom in a federation to move goods from one State to another, this is purely a matter of division of tax powers.

97. The task of detecting sales tax evasion can be considerably facilitated if the income-tax department makes the information at its disposal available as there is much in common required of both regarding the knowledge of their assessee's affairs. Section 23(2)(vi) of the U. P. Sales Tax Act specifically provides for disclosure of certain informations of confidential nature to an officer of the Central Government or the Government of any State 'for the purpose of enabling that Government to levy or realise any tax imposed by it.' It is but fair to ask that a similar provision should be made in the tax statutes of the Central Government so that there will be no legal bar to effective liaison with them.

98. *Miscellaneous Matters*—While concluding our observations on sales tax, we would also like to give a few comments on some relatively subsidiary matters brought to our notice.

99. There was a general complaint from the dealers about lack of reliable data, up-to-date information about changes in sales tax legislation and case law. We put them the advisability of the Department starting a gazetteer covering these matters. The idea found wide welcome. However, there was only divided opinion on whether the Gazetteer should also publish the names of defaulters against whom heavy arrears of sales tax were pending. Some of the trade associations appreciated this and opined that it would have a salutary effect on the defaulters and could be of great help in the liquidation of sales tax arrears. Others thought that such publicity would serve no useful purpose. We agree with the former view, but would suggest that only name of heavy and persistent defaulters should be published.

100. We also examined the question related to the training of young officers recruited to the Sales Tax Department. We found that generally at the outset a training in theory and different legislations is imparted to the newly recruited officers for about three months, but there exists no fixity about the duration of the period of this training. At times, in the exigencies of services, the newly recruited officers are immediately assigned specific tasks concerning their field jobs after a hasty theoretical grounding of hardly a month. After the completion of the training, the officers

are sent to different field jobs and are attached to respective circles or sectors. Though care is taken to see that they are not entrusted with assessment of dealers of higher turnovers, yet whatever they do is, more or less, independent in nature, and there is hardly any systematic on-the-job training.

101. The present training programme, thus, needs to be streamlined. Theoretical training should follow a consistent pattern and be of definite duration. When the officers are first attached to sectors or circles to have their knowledge of the field, they should not be assigned any independent job for an initial period of a few months. They should be attached to some senior officers of the Sales Tax Department employed in field for some time in order to acquire knowledge under efficient supervision of the working of sales tax administration in the field.

102. The Committee also examined the question of internal audit and its extent. We are informed that an internal audit cell was created in 1964 with a nucleus staff of one Accounts Officer, three senior auditors, three auditors and three accounts clerks. The three audit parties were expected to audit ten per cent of the assessment orders and relevant records and registers. But they have been able to do only a small proportion of the expected work. The relevant details of audit during three years is given below:

TABLE 15—*Details of cases audited by internal unit according to amounts involved, 1971-72 to 1973-74.*

Year	No. of sectors	No. of cases checked	No. of irregularities found	Amount involved (in Rs. 0.00)
1971-72	21	4,200	478	10,38,408.00
1972-73	20	3,200	441	10,68,196.00
1973-74	7	1,750	183	1,33,938.00

The Report of Mysore Taxation and Resource Enquiry Committee 1969 recommended 100 per cent internal audit. We felt that there was no need of having cent per cent audit in all cases. But seeing the amount involved in each detected irregularity and the number of irregularities, there is a case for considerable strengthening of staff and covering a larger number of cases. 100 per cent audit should be conducted in case of bigger dealers, say, those having turnover limit exceeding rupees two lakhs. It would suffice if on the whole 30 per cent of cases are covered by internal audit.

103. It is noticed that dealers, at times, charge more than the specified rates as sales tax in respect of some commodities. This results in excess collection. When dealers have collected excess amount in the garb of tax, there is no possi-

bility of their customers claiming and getting a refund, we feel that it would be equitable in such cases for the Government as a representative of the community to get excess collections. The Courts have ruled that the Government can lay no claim to such collections. This question is still with the Law Commission and decision is awaited.

104. There was a complaint that on occasions Government Departments and public corporations buy from outside Uttar Pradesh, as it is cheaper for them to do so because of the higher Uttar Pradesh sales tax rate compared with that on central sales. We think it equitable that these bodies should ignore Uttar Pradesh sales tax while making purchases as we understand that the Government Departments and State Electricity Board are instructed not to take into account the U. P. Sales Tax while making purchases. We recommend that similar instructions should be issued to other public corporations.

105. *Statistical Cell*—Of all the tax departments, the Sales Tax Department seems to have at its disposal the best statistical information and, in some respects, better information than corresponding departments in other advanced States. This information is, however, not analysed for tax policy purposes owing to paucity of staff. At present, there is only one statistical cell at the head office. The Department has no parallel arrangement in Circles and Ranges. In view of the wealth of data at the disposal of the department and the light it can shed on the general economic and trade trends of the State, we recommend that the statistical side should be suitably strengthened and the statistics should be regularly published. This would give a mine of information to students in the bargain. We hope, this would also serve to clarify the imperfections and limitations of sales tax data and show ways and means to overcome them.

106. We have also remarked elsewhere on the very limited coverage of sales taxation in terms of percentage of dealers, in spite of its low taxable limit. There is urgent need for obtaining more information about the dealers not covered by sales taxation; a sample distribution census may help in this connection. We understand that a pilot effort was made by the Bureau of Economics and Statistics, Uttar Pradesh, in this direction for the city of Lucknow; it would be worthwhile to extend it to the whole State with more relevant information.

107. In course of our enquiry many questions arose on trade practices having bearing on the sales-tax, like the number of turnovers a commodity usually underwent, the prevalence of the agency system, despatches outside the State on consignment basis, etc. On many of them, no precise data were on hand, and decisions had to be taken on impressionistic basis. The Sales Tax Department should also conduct suitable inquiries on the subject. It should, in fact, be the depository of all information regarding wholesale and retail trade.

#### B—PURCHASE TAX ON SUGARCANE

108. *Revenue from purchase tax*.—The revenue from purchase tax in Uttar Pradesh increas-

ed by 32 per cent during the period 1960-61 to 1972-73, as shown in the following table. The highest collection (Rs.6.47 crores) was achieved in the year 1965-66. The only State which collected higher revenue from this source during 1972-73 was Maharashtra (Rs.6.66 crores). In Maharashtra, 84.4 per cent of the total yield of sugarcane was crushed in sugar factories and the rate of purchase tax was Re.1.00 per quintal in 1972-73; the corresponding figures in this State being 24.0 per cent and 51 paise per quintal respectively.

TABLE 16—Revenue from purchase tax on sugarcane, 1960-61—1972-73

Names of States	(Rs. in lakhs)						Percentage increase in 1972-73 over 1960-61
	1960-61	1965-66	1968-69	1971-72	1972-73 R.E.		
	1	2	3	4	5	6	7
1. Uttar Pradesh	426	647	451	560	565		32.6
2. Bihar	84	170	51	217	200		138.1
3. Maharashtra	133	229	329	518	666		400.8
4. Punjab & Haryana	14	19	13	44	48		242.9
5. Tamil Nadu	81	77	112	111	94		347.6

R.E.—Revised Estimates.

Source—State Budgets.

109. Annexure 28 shows the revenue receipts from purchase tax in different States expressed as percentage of State income. During the period 1960-61 to 1971-72, the revenue increased from 0.08 per cent to 0.13 per cent in Maharashtra, from 0.02 per cent to 0.04 per cent in Tamil Nadu and remained almost static at 0.02 per cent in Punjab (including Haryana). In Uttar Pradesh, the revenue decreased from 0.24 per cent to 0.11 per cent, mainly because the quantity of cane crushed increased only marginally and the effective rate of purchase tax remained stationary whereas State income increased by 193 per cent during this period.

110. *Sugarcane production.*—Sugarcane production plays an important role in the agricultural economy of the State. In 1971-72 sugarcane contributed nearly 16 per cent of the gross agricultural output. Annexures 29 and 30 show that Uttar Pradesh had 54 per cent of the area under sugarcane in the country and produced 47 per cent of production. The next important State in this respect—Maharashtra—had only a little more than 7 per cent of the countrywide area under sugarcane. As seen in the table below public investment on cane development in-

creased from Rs.2.07 crores during First Plan to Rs.5.02 crores in the Fourth Plan, i.e. by 142 per cent. The area under sugarcane increased by 34 per cent and its production by 52 per cent. The yield per hectare increased only by 14 per cent.

TABLE 17—Area under and production of sugarcane in Five-Year Plans

Sl. no.	Plan period	Expenditure on cane development (Rs. lakhs)	Area under sugarcane as in the last year of the plan ('000 hect.)	Sugarcane production as in the last year of the plan ('000 tonnes)	Sugarcane production per hectare (tonnes)
1	2	3	4	5	6
1.	First Plan	207.17	1101	40537	36.8
2.	Second Plan	340.49	1329	54516	41.0
3.	Third Plan	327.89	1490	56650	38.0
4.	Three Annual Plans	154.96	1284	51089*	41.4
5.	Fourth Plan	501.69	1473£	61500@	41.8

Source: Col. 3—Office of the Cane Commissioner, U. P. Cols. 4 & 5—Indian Sugar, July, 1954.

£ Second Estimates

\* Partially revised estimates.

@ Provisional. Compiled from the Statement attached to the replies to questionnaire issued by the Indian Sugarcane Development Council, Government of India.

111. *Sugar production.*—Since the cess on sugarcane is levied only on its purchase by factories and khandsari units, from the view point of tax revenue the amount of sugarcane used for these is more important than that for gur. Although Uttar Pradesh has the largest number of sugar factories in the country, only 27.5 per cent of its sugarcane produce went to sugar factories in 1960-61, which percentage decreased to 24.0 in the year 1972-73. Gur and Khandsari units utilised 64 per cent of sugarcane produced in the State in 1972-73, leaving only 12 per cent for seed purposes or consumption as such. No reliable figures are available to show what percentage of sugarcane production is utilised for the manufacture of gur or khandsari. It is, however, noticed that during the said year cane crushed by sugar factories as percentage of sugarcane produced was highest in Maharashtra (84.4) closely followed by Gujarat (83.0). Maharashtra collected higher revenue than Uttar Pradesh in that

year. From the point of view of percentage of sugarcane going to sugar factories, Uttar Pradesh ranked seventh, its factories crushing 24 per cent cane as against all-India average of 32.6 per cent as shown in the following table:

TABLE 18—Cane crushed by sugar factories as percentage of Sugarcane Production, 1960-61 and 1972-73

Sl. no.	States	Cane crushed by sugar factories of sugarcane production in	
		1960-61	1972-73 (provisional)
1	2	3	4
1.	Uttar Pradesh	27.5	24.0
2.	Andhra Pradesh	28.6	30.9
3.	Assam	8.8	43.7
4.	Bihar	59.3	49.3
5.	Gujarat	19.5	83.0
6.	Haryana	—	17.2
7.	Karnataka	22.9	34.5
8.	Madhya Pradesh	28.9	21.7
9.	Maharashtra	37.1	84.4
10.	Punjab	13.0*	10.6
11.	Tamil Nadu	28.1	41.0
	All India	28.1	32.6

\* Includes Haryana also.

Source: Figures of Cane crushed by Sugar Factories and Sugarcane production are taken from Indian Sugar, July 1974.

112. The production of sugar in different States during 1960-61 to 1972-73 is given in Annexure 31, which shows that it decreased by 6 per cent in Uttar Pradesh from 14.3 lakh tonnes to 13.4 lakh tonnes, whereas production in the country increased by 28 per cent during this period. The production of sugar in Maharashtra increased more than two-fold during the same period. In spite of its low production of sugarcane, Maharashtra produced less than one-tenth of the all-India sugarcane production—it accounted for 27 per cent of the total sugar production.

113. The fortunes of the sugar industry greatly fluctuate. Annexure 32 shows the yearwise position of profits made or losses suffered by each of the sugar factories in Uttar Pradesh during the period 1960-61 to 1969-70. The regionwise position is shown in the following table:

TABLE 19—Profit and loss in sugar factories in U. P. 1960-61 to 1969-70 (Rs. in lakhs)

Region	1960-61	1965-66	1968-69	1969-70	Aggregate profit/loss for 10 years, 1960-61 to 1969-70
1	2	3	4	5	6
Western	151.91	242.49	198.66	216.89	1051.94
Central	237.04	192.82	263.61	102.83	2118.72
Eastern	47.90	8.04	(-) 1.87	(-) 198.64	390.61
Total for Uttar Pradesh	436.85	443.35	460.40	121.08	3561.27
INDIA	1088.00	1001.00	1607.00	138.00	10485.00
U. P. as percentage of India	40.15	44.20	28.65	87.74	34.00

Source: Report of the Sugar Industry Enquiry Commission 1974, Vol. I and II, Ministry of Agriculture, Government of India.

114. It would be seen that during the period 1960-61 to 1969-70, the aggregate profits of sugar factories in the western region of U. P. increased by 43 per cent, and in the central region these decreased by 57 per cent. But the factories in the eastern region which made an aggregate profit of the order of Rs.0.48 crores in 1960-61 incurred a loss of Rs.1.99 crores in 1969-70. In 1960-61, the profits in Uttar Pradesh constituted 40 per cent of the all-India profit, which increased to 88 per cent in 1969-70. A number of other States notably Maharashtra and Haryana made a profit of Rs.3.12 crores and Rs.0.57 crore respectively in 1969-70.

115. The decline in the profits of sugar factories as a whole in U. P. or even in different regions in 1969-70 does not give a full idea of the magnitude of change in profitability of the sugar industry. The following table giving the number of factories in Uttar Pradesh which were running at a loss in 1960-61 and 1969-70, brings this out more fully.

TABLE 20—Sugar factories in U. P. incurring losses, 1960-61 and 1969-70

Region	1960-61			1969-70		
	Total no. of factories	No. of factories with aggregate losses	Col. 3 as percentage of col. 2	Total no. of factories	No. of factories with aggregate losses	Col. 6 as percentage of col. 5
1	2	3	4	5	6	7
Western	17	1	6	19	7	37
Central	17	2	12	18	7	39
Eastern	32	11	34	31	21	68
Total for Uttar Pradesh	66	14	21	68	35	51
INDIA	160	32	20	203	95	47

Source: Report of the Sugar Industry Enquiry Committee 1974, Vol. I and II, Ministry of Agriculture, Government of India.

The above table shows that the percentage of factories incurring losses increased during the period in all the three regions. In the eastern region, the number of sick factories was as high as 68 per cent in 1969-70 as against 51 per cent in the State as a whole and 47 per cent in the country.

116. Rate of purchase tax.—In Uttar Pradesh a cess was initially levied at the rate of one paise per quintal which was later on raised to three annas per quintal. The High Court struck down the levy on the ground that the State Government was not competent to levy such a cess. A purchase tax was then imposed on the sugarcane purchased by sugar factories as well as the khand-sari units in the factory areas under the U. P. Sugarcane (Purchase Tax) Act, 1961. Till 1973, the tax was leviable on sugar factories at the rate of 67 paise per quintal of sugarcane, but a general remission of 16 paise per quintal was granted to them. The rate was 50 paise per quintal for khand-sari units. The effective rate of purchase tax was raised from 51 paise to 60 paise per quintal for sugar factories with effect from September 1973 with the stipulation that the revenue from additional levy of 9 paise would be exclusively spent on schemes relating to cane development.

research, irrigation and roads. In case of khand-sari units, the purchase tax continued to be levied at the rate of 50 paise per quintal, but the units located outside reserved areas were also subjected to this tax with effect from December 1971. By a recent amendment dated August 30, 1974 in the U. P. Sugarcane (Purchase Tax) Act, 1961, the purchase tax has been raised to Re.1.00 per quintal both for the sugar factories and khand-sari units.

117. The following table shows the rate of levy of purchase tax in some States:

TABLE 21—Rates of purchase tax on sugarcane.

Name of State	Purchase tax per quintal of sugarcane (Rs.0.00)
Uttar Pradesh	1.00
Bihar	0.51
Haryana	0.70
Maharashtra	1.00
Punjab	0.24

Source: State Governments.

The rate of purchase tax is Rs.1.00 in Uttar Pradesh and Maharashtra. The remaining States shown in the table levy the tax at a lower rate.

118. The sugar factories in this State are under a handicap as they have to pay a higher price for cane in comparison to the southern States. Annexure 33 shows that in 1972-73, the average recovery of sugar was 9.49 per cent in this State which was lower than in Maharashtra (10.68 per cent), Karnataka (9.83 per cent), Gujarat (9.55 per cent) and the all-India average (9.57 per cent). The rate of purchase tax has recently been raised from 67 paise to Re.1.00 per quintal of sugarcane. We feel that any further increase in the rate would be detrimental to sugar industry in the State. We do not, therefore, recommend any increase in the rate of purchase tax.

119. *Indices of revenue, production, price and tax rate.*—The following table gives the indices of revenue from purchase tax on sugarcane in this State, and of sugarcane production, sugarcane price and tax rate.

TABLE 22—Indices of revenue from purchase tax, sugarcane production, price of sugarcane and tax rate, 1960-61—1972-73.

Year	Revenue from purchase tax on sugarcane	Sugarcane production	Sugarcane price	Purchase tax rate
1	2	3	4	5
1960-61	100.0	100.0	100.0	100.0
1965-66	151.9	103.9	123.4	100.0
1968-69	105.9	93.7	225.6	100.0
1969-70	159.2	111.3	174.6	100.0
1970-71	110.3	100.3	172.4	100.0
1971-72	131.5	91.1	226.8	100.0
1972-73	132.6	107.8	288.3	100.0

NOTE—The effective rate of purchase tax per quintal of sugarcane was increased from 51 paise to 60 paise in September 1973 and further increased to Re.1.00 per quintal in August 1974.

120. *Levy on ad valorem basis.*—The above table shows that while the sugarcane price increased by 188 per cent, the tax receipts registered a rise of 33 per cent only during the period 1960-61 to 1972-73. There was slight increase only in the produce of sugarcane. At present the purchase tax is levied on the basis of maundage. Variations in price of sugarcane are, therefore, not reflected in the tax. As noticed earlier, the price of sugarcane has been increasing consistently after 1970-71. The current price is Rs.13.25 per quintal in western region and Rs.12.25 per quintal in eastern region of the State; incidence of purchase tax being 8.2 per cent and 7.6 per cent respectively. We, therefore, recommend that the State Government should levy tax at a uniform rate of 8 per cent of the price of sugarcane for both the regions which would make the revenues price elastic.

121. *Compounding of tax.*—There is also a provision for compounding the purchase tax on sugarcane for khand-sari units. The rules made under the U. P. Sugarcane (Purchase Tax) Act, 1961 provide that the owner of a unit may through a declaration in the prescribed form, apply for compounding of the tax, intimating the date on which he intends to start the working of his unit and the date on which he proposes to close it. The quantum of monthly purchases of sugarcane for the unit are thereafter assumed on the basis of the quantities mentioned in the schedule appended to the rules. The basis of assumption is the size of the power crusher. The schedule has been revised with effect from August 1974. Under the revised schedule, the minimum quantity of average monthly assumed purchase of sugarcane is 2,800 quintals for a power crusher not exceeding 8" x 10" and the maximum is 28,000 quintals for a hydraulic power crusher exceeding 13" x 18". Previous to the amendment, the minimum and maximum assumed quantity was 990 quintals and 13,200 quintals respectively. The steep increase in assumed quantity is due to the fact that formerly the crushing was estimated at 8 to 10 hours in a day but now it is taken as 16 hours in a day. With a view to encourage persons to take to compounding of tax, the State Government has recently reduced the assumed monthly quantity of sugarcane for sulphitation units by 20 per cent and for non-sulphitation units by 30 per cent. In compounding the tax, no distinction is made in respect of persons purchasing sugarcane for the crushing unit and the persons utilising their own produce.

122. We were informed that formerly, nearly 40 per cent of the owners of khand-sari units had opted for the compounded levy. The main reason for compounding is difficulty of collection, absence of records, requirement of a large staff and the possibility of evasion. It will be administratively convenient to have compounding on a compulsory basis, and it would check evasion. We, therefore, recommend that after carefully evolving the schedule for assumed quantities of purchase of sugarcane by units having power crushers of different size, the State Government should provide for a compulsory compounding of the purchase tax. This would also make such

large farmers liable to payment of purchase tax who were crushing their sugarcane produce in the units.

123. *Arrears.*—The position of arrears during the last four years is shown in the following table:

TABLE 23—*Arrears of purchase tax on sugarcane, 1970-71—1973-74*

Sl. no.	Years	Arrears due from		Total (Rs. lakhs)
		Sugar Factories (Rs. lakhs)	Khandsari Units (Rs. lakhs)	
1	2	3	4	5
1.	1970-71	707.14	4.51	711.65
2.	1971-72	800.54	6.07	806.61
3.	1972-73	608.49	9.02	617.51
4.	1973-74	539.86	51.93	591.79

Source: Cane Commissioner, U. P.

The above table shows that the arrears of purchase tax on sugarcane decreased from 1971-72 from the sugar factories, but those from khand-sari units increased sharply, especially in 1973-74. From Rs.4.5 lakhs in 1970-71, the arrears due from khandsari increased to Rs.51.9 lakhs.

124. The arrears of purchase tax on sugarcane due from sugar factories amounted to Rs.5.40 crores as on April 1, 1974. The high arrears of the tax had attracted the attention of the U. P. Taxation Enquiry Committee, 1968, which had suggested the recovery of purchase tax at the sugar factory before bags of sugar were sold. Law was accordingly amended in 1972. This has produced the desired result and no arrears of purchase tax exist in respect of the last two years. Only Rs.20 lakhs of the arrears seem to be realisable, as Rs.1.22 crores are due from 5 mills under management of the Sugar Corporation, Rs.2.73 crores from 8 sick mills under receivers and Rs. 1.25 crores are involved in stay orders from courts.

125. *Collection of data.*—Uttar Pradesh is the largest khandsari producing State in the country. There was, however, no reliable data regarding production of khandsari and the quantum of sugarcane utilized by them. Khandsari production in reserved areas is estimated as a residual. This does not explain as to why in some years larger cane is diverted for khandsari production. We suggest that proper arrangements should be made for obtaining systematic information regarding sugar production by khandsari units.

#### C—ENTERTAINMENT AND BETTING TAXES

126. Entertainment and betting taxes were first levied in 1937 in the State of Uttar Pradesh. This was an inevitable corollary to the enactment of the U. P. Entertainment and Betting Tax Act in 1937. At the outset, the tax on the different items of entertainment was levied on a slab system. The effective rates of tax on the different slab varied between 30—40 per cent. However, the rates were kept uniform in respect of all types of entertainment. The rate of betting tax, levied under the statutory provisions of the Act, was 5% of all money paid or agreed to be paid as bet.

127. Since the enactment of Entertainment and Betting Tax Act in 1937, the tax structure has

undergone several changes. The changes have been effected by different notifications issued by the Government from time to time mainly with a view to raising additional resources to meet the increasing obligations of the State Government.

128. The notification dated March 6, 1968 provided that for each payment for admission to the entertainment, exclusive of tax, the tax rate on cinematograph exhibitions would be at the rate of 75 per cent, in the case of drama, classical music, classical dances, nautanki, kavvali, kavi sammelan or moshaira, it would be 12½ per cent; in the case of circus the rate was fixed at the rate of 25 per cent, for joy rides in aeroplanes at the rate of 20 per cent, for games and sports at the rate of 12½ per cent and at the rate of 60 per cent in the case of other entertainments.

129. The next important notification appeared on 1-4-1970. The remarkable change that it brought into the rate structure was the exemptions which it provided in respect of certain items of entertainment such as drama, classical music, classical dances, kavi sammelan, mushaira, variety programmes consisting exclusively of two or more preceding items, specified games and sports, and dangal and wrestling bouts including free-style wrestlings. Hitherto, an untouched item of entertainment was housie. The said notification proposed tax at the rate of 50 per cent on this. It also proposed tax at the rate of 25 per cent in respect of non-classical dances, music and variety programmes. The notification appearing on 1-10-1970 effected changes in the rate of admission to the cinematograph exhibitions. For each payment for admission to the entertainment of cinematograph exhibitions exclusive of tax it prescribed a rate of 75 per cent up to Re.1 and 100 per cent above Re.1.

130. The notification of July 22, 1974 provided for further raising of rates in respect of cinematograph exhibitions. It laid down for each payment for admission to the entertainment, the rate of cinematograph exhibitions exclusive of tax at the rate of 80 per cent up to Re.1 and 110 per cent above Re. 1. (Annexure 34).

131. *Revenue receipts.*—The revenue receipts from entertainment and betting taxes show more than a six-fold increase between 1960-61 and 1973-74. As a percentage of State income, the proceeds doubled from 0.09 to 0.17 during the same period.

TABLE 24

Year	Revenue from entertainment & betting taxes (Rs. in lakhs)	State income (Rs. in lakhs)	Entertainment tax as percent- age of State income
1960-61	160	1,79,931	0.09
1965-66	329	2,96,695	0.11
1968-69	546	4,02,182	0.14
1972-73	1,005	5,91,828	0.17

As Annexure 35 shows, however, the *per capita* revenue from entertainment taxes in 1972-73 (R. E.) was much lower than in other States. The *per capita* revenue in this State was Rs.1.11 against Rs.3.72 of Maharashtra, Rs.3.07 of Tamil Nadu, Rs.2.35 of West Bengal, Rs.2.34 of Gujarat and Rs.2.09 of Punjab and Haryana. Even

the States like Andhra Pradesh and Karnataka returned better *per capita* revenue from this source. The low *per capita* revenue can hardly be explained in terms of entertainment rates which are one of the highest in the country (vide Annexure 36).

132. *Cinematograph exhibitions*.—It is worth noting that revenue receipts accruing from permanent cinema halls formed the lion's share of the total receipts from entertainment and betting taxes. They amounted to Rs.8.09 lakhs in 1972-73 and nearly Rs.10 crores in 1973-74. Figures

available from 1969-70 show that there was a rise in receipts from this source by 84 per cent by 1973-74. The number of cinema halls increased by 31 per cent during the same period and seating capacity by 39 per cent. As we shall see later, the occupancy ratio also increased. There is no information regarding the changes in the net amount of admission rates. We can, however, broadly say that half the increase can be assigned to increase in base.

TABLE 25—Analysis of revenue receipts from permanent cinema halls 1969-70 to 1973-74

Year	Rate of entertainment tax of films	No. of cinema halls	Percentage rise in number of cinema halls	Seating capacity	Percentage rise in seating capacity	Revenue receipts (Rs. in lakhs)	Percentage rise in revenue receipts
1	2	3	4	5	6	7	8
1969-70 (base year).	75 per cent on all classes	341	100.0	1,90,207	100.00	541.99	100
1970-71	Ditto	367	107.6	2,08,251	109.49	747.98	138
1971-72	Re. 1 and below—75 per cent Above Re. 1—100 per cent.	392	115.0	2,27,022	119.36	809.84	149
1972-73	Ditto	432	126.7	2,53,152	133.09	809.46	149
1973-74	Ditto	447	131.1	2,65,316	139.49	999.95	184

NOTE—1-10-70 the rates on films have been modified as under Re. 1 and below—75 per cent and above Re. 1—100 per cent.

The rates have further been raised from 22-7-74. The details are as follows e.g. Re. 1 and below—80 per cent and above Re. 1—110 per cent.

133. As regards the position of permanent cinema houses in different States, the following table gives an explicit picture:

TABLE 26—Number of permanent cinema houses in different States

Name of State	Population (in lakhs)	Number of permanent cinema houses	Permanent cinema halls per lakh of population
1	2	3	4
Uttar Pradesh	883	367	0.4
Andhra Pradesh	435	650	1.5
Assam	150	123	0.8
Gujarat	267	243	0.9
Karnataka	293	326	1.1
Kerala	213	205	1.0
Maharashtra	504	559	1.1
Tamil Nadu	412	654	1.5
West Bengal	443	346	0.8

Source: State Governments.

134. It is apparent that even compared with similar States like Andhra Pradesh, Karnataka and Kerala, Uttar Pradesh had a much smaller number of permanent houses in relation to population. The *prima facie* inference that more permanent cinema houses are called for needs modification in light of another finding made below.

135. It would be interesting to find the effects of sharp increases in entertainment rates on the receipts from entertainment and the occupancy ratio. While we could not get detailed information for this purpose pertaining to just immediately before and after the changes in rates, the Entertainment Tax Office was kind enough to get relevant data for the years 1969-70 to 1973-74 for us. The data showed that entertainment tax receipts on film showed an increase throughout as far as balcony and second classes were concerned; those from the first class showed a slight fall in 1973-74 and from the third class in 1972-73. Distinguished by rate of tax, the receipts from tickets on which the tax rate remained the same declined only in 1972-73, those from tickets where the rate was increased rose. It was interesting to observe that second class contributed one-third of the tax receipts and first and third classes together

about half. The balcony accounted for 15—19% of the receipts:

TABLE 27—Classwise receipts of Entertainment tax on films 1969-70 to 1973-74 (figures Rs. in lakhs)

Year	Rate of entry admission tickets up to Re.1 rate of E.T. 75%	Admission ticket over Re.1 rate of tax 100%	Percentage receipt from different classes (Balcony)
1	2	3	4
1969-70	144.96 (26.7)	397.03 (73.3)	78.62 (14.6)
1970-71	185.72 (24.8)	562.25 (75.2)	121.35 (16.2)
1972-73	170.64 (21.1)	688.82 (78.9)	152.51 (18.8)
1973-74	234.01 (23.4)	765.95 (76.6)	183.66 (18.4)

Percentage receipt from different classes				
Year	1st	2nd	3rd	Total
	5	6	7	8
1969-70	131.58 (24.3)	186.83 (34.4)	144.96 (26.7)	541.99
1970-71	175.74 (23.5)	265.16 (35.5)	185.72 (24.8)	747.97
1972-73	220.12 (27.2)	266.19 (32.9)	170.64 (21.1)	809.46
1973-74	218.87 (21.9)	363.42 (36.3)	234.01 (23.4)	999.96

Source—Office of Commissioner, Entertainment and Betting Taxes.

136. We studied the relationship between class-wise actual and optimum revenues from permanent cinema hall situated in this State which seemed to be determined by many factors. The seating capacity varies in each cinema hall depending upon its size. For instance, 'Mayfair' of Lucknow has 453 seats, while 'Heer Palace' of Kanpur has a seating capacity of 1,082. The highest seating capacity in Uttar Pradesh is of 'Amrapali', Meerut, which is 1,192, whereas the lowest seating capacity comes to 217 only which relates to 'The Picture Palace' of Mussoorie. Apart from the seating capacity, the other important determining factors are enumerated as under :

- (a) type of films
- (b) type of cinema hall
- (c) situation of cinema hall
- (d) added attraction like additional reels, reduced admission rates etc.
- (e) timing of shows and their total number
- (f) occasions like festivals, etc.
- (g) 'season' in hilly places like mussoorie, Naini Tal etc.

On a preliminary scrutiny of the information collected, we could not see any way of quantify-

ing the relationship. We found that the occupancy ratio continued to be low throughout the period (29%). As percentage of optimum revenue, the actual revenue increased except for 1972-73 when there was a small fall. Class-wise, however, the percentage decreased for balcony and third classes, there was a sizeable increase in the occupancy ratio in 1973-74. There were no latter figures available so that the effects of recent tax increase could not be gauged. A close watch needs to be kept on the occupancy ratios of different classes, and no further increase in entertainment tax on film shows should be thought of.

TABLE 28

Classwise (optimum and actual) revenue receipts, 1969-70 to 1973-74

Year	Optimum actual revenues	Receipts Balcony	Revenue receipt in Rs. (lakhs)		
			1st	2nd	3rd
1	2	3	4	5	6
1969-70	2294.26	323.13	484.69	877.06	623.17
Optimum Actual	541.99	78.62	131.58	186.83	144.96
Percentage	23.6	24.3	27.1	21.3	23.3
1970-71	2469.19	347.76	521.65	943.93	670.69
Optimum Actual	747.98	121.35	175.74	265.16	175.72
Percentage	31.1	34.9	33.7	28.1	27.7
1972-73	2637.39	371.46	557.18	1008.23	716.38
Optimum Actual	809.84	141.72	205.70	276.96	185.46
Percentage	30.7	38.2	36.9	27.5	25.9
1973-74	2906.51	409.35	614.04	1111.12	789.48
Optimum Actual	809.46	152.51	220.12	266.19	170.64
Percentage	27.8	37.3	35.8	24.0	21.6
1973-74	3025.52	804.90	786.79	949.07	484.76
Optimum Actual	999.96	183.66	218.87	363.42	234.01
Percentage	33.10	22.8	27.8	38.3	48.3

Source—Office of Commissioner, Entertainment and Betting Taxes.

137. We explored the possibility for introducing a scheme for compounding the tax liability in respect of entertainment taxes in relation to the permanent cinema halls. In their evidence before the committee, the Cinema exhibitors were not receptive to this idea on the ground of the entire uncertainty of their receipts. A compulsory scheme would arouse opposition which would make it difficult to implement. A voluntary scheme of compounding based on the average occupancy ratio would only attract those with higher occupancy ratio and the revenue would suffer. We, therefore, only suggest a provision for voluntary compounding of the tax liability in the Act. In order to strike a compromise between the needs of the State treasury and inducing the exhibitors to take all possible steps to increase the occupancy ratio, we recommend that the compounding charges may be fixed for two years on the basis of the actual occupancy in the cinema hall for the previous two years or 50% whichever is higher. The 50% ratio is based on a survey of occupancies of 26 different picture

houses in Kanpur. (Annexure-37). The results are given in the table below:

TABLE 29—Distribution of cinema houses in Kanpur according to occupancy ratio.

Percentage of seats occupied	Number of cinema houses in Kanpur
1	2
28%—30%	2
31%—40%	2
41%—50%	4
51%—60%	11
61%—70%	5
71%—73%	2
Total ... 26	

Source—Office of Commissioner, Entertainment and Betting Taxes.

The scheme of composition will have the advantage of enabling administration to concentrate more energies on proper supervision of the picture houses where the reported occupancy ratio is low. The scheme should be reviewed at the end of two years.

138. *Opening of more cinema halls*—In their interview, the cinema exhibitors have persistently urged that the safest course to enhance the yield of revenue from entertainment tax is to see that more and more cinema halls are built up in the State. While with low occupancy ratio, a general expansion of permanent cinemas cannot be advocated as Annexure 38 shows, the distribution of present cinemas is very uneven and there are several places where opening of more cinema halls may be more productive of revenue.

139. The exhibitors also pointed out that a surcharge of 10 paise originally levied in connection with the Refugee Relief and, now continued for general revenue purposes, should be withdrawn. In case its withdrawal is not possible, it should be amalgamated with the entertainment tax. The difficulties which they had to face in this connection mainly pertained to maintenance of two different accounts and their deposit in the Government treasuries under two different heads. They said that this made their task extremely difficult and almost doubled the amount of labour. The amalgamation of the surcharge of ten paise with entertainment tax would not decrease revenue, but mean a great relief to the cinema exhibitors. We, therefore, recommend that the two should be amalgamated. The cinema exhibitors also pointed out that at times they were persuaded by the Government to grant certain concessions. They cited the example of the concessions given to the students, where no corresponding concession in the entertainment tax was allowed for. We recommend that where the cinema owners are asked to give concessions, as a matter of State policy, a proportionate reduction in entertainment tax should follow.

140. *Exemptions*—We have already referred to the notification appearing in April 1970. It

provided exemption to several items of entertainment, viz.:

- (a) Drama
- (b) Classical music/classical dance
- (c) Kavi sammelan
- (d) Mushaira
- (e) Variety programmes consisting of exclusively two or more items of (a) to (d).
- (f) Specified games and sports, and
- (g) Dangals and wrestling bouts including free-style wrestlings.

Of late, it has been noticed that the number of dramatic, classical music and classical dance performances has considerably increased and the rate of admission is also high. We see no reason for the continuance of this exemption. Prior to the notification of April 1970, the notification dated March 6, 1968 provided a levy of entertainment tax @ 12½% on drama, classical music and classical dances. We suggest that an entertainment tax should be levied at the rate of 25% on classical music and classical dances. Specified games and sports have also been exempted from the levy of entertainment tax. In the cricket and tennis test matches as well as badminton tournaments, the rates of admission are sufficiently high. It would be desirable to levy tax at the rate of 25% on them.

141. At present, nautanki and kavvali are taxed @ 12½% on each payment for admission to this entertainment, exclusive of tax. These forms of entertainment have also become increasingly popular and the organisers often keep the rates of admission of these items of entertainments at a sufficiently high level. It would be desirable to increase the levy from 12½% to 25% on the said items.

142. Section 6 of the Entertainment and Betting Tax Act provides for the exemption of entertainment tax by the Government on several grounds. It lays down that the Government can exempt the entertainment tax in the case of films having philanthropic, religious or charitable purposes or if they are of educational character or of partly educational and partly scientific character or where they intend to promote the interest of industry, agriculture etc. On account of the above statutory provision, as contained in Section 6 of the Entertainment and Betting Tax Act, the Government have from time to time exempted various films from payment of entertainment tax.

143. In their interview before the Committee, the Cinema Exhibitors were critical of discriminatory use of the said provision. They felt that the exemptions under the provision was not granted by the Government in a fair and impartial manner. Apart from the view-point of the cinema exhibitors, from the point of revenue also, we do not favour liberal use of this provision. We are of the opinion that the exemption of entertainment tax should be granted sparingly and a proper machinery should be provided for the purpose to grant them in deserving cases.

144. *Arrears*—Arrears do not pose any baffling problem in the case of entertainment and betting taxes. It is to be noted that arrears of entertainment tax including surcharge due for realisation at the close of the financial year 1973-74 amounted to Rs. 37,393.89 only, the details of which are given as under:

Table 30

*Details of Arrears of Entertainment and Betting Taxes as on March 31, 1974*

Year	District	Particulars	Entertainment tax	Surcharge	Total
1	2	3	4	5	
			Rs.	Rs.	Rs.
1971-72	Rampur	Cultural programme	56.50		56.50
	Etawah	Sangeet Sammelan and Qawwali (exhibition)	11,765.81		11,765.81
	Lucknow	(i) Film shows by film society	9,617.25	1,282.80	10,899.55
1972-73	Meerut	(ii) Variety show — Amusement Park	49.76	302.20	351.96
1973-74	Meerut	Qawwali, music, Conference and Punjabi Kavi Darbar (Nauchandi fair)	9,016.02	689.70	9,705.72
	Etawah	Sangeet Sammelan and Pradarshni	4,262.16	827.20	4,589.35
			35,067.49	2,626.40	37,393.89

Source—Office of Commissioner, Entertainment and Betting Taxes.

It is also worth noting that organisers of entertainments like music performances, Qawwali in fairs and exhibitions etc. are most responsible for delay in the payment of entertainment tax.

145. *Evasion*—Though the existence of evasion of entertainment and betting taxes cannot be denied, and is evident in the low occupancy ratio of permanent cinema houses, it is difficult to quantify the same. Even greater leakage occurs in touring cinemas as they are not checked

frequently and effectively. Avoidance of tax also takes place in cases of entertainment programme organised in the remote areas of the districts where checking is neither frequent nor effective.

146. Hitherto, the Entertainment Tax Department had a small, inadequate staff. At the apex of the hierarchy is Commissioner, Entertainment and Betting Taxes, who is also Commissioner, Sales Tax. The Commissioner is being assisted by Additional Commissioner and Assistant Commissioner who are stationed at the headquarters at Lucknow. There exist four posts of Assistant Commissioner (Squads). At present, only one Assistant Commissioner (Squads) is functioning at Bareilly, the remaining three posts are still vacant. At the district level Entertainment Tax Inspectors have been posted. They work under the control and supervision of the District Magistrate concerned. The present strength of the Entertainment Tax Inspectors is 81, out of which 18 are in Grade I and 63 are in Grade II. An Entertainment Tax Inspector is required to check 10—12 cinema shows daily.

147. The proposed administrative structure which has recently been accorded the Government sanction, envisaged a total of 35 inspectors in Grade I and 100 inspectors in grade II. The Government have also sanctioned the post of a Tax Superintendent each in respect of ten districts, viz., Lucknow, Kanpur, Meerut, Saharanpur, Dehra Dun, Muzaffarnagar, Bulandshahr, Bijnor, Moradabad and Aligarh. According to the recent sanction, as we have been informed, the number of Assistant Commissioner (Squads) has also been increased to ten i.e. one in each Division.

148. The Entertainment Tax Department in its memorandum submitted to the Committee has pointed out that in order to plug the leakage of revenue there already exist four mobile squads for the districts, viz., Meerut, Bareilly, Lucknow and Varanasi, and the number of Assistant Commissioner (Squads) has also been increased to ten i.e. one in each Division. We have been informed that against the said sanction, at present only one Assistant Commissioner (Squads) is functioning in Bareilly Region. It appears, he has been able to increase the revenue receipts by surprise visits, frequent checkings and prosecutions of the cinema owners for irregularities etc. We would urge that the remaining nine posts of Assistant Commissioner (Squads) should be filled in as early as possible to ensure better results in revenue receipts. We hope that, as a result of the increase in sanctioned staff referred to in the preceding paragraph, the problem of evasion will be effectively tackled.

## SUMMARY OF RECOMMENDATIONS

### A—SALES TAX

1. Sales tax is one of the taxes in imposing which other States' sales tax systems need to be closely watched. If the tax differentiation is large, even small consumers may prefer to buy costlier commodities from outside the State. Similarly, traders and industrialists are very sensitive to price change in their choice of places of purchase. In this State, these considerations are more relevant as there are many places, some of them fairly prosperous, nearer production and distribution centres of the neighbouring States. The use of sales taxation has to be made with proper care and scrutiny.

(Para 3)

2. Sales tax receipts have witnessed a rise of about 20 times during the period 1948-49 to 1973-74, which can broadly be ascribed to increases in tax rates and their coverage, in real turnover and, finally, in price level. Despite this spectacular achievement, the present position of this State is not happy in comparison with other States because of its relatively low *per capita* sales tax receipts. Sales tax collection in proportion of State income, as have been revealed by the data, has been the lowest in this State. However, it is difficult to specify any structural factor or, for that matter, any other factor in order to render a satisfactory explanation for the low *per capita* sales tax receipts in this State. It is hardly possible to explain the same by its fairly high tax rates. While quest for a satisfactory explanation should continue, a safe guess would be that this is largely due to widespread evasion in its more dispersed economy and comparatively large sales tax arrears.

(Paras 9, 10, 14 & 18)

3. There has been a significant shift of sales taxation in this State from the multi-point to the single-point tax mostly levied at the first stage. We are satisfied that it has been in the right direction. We feel that a further shift towards the single-point levy is called for, though a multi-point levy should continue in some cases.

(Para 24)

4. Once the level of sales tax is decided upon, exemption and differential tax rates easy to determine. Given that a high level of sales tax rates has to be obtained and the maximum rates cannot be very high, the list of exemptions has to be severely curtailed. When necessities are taxed, there exists no valid reason to exclude other consumption goods. The rates of the latter must be determined in relation to the income elasticity for the consumption goods, so that there will be some gradation of commodities according to the type of wants they cater to. Factors like rates in the neighbouring States, inability to distinguish among different uses of the same commodity and possibility of evasion weigh heavily in rate determination.

(Para 27)

5. Commodities like fruits, vegetables, milk and milk products, meat etc, occupy an important

place in the family budget. Their perishable nature does not, in our opinion, make a cogent case for exemption. The validity of exemption to these items can be conceded only to the extent that they are dealt with in unorganised markets and are handled by small dealers. The moment they begin to be dealt with in organised markets, there would be a strong case for review of the exemption policy. To obtain the requisite information, marketing surveys should be made of such commodities and of products of small artisans and craftsmen.

(Para 37)

6. The exemption of luxuries and capital intensive commodities needs to be in any case immediately removed. For instance, costlier handloom, silken cloth and sarees should be taxed. We further suggest that exemption on oilcakes and cotton seeds should be withdrawn.

(Para 38)

7. We, however, considered the provision contained in section 4(1)(b) of the U. P. Sales Tax Act which grants exemption to certain institutions. It has been pointed out that the advantage of the said exemption is sometimes extended to industries which do not seem to be *prima facie* deserving this concession. A few institutions, for example, go to the extent of running lime manufacturing industry and brick-kilns. Sales tax in respect of such industries should not be exempt simply because certain institutions run them.

(Para 39)

8. Exemptions from sales taxation cannot be extended on grounds of equity to other final consumption goods, when foodgrains are taxed. Realizing this, in the last few years many important items have been removed from the exempt list. It is not possible to grant a total exemption of tax in favour of raw materials and intermediary goods as they contribute handsomely to the State's coffers and their taxation has been accepted by the Centre and the States.

(Paras 40-41)

9. One of the disconcerting features of sales tax in U. P. is the large number of rates. We examined the lists of commodities under levies of the single point, the multiple point and purchase tax from the viewpoint of rationalizing them. We have reduced the number of rates under the single-point levy from 9 to 5 and under the levy of purchase tax from 6 to 4.

(Paras 43-45)

10. At present there are only 39 commodities under the multi-point levy. We examined the said list and their rates of taxation and have suggested several commodities which need to be shifted to the levy of single-point.

(Paras 46-47)

11. Frequent revisions of rates not only result in confusion, embarrassment and needless work

for the assessing authorities, but they also cause hardship to the dealer. To be widely acceptable, a tax system and its rates have to be stable. We feel that it would be of great advantage to change sales tax rates only once in a year and at most twice.

(Para 48).

12. Our examination of rate structures of different States including Delhi reveals that rates have been deliberately kept at a lower level in Delhi. However, the Government of India should see that the prosperous territory of Delhi does not continue to make progress at the expense of U. P. and other backward States. As a matter of fact, the Union Government has to watch the interest of all the States. As long as this is not finalised, the only alternative for us is to bring down the U. P. rates in the case of sensitive commodities and sectors. Enumerating a few commodities, we have recommended that a re-examination of the list of such commodities should be made and commodities so re-classified that those where such chances of evasion are substantial are taxed at rates not out of line with those in Delhi. However, this measure will augment revenue receipts.

(Para 50).

13. The difference between the Central Sales Tax rates and the actual rate charged on commodities exported by the traders who made purchases from domestic manufacturers and importers should be refunded. This concession should only be given to exporters who have directly purchased from manufacturers or importers who are liable to pay the tax; it should not be extended to exporters at more than one remove.

(Para 51).

14. In cases where doubts crop up in determining the tax rate of any particular commodity, we recommend that the Commissioner, Sales Tax, should be authorised to determine the tax rate to which a commodity is liable and that his decision having necessary legal sanction behind it, should be binding on all assessing and appellate authorities.

(Para 52).

15. We do not think it desirable to increase the minimum taxable turnover of Rs.12,000, which we recommend, should be applied to all dealers.

(Para 54).

16. The provisions of compounding, as contained in section 7-D of the U. P. Sales Tax Act, has stringent conditions attached to them and this possibly explains why so far no dealer has applied for taking it. It only applied to dealers with turnover of Rs.25,000. We are of the opinion that requirement of annual permission should not be made mandatory and no detailed survey of the premises of the dealer should be made a pre-requisite condition for the scheme of composition. The scheme should be extended to a turnover limit of Rs.80,000 in respect of multi-point commodities. Different amounts of tax are suggested for different turnover slabs between Rs.12,000—80,000.

(Paras 57—60).

17. We understand that the need of reduction in the heavy norms of assessment work of Sales Tax Officers and Assistant Sales Tax Officers has been recognized and that the Government have

sanctioned more staff for the purpose but, in the meantime, the other pressing needs of the Department have made it impossible to reduce the heavy workload. We regard a reduction in workload as essential for improving the quality of assessment work and recommend that early steps may be taken in this direction. We went into the question of whether the present statutory limitation of four years for finalising assessment should be brought down. We felt that it would be risky to do so at present.

(Paras 62—64).

18. In some of the States we visited we found that a rule was made that, normally, all the assessment cases should be disposed of within a year and while there were exceptions in complicated cases, there is more or less 90 per cent compliance. While such a norm may be immediately difficult to achieve, it should be made the goal to be reached in two years.

(Para 63).

19. We think it of great advantage that survey and assessment work should be done by the same person as the knowledge and impressions gained in the course of survey work can be profitably used in the task of assessment and the quasi-judicial temperament and habits obtained in assessment work will improve the quality of survey reports. We, therefore, see no reason why any separation between the assessment and survey work should be effected. As far as the combined heaviness of both assessment and survey work for each officer is concerned, this can be met by suitable changes in work norms.

(Para 66).

20. We are not in favour of giving copy of the survey note to the dealers in advance as this will open up more possibilities of his fabricating evidence to rebut the case against him.

(Para 67).

21. The special Investigation Branch Units have rendered good services towards minimising the extent of evasion and we see no reason for suggesting any radical re-organisation of them.

(Para 68).

22. The ratio of appeals to assessments in this State is higher than in others; the cases in which assessments are upheld in appeal are in a minority. The two together—a high ratio of assessee's going in appeal and a high ratio of successful appeals—make a formidable combination which would call for greater care on the part of the assessing officers.

(Para 70).

23. Many of the appeals are in respect of small amounts. We feel that the scheme of composition which we have recommended in respect of tax liability of dealers having turnover up to Rs.80,000 will restrict the number of appeals preferred in the case of small amounts.

(Para 72).

24. Till November 1967, the appellate authorities functioned under the control and superintendence of Judge (Revisions) which was transferred to the Sales Tax Commissioner by an Ordinance. It has also been laid down that the Commissioner shall not in exercise of such superintendence and control issue any orders, instructions or directions which may interfere with the

discretion of appellate authorities in exercise of their functions. We have been told that in spite of this provision the present functioning of Assistant Commissioner (Judicial) does not command the same degree of confidence. We do not see any reason for this in the results of the appeals which tend to fare more or less in the same way as was before. We, therefore, do not see any need for a change-over to the earlier system.

(Para 73).

25. We also examined the need for setting up a Tribunal in U. P. In the present system, the second appeal is heard by a Judge (Revision) who is drawn from the Higher Judicial Service of this State. Often incongruities arise in many different judgments, not all of which admit further appeals. It has also been found that there is inadequate appreciation of complex accounting and business issues involved. We are in favour of setting up such a Tribunal which will hear the cases involving amounts above Rs.10,000 or cases which are referred to it by Single-Member Judge. The Tribunal may be presided by a Member-Judge and should have two other Members. We are in favour of having Members to hear second appeals recruited from a wider circle. They can be drawn not only from the Bench and the Bar, but also from tax or other allied departments of the Central and State Governments, and business. Suitable rules should be framed for their appointment, but it should be laid down that once appointed, they will continue to occupy the position at least for a period of five years and will have no connections with their departments or firms during this period.

(Para 74).

26. Arrears of sales tax in 1973-74 amounted to 63.8 per cent of sales tax revenues. They had increased over the last five years. The position of arrears of Uttar Pradesh is much worse when compared to those in other States. The major causes responsible for the huge arrears in the State are delay in assessment and lack of adequate motivation and interest in recovery of arrears which hitherto lay with Revenue Authorities. We recommend, as long as necessary arrangements can be made, the scheme of realisation of arrears under the control and supervision of the Commissioner, Sales Tax (as has already been done on an experimental basis in respect of 10 districts of the State) should be extended to other districts also, so that the assessing authorities are in touch with the progress regarding realisation of arrears and regard themselves responsible for collecting them. The appointment of Tax Recovery Officers on the Income Tax pattern in the Sales Tax Department may help in the speedy realisation of arrears. We understand that this is under consideration of the Government. A final decision should be speedily taken and the same may be implemented as soon as necessary administrative arrangements can be made. An effective step towards expeditious liquidation of arrears can be by way of attaching bank accounts of the defaulters till the dues are cleared off.

(Paras 75—80).

27. While we feel that Uttar Pradesh with its big internal markets and intense need for additional revenue cannot afford much liberal relief, it should liberalize the benefit of concessional rate

of 2½ per cent on the purchase of raw and intermediate materials to all industrial units or manufacturers in the States whose turnover is not less than Rs.12,000 and who are registered under the Act without any restriction of specified period.

(Para 84).

28. One of the promising methods suggested to determine the extent of evasion is the working out of difference between the potential tax base and the actual tax base. It should, however, be remembered that apart from reliability of data comprising of actual receipts with the optimum which would have been obtained in an ideal condition is only the first step in deciding the extent of evasion, as the gap often shows the limits of tax exemptions and reliefs, tax avoidance and tax evasion. This has been applied to 14 commodities in Uttar Pradesh, which shows a gap of more than 25 per cent between the tax potential and the actual receipts.

(Paras 86—90).

29. The 15 border check posts instituted recently seem to be working well. Their ultimate success will depend upon the efficiency of their inspection and of the squad system as well as on the organisation of an effective method of pooling information contained in different prescribed forms. A weak link in the present check posts system is the movement of goods by rail. As imports are made through many railway stations, and check posts cannot be established at all of them, the provision can only be made effective with the co-operation of the Railway authorities which has been hitherto lacking. Keeping in view the wide geographic expanse of Uttar Pradesh and its patterns of trade and industry, we do not recommend the system of internal check posts for this State.

(Paras 92 and 94).

30. One of the methods of avoiding State sales taxation pertains to fictitious consignment sales which cannot be plugged unless the Constitution is amended. Since this avoidance takes place on a large scale, States have pressed for some remedial measures. The matter is under review by the Law Commission. So far, in order to prevent spread of the fictitious consignment sales, burden of proof has been thrown on dealers concerned.

(Para 95).

31. The main problem of works contract rests on the difficulty in separating the costs of materials supplied from those of services. In such cases, it has been held that the transaction is not taxable by the State Government. This, however, calls for a change in the relevant statutory provisions, as the Centre is not specifically empowered to tax the same. This will not only enable the States to tax services and thereby, work contracts, but also guard against loss of revenue on this score.

(Para 96).

32. Section 23(2) (vi) of the U. P. Sales Tax Act provides for disclosure of certain informations of confidential nature to an officer of the Central Government or the Government of any State 'for the purpose of enabling that Government to levy or realise any tax imposed by it'. If similar provisions are incorporated in Central tax legislations, this will enlarge the scope of co-ordination

of the sales tax department with that of income-tax department, which would be of great help in checking evasion.

(Para 97).

33. There is a felt-need for reliable, up-to-date information about changes in Sales Tax legislation and case law. We suggest that a Gazetteer giving such information should be published. We also suggest that the gazetteer should publish names of heavy and persistent defaulters.

(Para 99).

34. The present training programme of the newly recruited officers, we feel, further needs to be streamlined. Theoretical training should follow a consistent pattern and be of a definite duration. When the officers are first attached to the sectors or circles to have their knowledge of the field, they should not be assigned an independent job for an initial period of a few months.

(Para 100).

35. As regards the internal audit, there is a strong case for considerable strengthening of staff and covering a much larger number of cases. In the case of bigger dealers having turnover limits exceeding Rs.2 lakhs, 100 per cent audit should be conducted. It would suffice if, on the whole, 30 per cent of cases are covered by internal audit.

(Para 102).

36. We understand that the Government Departments and the State Electricity Board are instructed not to take into account the sales tax while making purchases. We recommend that similar instructions should be issued to the other public corporations.

(Para 104).

37. Of all the departments, the Sales Tax Department seems to have at its disposal the best information. This information is, however, not analysed for tax policy purpose owing to paucity of staff. We recommend that the statistical side should be suitably strengthened at all levels and the statistics should be regularly published. In the course of our enquiry, many questions arose of trade practices having a bearing on sales tax. The Sales Tax Department should also conduct suitable enquiries on the subject. It should, in fact, be a depository of all information regarding wholesale and retail trade.

(Paras 105—107).

#### B—PURCHASE TAX ON SUGARCANE

38. The revenue from purchase tax in Uttar Pradesh increased by 32 per cent during the period 1960-61 to 1972-73. The only State which collected higher revenue from this source was Maharashtra. As a percentage of State Income, the revenues in the State decreased from 0.24 per cent to 0.11 per cent during the period 1960-61 to 1971-72.

(Paras 108 and 109).

39. Uttar Pradesh had 54 per cent of the area under sugarcane and produced 47 per cent of production in the country. Public investment in cane development increased by 142 per cent.

(Para 110).

40. Uttar Pradesh has the largest number of sugar factories in the country; their cane crushing capacity is about 1.12 lakh tonnes per day.

Of the total cane production, 24 per cent went to sugar factories in 1972-73, and 64 per cent to gur and khandsari units. During the period 1960-61 to 1972-73, the production of sugar decreased by 6 per cent in this State. In 1969-70, 35 out of 68 factories incurred a loss.

(Paras 111 to 115).

41. Purchase tax on sugarcane was imposed under the U. P. Sugarcane (Purchase Tax) Act, 1961. Till 1973 the tax was levied on sugar factories at the rate of 67 paise per quintal of sugarcane, but a general remission of 16 paise per quintal was granted to them. The effective rate for sugar factories was thus 51 paise per quintal. The rate was 50 paise per quintal for khandsari units. The rate of purchase tax was raised in August 1974 to Rupee 1 per quintal both for the sugar factories and khandsari units. The present rate is equal to the rate of purchase tax in Maharashtra, but it is higher than that in Bihar, Haryana and Punjab.

(Paras 116 and 117).

42. The sugar factories in this State are under a handicap as they have to pay a higher price of cane in comparison to Southern States. The average recovery of sugar in this State is also lower than in Maharashtra, Karnataka, Gujarat and the all-India average. We feel that any further increase in the rate would be detrimental to sugar industry in the State. We do not, therefore, recommend any increase in the rate of purchase tax.

(Para 118).

43. While the sugarcane prices during the period 1960-61 to 1972-73 increased by 188 per cent, the tax receipts registered a rise of 33 per cent only. As the tax was levied on weight basis, it was price inelastic. The price of sugarcane has been increasing consistently since 1970-71. The incidence of purchase tax at current prices of sugarcane works out at 8.2 per cent in the western region and 7.6 per cent in the eastern region of the State. We, therefore, recommend that the State Government should levy the tax at a uniform rate of 8 per cent of the price of sugarcane for both the regions.

(Paras 119 and 120).

44. There is also a provision for compounding the purchase tax on sugarcane for khandsari units. The quantum of monthly purchases of sugarcane for the unit are assumed according to the size of the power crusher. The schedule for assuming the quantum of purchase of sugarcane has been revised in August 1974. Nearly 40 per cent of the owners of khandsari units had opted for the compounded levy. As it is administrative-ly convenient to compound the tax and it will check evasion, we recommend that the State Government should provide for a compulsory compounding of the purchase tax on khandsari units.

(Paras 121 and 122).

45. The arrears of purchase tax on sugarcane due from sugar factories decreased from 1971-72 but those from khandsari units increased sharply, specially in 1973-74. The arrears from sugar factories amounted to Rs.5.40 crores on April 1, 1974. As the tax is now realised at the sugar factory before the bags are sold, there are no arrears of purchase tax in respect of the last two

years. Only Rs.20 lakhs of the previous arrears seem to be realisable.

(Paras 123 and 124).

46. Uttar Pradesh is the largest khandsari producing State in the country but there is no reliable data regarding production of khandsari and the quantum of sugarcane utilised by them. We suggest that proper arrangements should be made in future for obtaining systematic information regarding sugar production by khandsari units.

(Para 125).

#### C—ENTERTAINMENT AND BETTING TAXES

47. It is worth-noting that of all types of entertainments, the contribution of permanent cinema halls towards the revenue receipts is the highest. Figures available from 1969-70 show that there was a rise in receipts from this source by 84 per cent by 1973-74. Half of the increase can be assigned to increase in the tax base. The number of cinema halls increased by 31 per cent during the same period and the seating capacity by 39 per cent. Along with this, the ratio of actual revenues to optimum revenues also witnessed an increase denoting an increase in the occupancy ratio.

(Para 132).

48. As a percentage of optimum revenue, the actual revenue increased except for 1972-73 when there was a small fall. Classwise, however, the percentage decreased for balcony and First Class after 1971-72. Both in the second and third classes, there was sizable increase in the occupancy ratio. A close watch needs to be kept on the occupancy ratio for different classes, as it has important implications for entertainment rate policy. However, no further increase in entertainment tax on film shows should be thought of.

(Para 136).

49. We recommend a voluntary scheme of composition in which the compounding charges may be fixed for two years on the basis of the actual occupancy ratio in the cinema halls for the previous two years or 50 per cent, whichever is higher. This will enable the administration to concentrate more effectively on the supervision

of such picture houses where the reported occupancy ratio is low. The scheme should be reviewed at the end of two years.

(Para 137).

50. In view of the low occupancy ratio a general expansion of permanent cinemas cannot be advocated. As, however, the existing distribution of permanent cinemas in this State is uneven, more cinema halls may be encouraged at select places.

(Para 138).

51. The surcharge of ten paise originally levied as Refugee Relief and now continued for general revenue purposes should be amalgamated with the entertainment tax.

(Para 139).

52. We recommend that where the cinema-owners are asked to give concessions, as a matter of public policy, a proportionate reduction in the entertainment tax should follow.

(Para 139).

53. We suggest that entertainment tax should be levied at the rate of 25 per cent on classical music and classical dances, and on specified games and sports. These are at present exempt.

(Para 140).

54. It would be desirable to increase the levy on nautanki and qawwali from 12½ per cent to 25 per cent.

(Para 141).

55. It is difficult to quantify the extent of evasion, but it is of a significant order. Leakage occurs in touring cinemas as they are not checked frequently and effectively. Avoidance of tax also takes place in cases of entertainment programmes organised in remote areas of the districts where checking is neither frequent nor effective. We have been informed that hitherto the inadequately staffed Department of Entertainment and Betting Taxes has been strengthened by a recent sanction on the part of Government. We hope, that as a result of the increase in the staff, the problem of evasion will be effectively tackled.

(Paras 144—148).

## CHAPTER VI

### TAX ON COMMODITIES AND SERVICES

#### A—SALES TAX

- Annexure 1—Percentage Distribution of Receipts to Total Receipts according to Rate of Tax, 1960-61.
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## ANNEXURE 1

Percentage distribution of receipts to total receipts according to rate of tax, 1960-61

Serial no.	Rate of tax	No. of commodities	Total sales tax receipts under U.P. Sales Tax Act	Percentage of receipts to total receipts
1	2	3	4	5
1	0.25 per cent	3	5,78,369	0.55
2	0.50 per cent	1	1,18,280	0.11
3	1 per cent	5	1,07,88,478	10.28
4	2 per cent	46	3,66,22,342	34.91
5	3 per cent	10	73,10,602	6.97
6	4 per cent	..	..	..
7	5 per cent	3	72,09,312	6.87
8	6 per cent	26	2,13,43,960	20.35
9	7 per cent	12	69,40,114	6.62
10	Others	8	1,39,89,506	13.34
Total		114	10,49,00,072*	100.00

\*Excludes exemption fees, registration fees etc.

Source—Office of Commissioner, Sales Tax, U. P.

## ANNEXURE 2

Percentage distribution of receipts to total receipts according to rate of tax, 1965-66

Serial no.	Rate of tax	No. of commodities	Total sales tax receipts under U. P. Sales Tax Act	Percentage of receipts to total receipts
1	2	3	4	5
1	0.25 per cent	..	..	..
2	0.50 per cent	2	9,25,436	0.42
3	0.75 per cent	1	5,10,753	0.23
4	1 per cent	5	22,38,351	1.01
5	1.50 per cent	1	1,74,82,954	7.87
6	2 per cent	13	3,24,86,157	14.02
7	3 per cent	37	3,30,82,909	14.80
8	4 per cent	2	33,26,732	1.50
9	5 per cent	2	63,46,775	2.80
10	6 per cent	9	1,25,36,474	5.64
11	7 per cent	17	6,25,42,707	28.15
12	10 per cent	16	2,57,32,797	11.58
13	Others	18	2,49,56,014	11.23
Total		123	22,21,68,059*	100.00

\*Excludes exemption fees, registration fees, etc.

Source—Office of Commissioner, Sales Tax, U. P.

## ANNEXURE 3

Percentage distribution of receipts to total receipts according to rate of tax 1968-69

Serial no.	Rate of sales tax	No. of commodities	Total sales tax receipts under U.P. Sales Tax Act	Percentage of receipts to total receipts
1	2	3	4	5
			Rs.	
1	0.25 per cent.	..	..	..
2	0.50 per cent.	2	12,14,331	0.32
3	0.75 per cent.	..	..	..
4	1 per cent.	2	3,00,75,583	8.03
5	2 per cent.	12	2,44,65,110	6.54
6	3 per cent.	38	6,98,99,416	18.66
7	4 per cent.	3	39,47,701	1.06
8	5 per cent.	1	2,21,15,372	5.90
9	6 per cent.	12	2,07,95,952	7.96
10	7 per cent.	16	10,86,09,279	28.99
11	8 per cent.	3	29,49,045	0.79
12	9 per cent.	..	..	..
13	10 per cent.	16	4,01,08,010	12.31
14	Others	17	3,53,58,186	9.44
	Total	121	37,45,38,385*	100.00

\*Excludes exemption fees, registration fees etc.

Source—Office of Commissioner, Sales Tax, U. P.

## ANNEXURE 4

Percentage distribution of receipts according to rate of tax 1972-73

Serial no.	Rate of sales tax	No. of commodities	Total sales tax receipts under U.P. Sales Tax Act	Percentage of receipts to total receipts
1	2	3	4	5
1	0.25 per cent.	..	..	..
2	0.50 per cent.	..	..	..
3	0.75 per cent.	..	..	..
4	1 per cent.	4	25,52,752	0.42
5	2 per cent.	9	1,92,78,034	3.18
6	3 per cent.	21	8,11,38,028	13.40
7	3.50 per cent.	20	3,60,76,076	5.96
8	4 per cent.	3	7,16,67,258	11.84
9	5 per cent.	4	3,56,60,579	5.89
10	6 per cent.	16	3,07,55,534	5.08
11	7 per cent.	19	14,83,44,678	24.50
12	8 per cent.	4	23,66,165	0.39
13	10 per cent.	26	13,50,68,816	22.31
14	12 per cent.	2	8,64,659	0.15
15	Others	11	4,16,44,156	6.88
	Total	139	60,54,16,535*	100.00

Notes—\*Includes the collection out of old arrears of Rs.2,87,69,462.

Source—Office of Commissioner, Sales Tax, U. P.

## ANNEXURE 5

*Procedure adopted for working out the effects of consumptions, prices and rates on the sales tax revenues.*

Sales tax revenue from a commodity subject to sales tax at a point of time depends upon its sale value and the tax rate. The sale value in turn is determined by the real consumption and the price of the taxed commodity. Thus there are three factors viz., real consumption, price and the tax rate which determine extent of sales collections.

2. Commodity-wise sales tax receipts along with their tax rates in respect to about 160 items are available since 1960-61 separately under the U. P. Sales Tax and Central Sales Tax Act. The collections under the Central Sales Tax Act are from those commodities which are exported to other States and do not depend upon the internal consumption. The Central Sales Tax rates are also different from the State Sales Tax rates. Moreover, in this State, bulk of the sales tax revenue (about 90 per cent) is under the U. P. Sales Tax Act. Keeping in view these factors, we considered here the sales tax collections under the State Sales Tax Act only.

3. Under the U. P. Sales Tax Act some commodities were subjected to single point sales tax and some to multiple point sales tax. There are commodities which were subject to multiple point sales tax in the beginning but later on switched over to single point sales tax. The number of commodities under the two systems also differ from year to year. The commodities subject to multiple point sales tax had to be left out from this study as in absence of the knowledge of number of transactions which took place it was not possible to estimate their real turnover from tax collection figures. There were some commodities which were not important from the view point of sales tax collections. These limitations restricted our field of study only to the following 30 selected commodities which contributed Rs.50 lacs or more to State revenues in the form of sales tax:

1. Brassware, 2. Card Board and Straw Boards, 3. Cement, 4. Cooked food, 5. Cotton yarn, 6. Foodgrains, 7. Footwear, 8. Kerosene oil, 9. Medicines, 10. Ouseeds, 11. Oils of all kind other than Vanaspati, 12. Stationery goods, 13. Vanaspati, 14. Washing soap, 15. Agricultural implements, 16. Atta, maida and Suji etc., 17. Bicycle, Tricycle etc., 18. Bricks, 19. Chemicals of all kinds including fuel gas, 20. Electrical goods, 21. Electrical equipments and plants, 22. Foreign liquor and Indian made foreign liquors, 23. Iron and Steel, 24. Iron steel safe, almirahs and furniture, 25. Kirana, 26. Machinery parts, 27. Mill stores and hardwares, 28. Motor vehicles and their parts, 29. Motor tyres and tubes and 30. Wireless reception instruments.

4. The sales tax receipts of the above thirty commodities under the U. P. Sales Tax Act for the period 1960-61 to 1972-73 were considered for this study. They contributed about 70 per cent of the total collections under the State Sales Tax Act. The values of the turnover of each of these commodities subject to sales tax in a particular year were worked out with the help of data of sales tax collections and the tax rates prevailing in that year and then using the tax rates of the base year 1960-61, the hypothetical tax yields at the base rates (base year 1960-61) were obtained. The sum total of the hypothetical yields of all the thirty commodities are given in column 5 of Annexure 6(a). The price indices of each of the commodities mentioned at serial no. 1 to 14 were available. The hypothetical tax yields at the base tax rates in respect of each of these commodities were deflated by the corresponding price indices (base year 1960-61) so as to arrive at the tax yields at the base rates and base prices. In case of foodgrains, gur and oil-seeds, agricultural wholesale price indices, for cooked food, footwear, medicines and washing soap, urban middle class consumer price indices and for the remaining seven commodities, the indices and for the remaining seven commodities, the indices of wholesale prices of Industrial Commodities were used. Price indices were not available for any of the six-

teen commodities indicated at serial no. 15 to 30. For them, the Urban Middle Class Consumer Price indices were considered in deflating the sum total of the base tax yields of these commodities. The total of the tax yields at the base tax rates and base year prices thus arrived at after deflation, are shown in column 7 of Annexure 6(a).

5. The growth in the tax yields at the base rates and base prices as shown in column 7 of Annexure 6(a) indicate the growth in the real consumption of the taxed commodities. It can, therefore, be said that the consumption of the commodities subject to sales tax increased by about 96 per cent during the period 1960-61 to 1972-73 and thus 96 per cent of the increase in the sales tax receipts in 1972-73 over 1960-61 may be taken as due to increase in consumption. The figures in column 5 of Annexure 6(a) show the growth in the consumption in money terms. The difference between the tax yields of column 5 and column 7 may be taken as due to price changes. It is, therefore, estimated that about 223 per cent of the increase in the tax receipts during the period 1960-61 to 1972-73 was due to rise in price level and the remaining 123 per cent of the increase was due to rates increases during the same period.

## ANNEXURE 6 (a)

*Sales Tax collections from 30 selected commodities*

(Rs.1,000)

Years	Total sales-tax collection under U. P. Sales-tax	Sales-tax collection (U. P. Sales Tax Act) from the selected commodities					
		At the current rates		At the base rate 1960-61		At the base rate and base price (1960-61)	
		Collections	Index	Collections	Index	Collections	Index
1960-61	107182	79048	100.00	79048	100.00	79048	100.00
1961-62	119679	81520	103.13	78439	99.23	75870	96.98
1962-63	139217	93087	117.76	85480	108.14	81843	102.90
1963-64	166605	114766	145.19	100270	126.85	90185	114.09
1964-65	188823	123089	155.71	100801	127.52	76590	96.81
1965-66	224120	152722	193.20	128386	162.41	91356	115.57
1966-67	267672	186593	236.05	148779	188.21	90782	114.78
1967-68	342735	231468	292.61	179114	226.59	100283	126.84
1968-69	378415	253970	321.29	198034	250.52	121238	153.37
1969-70	425547	200817	367.90	219305	277.48	121675	153.93
1970-71	458936	302627	382.84	227384	287.65	119674	151.89
1971-72	526813	341682	432.25	267411	338.29	137915	174.47
1972-73	638263	426880	540.03	330420	418.00	155093	196.20

Source—Office of Commissioner, Sales Tax, U. P.

ANNEXURE  
Sales Tax Collection (U. P. Sales Tax Act)

Year	1960-61		1961-62		1962-63	
Tax Commodities	Collections	Sales Tax Rate	Collections	Rate	Collections	Rate
1	2	3	4	5	6	7
1. Brasswares ..	21,12,988	2	25,09,427	2	27,57,913	2.5
2. Card Boards & Straw Board	1,05,058	3MP.	1,20,797	3MP.	1,21,077	3MP.
3. Cement .. ..	21,63,167	5	26,08,006	5	33,05,712	6
4. Cooked Food ..	5,69,967	1	6,22,553	1	5,45,921	1
5. Cotton Yarn ..	22,24,729	2	25,18,770	2	23,76,576	2
6. Foodgrain ..	85,20,020	1MP.	95,16,202	1MP.	1,25,67,512	1MP.
7. Footwear .. ..	25,968	2	28,193	2	31,517	2
8. Kerosene Oil ..	35,01,439	6	39,54,550	6	50,07,071	6.5
9. Medicine .. ..	15,89,358	2	19,90,106	2	19,72,386	2
10. Oilseeds .. ..	85,18,737	2	23,15,370	2	21,97,303	2
11. Oils of all kinds ..	29,35,471	6	30,22,775	6	29,71,367	6
12. Stationery goods ..	8,48,967	3	6,31,678	3	11,81,088	3
13. Vanaspati .. ..	88,19,457	6	1,07,40,022	6	1,28,31,319	6.75
14. Washing soap ..	13,99,056	3	15,25,715	3	11,31,568	3.4
15. Agriculture implements	1,04,924	2	1,01,437	2	3,59,962	2
16. Ata, Maida, Suji, etc.	18,58,263	2	19,56,905	2	16,88,581	2
17. Bicycle, Tricycle etc.	20,00,482	3	22,06,067	5	31,55,866	5
18. Bricks .. ..	43,39,127	5	44,96,221	7	53,10,582	7
19. Chemicals of all kinds including fuel gas.	21,53,613	6	25,35,754	6	25,16,080	7
20. Electrical goods ..	28,90,637	6	29,25,538	6	36,55,730	7
21. Electrical equipment and Plants.	..	..	..	..	..	..
22. Foreign Liquors and Indian made Foreign liquors.	5,67,038	6	9,15,073	7	3,35,298	7
23. Iron and Steel ..	48,89,360	2	48,79,146	2	58,69,549	2
24. Iron steel, safe Almirah and Furniture.	..	..	..	..	..	..
25. Kirana .. ..	73,63,677	4	79,75,860	4	75,10,008	14
26. Machinery parts ..	22,97,564	2	23,55,183	3	25,59,853	13
27. Mills stores hardwares }						
28. Motor vehicle and their parts.	46,67,882	7	61,08,914	7	78,32,046	7
29. Motor tyres and tubes	20,55,735	7	23,23,092	7	25,42,201	7
30. Wireless reception instruments.	5,25,039	7	6,36,497	7	7,52,849	7
Total ..	7,90,47,723		8,15,19,851		9,30,86,955	

6 (b)  
1960-61 to 1972-73

1963-64		1964-65		1965-66		1966-67	
Collections	Rate	Collections	Rate	Collections	Rate	Collections	Rate
8	9	10	11	12	13	14	15
31,25,787	3	39,07,061	3	41,86,548	3	46,04,894	3
93,582	3 MP	81,849	3MP.	1,07,779	3MP	2,05,621	3MP
52,14,792	7	52,98,074	7	60,29,045	7	86,78,006	7
5,60,934	1	6,31,645	1	6,68,514	1	11,25,888	2
37,29,648	2	..	2	44,09,930	2	30,45,249	2
1,41,30,997	1MP	1,56,41,250	1.5	1,74,82,454	1.5	2,18,28,183	1.5
80,063	2	1,21,658	2	1,52,985	2.5	2,06,287	13
69,35,158	7	52,67,507	7	69,76,306	7	69,92,998	7
31,51,597	2	32,19,497	2	50,25,313	2	57,44,969	2
42,54,211	2	51,75,114	2	77,98,620	2	1,25,12,335	2
50,76,456	6	39,25,662	6	42,02,212	3	52,16,682	3
15,50,593	3	14,66,945	3	13,21,185	3	20,39,998	3
1,35,72,899	7	1,47,23,176	7	1,88,88,937	7	2,32,00,495	
9,73,416	4	16,65,038	4	20,38,820	4	24,97,978	4
67,996	2	49,865	2	55,335	2	87,524	2
29,21,890	2	34,11,765	2	26,50,992	2	32,76,514	2
34,00,238	5	40,77,000	5	57,64,273	6	72,90,339	7
68,57,565	7	71,81,087	7	85,44,537	7	1,00,49,059	7
30,60,964	7	32,39,288	7	32,57,046	7	35,21,044	7
43,11,581	7	49,52,525	7	75,88,184	8.5	80,15,914	10
..	..	..	..	..	..	..	..
11,70,962	7	33,74,441	8	3,06,480	10	4,13,002	10
73,44,943	2	81,10,220	2	98,48,948	2	1,28,68,462	2.5
..	..	..	..	..	..	..	..
79,16,045	4	1,07,99,663	4	1,16,99,599	4	1,34,86,280	4
33,39,580	3	32,96,329	3	65,55,998	3	1,03,33,040	6
72,08,058	9.5	82,34,669	10	99,24,841	10	1,07,89,394	10
37,50,497	9.5	76,11,686	10	63,03,423	10]	74,79,438	10
9,65,548	9.3	6,62,673	10	8,91,792	10	10,83,810	10
11,47,66,000		12,30,88,687		15,27,22,096		18,65,93,403	

**ANNEXURE**  
**Sales Tax Collection (U. P. Sales Tax Act)**

Year	1967-68		1968-69		
	Tax Commodities	Collections	Rate	Collections	Rate
1	16	17	18	19	
1. Brasswares .. .. .	38,62,876	3	59,58,423	3	
2. Card Board and Straw Board .. .. .	1,94,921	6	1,95,839	6	
3. Cement .. .. .	1,17,26,288	7	1,19,85,021	7	
4. Cooked Food .. .. .	12,31,510	2	16,27,224	2	
5. Cotton Yarn .. .. .	37,26,480	2	49,62,486	2	
6. Foodgrain .. .. .	3,23,06,755	1.5	3,00,30,370	1.5	
7. Footwear .. .. .	7,43,249	3	10,66,307	3	
8. Kerosene Oil .. .. .	95,36,736	7	1,08,13,685	7	
9. Medicines .. .. .	70,17,758	2	66,82,015	2	
10. Oilseeds .. .. .	1,06,43,842	2	1,06,26,067	2	
11. Oils of all kinds .. .. .	44,46,355	3	67,95,574	3	
12. Stationery goods .. .. .	29,70,703	3	22,38,447	3	
13. Vanaspati .. .. .	2,92,36,853	7	3,00,63,840	7	
14. Washing soap .. .. .	28,97,752	4	29,49,783	4	
15. Agriculture implements .. .. .	97,653	2	1,02,676	2	
16. Ato, Maida, Suji etc. .. .. .	35,08,511	2	34,53,000	2	
17. Bicycle, Tricycle etc. .. .. .	88,53,309	7	98,46,562	7	
18. Bricks .. .. .	1,27,58,763	7	1,60,82,245	7	
19. Chemical of all kinds including fuel gas .. .. .	37,98,457	7	42,42,516	7	
20. Electrical goods .. .. .	1,38,09,907	10	1,45,29,241	10	
21. Electrical equipments and plants .. .. .	..	..	..	..	
22. Foreign Liquors and Indian made foreign liquors .. .. .	5,79,277	10	5,05,244	10	
23. Iron and Steel .. .. .	1,61,12,223	3	2,04,13,885	3	
24. Iron steel safe, Almirah and furniture .. .. .	..	..	..	..	
25. Kirana .. .. .	1,66,87,917	4	1,87,82,899	4	
26. Machinery parts .. .. .	92,05,215	6	1,04,01,709	6	
27. Mills store and hardwares .. .. .	..	..	..	..	
28. Motor vehicle and their parts .. .. .	1,62,88,552	10	1,79,68,794	10	
29. Motor tyres and tubes .. .. .	82,70,803	10	1,04,94,269	10	
30. Wireless reception instruments .. .. .	9,42,420	10	11,51,781	10	
<b>Total</b> .. .. .	<b>23,14,58,085</b>		<b>25,39,69,902</b>		

6 (b)  
1960-61 to 1972-73

1969-70		1970-71		1971-72		1972-73	
Collections	Rate	Collections	Rate	Collections	Rate	Collections	Rate
20	21	22	23	24	25	26	27
47,44,204	3	50,96,722	3	40,21,989	3	59,07,753	3
2,34,730	6	4,07,949	6	5,26,238	6	81,02,607	
1,32,94,547	7	1,52,71,319	7	1,54,02,761	7	2,06,28,583	70
17,07,496	2	31,64,405	2	36,62,127	2	56,05,714	2
57,24,629	2	43,66,429	2	75,90,183	2	62,63,460	2
4,26,72,008	1.5	3,32,99,332	1.5	4,36,70,455	IMP.	6,04,18,213	IMP.
9,45,808	3	55,80,189	3	64,03,684	3	81,88,357	3
1,31,60,491	7	1,54,12,359	7	2,03,94,981	7	1,73,69,728	7
81,85,185	2.75	1,15,34,518	3	1,38,40,598	3	1,73,00,433	3
99,19,790	2	1,17,08,799	2	1,37,42,557	2.5	1,66,89,547	3
65,59,818	3	64,55,944	3	60,40,710	3	94,33,472	3
24,20,937	3	23,64,544	3	32,08,632	4	39,65,906	5
3,09,71,902	7	3,63,02,088	7	3,85,83,695	7	4,60,10,249	7
34,12,267	4	29,92,471	4	37,15,076	4	63,22,644	4
4,09,381	2.75	22,41,205	3	45,05,694	3	82,15,537	4
35,13,189	2	38,21,381	2	42,06,419	2	53,11,940	2
1,01,06,848	7	76,51,921	7	77,96,719	7	91,15,375	7
1,64,35,704	7	1,41,24,335	7	1,49,60,066	7	1,86,05,127	7
48,28,004	7	47,12,609	7	53,47,206	7	48,58,509	7
1,86,45,525	10	1,50,58,803	10	1,51,35,980	10	1,94,26,720	10
		29,46,092	7	25,77,296	7	50,95,710	7
22,16,077	10	33,33,072	10	38,85,942	10	57,86,489	10
1,93,14,348	3	1,73,98,441	3	1,92,16,813	3	2,26,75,135	3
		18,81,047	10	15,15,445	10	54,26,769	10
1,94,37,541	4	1,78,13,153	4	1,86,67,965	4	19,59,69,946	4
72,51,544	6	1,14,49,575	6	1,19,21,256	6	1,75,38,150	6
95,19,381	6	82,09,607	6	90,83,492	6	54,13,191	6
3,26,55,786	10	2,19,09,028	10	2,45,63,471	10	2,83,68,789	10
1,13,54,814	10	1,15,81,765	10	1,23,91,001	10	1,55,12,381	10
11,74,731	10	44,87,535	10	51,03,708	10	58,28,648	10
2,90,81,685		30,26,27,137		34,16,82,159		42,68,80,072	

## ANNEXURE 6 (c)

Sales Tax Collection during 1960-61 and 1972-73

Tax Commodities	Actual Collec- tion 1960-61 (Rs.000)	1972-73		
		Actual Collection (Rs.000)	Collection at base rate 1960-61 (Rs.000)	Collection at base rate and base price 1960-61 (Rs. 000)
1	2	3	4	5
1. Brasswares .. ..	2,113	5,908	3,938	1,437
2. Card Board and Straw Board ..	105	5,103	2,551	1,943
3. Cement .. ..	2,163	20,629	14,785	8,088
4. Cooked Food .. ..	570	5,608	2,803	1,233
5. Cotton Yarn .. ..	2,225	6263	6,263	3,704
6. Foodgrain .. ..	8,520	60,418	60,418	23,536
7. Footwear .. ..	26	81,88	5,459	3,154
8. Kerosene Oil .. ..	3,501	17,370	14,888	6,817
9. Medicine .. ..	1,589	17,300	11,534	5,834
10. Oilseeds .. ..	8,519	16,690	11,126	4,387
11. Oils of all kinds .. ..	2,935	9,433	18,867	7,520
12. Stationary goods .. ..	849	3,966	2,380	1,799
13. Vanaspati .. ..	8,819	46,910	40,209	18,676
14. Washing soap .. ..	1,399	6,323	4,742	2,009
15. Agriculture implements .. ..	105	8,216	4,108	2,045
16. Atta, Maida, Suji etc. .. ..	1,888	5,312	5,312	2,644
17. Bicycles, Tricycles etc. .. ..	2,000	9,115	3,907	1,945
18. Bricks .. ..	4,339	18,605	13,289	6,615
19. Chemicals of all kinds including fuel gas. .. ..	2,154	4,859	4,164	2,073
20. Electrical goods .. ..	2,891	19,427	11,656	5,802
21. Electrical equipments and plants .. ..	..	5,096	3,640	1,812
22. Foreign Liquors and Indian made foreign liquors. .. ..	567	5,786	3,472	1,723
23. Iron and Steel .. ..	4,889	22,675	15,117	7,525
24. Iron steel safe, almirah and furniture .. ..	..	5,427	3,799	1,891
25. Kirana .. ..	7,364	19,593	19,597	9,754
26. Machinery parts .. ..	2,298	22,949	7,649	3,807
27. Mills stores and Hardwares .. ..				
28. Motor vehicle and their parts .. ..	4,668	23,369	19,858	9,884
29. Motor tyres and tubes .. ..	2,056	15,512	10,859	5,405
30. Wireless reception instruments .. ..	525	5,829	4,080	2,031
<b>Total</b> .. ..	<b>79,048</b>	<b>42,680</b>	<b>3,30,420</b>	<b>15,5,093</b>

## ANNEXURE 7

*Method adopted for working out income and price elasticities of commodities subject to Sales Tax*

The income and relative price elasticities of each of the selected commodities subject to sales tax viz., footwear, washing soap, cooked food, medicine, vanaspati, kerosene oil, oilseeds, stationery goods, oils of all kind other than vanaspati and cement were estimated by establishing the relationship of the following form:

$$y = a X^b Z^c$$

where,

y = the sales tax receipts of the commodity at the base rates and base prices under the U. P. Sales Tax Act.

X = State income at base year prices.

Z = Relative price index of the commodity.

b = the income elasticity of the commodity.

c = the price elasticity of the commodity.

a = a constant depending upon the nature of the commodity.

The values of a, b and c were determined by the method of least squares, using the data for the period 1960-61 to 1972-73, with the base year 1960-61.

2. The price indices of different commodities under study and the general urban middle class consumer price index for the period 1960-61 to 1972-73 as prepared and published by the Economics and Statistics Division of the State Planning Institute, U. P. were adopted for the purpose of the present analysis. The relative price index of each of the commodity was worked out by deflating the price index of the commodity by the urban middle class consumer price index.

3. The Sales Tax Commissioner, Uttar Pradesh, made available the commodity-wise sales tax receipts under U. P. Sales Tax Act and their tax rates for the years 1960-61 to 1972-73. The information, thus furnished was used to work out the base rate, base price sales tax receipts of the

commodity in question in the manners shown in Annexure 5. These figures indicative of real changes in taxed turnover were taken to be a proxy for consumption changes.

4. The figures of total State income at the base year prices (base year 1960-61) as prepared by the State Bureau of Economics and Statistics, Uttar Pradesh were used here. The estimates of income and the relative price elasticities are given in Annexure 8.

## ANNEXURE 8

*Income and price elasticities with respect to sales tax receipts of some of the items*

Sl. no.	Items	b	c
1.	Footwear	15.18	(+) 0.42
2.	Washing soap	1.32	(-) 0.79
3.	Cooked food	3.69	(-) 5.41
4.	Medicine	3.33	(-) 2.11
5.	Vanaspati	2.38	(-) 0.80
6.	Kerosene oil	2.28	(-) 0.17
7.	Oil seeds	0.88	(-) 0.40
8.	Stationery goods	2.23	(-) 0.21
9.	Oils of all kinds other than Vanaspati	2.33	(+) 0.50
10.	Cement	4.57	(+) 0.42

Where—Y = The tax yield of the item at the base year rate and base year price.

X = State income at the base year prices.

Z = Relative price index of the item with respect to base year price.

b = Income elasticity.

a = a constant depending upon the nature of the item subject to Sales Tax.

c = Relative price elasticity.

Source: Office of the Commissioner, Sales Tax, U. P.

## ANNEXURE 9

*Statewise sales tax receipts and percentage rise, (1960-61 to 1972-73)*

States	Sales Tax receipts (Rs. in lakhs)						Percentage rise (in comparison to previous year's)					
	1960-61	1965-66	1968-69	1970-71	1971-72	1972-73	1965-66	1968-69	1970-71	1971-72	1972-73	
						R. E.						
1	2	3	4	5	6	7	8	9	10	11	12	
1. Uttar Pradesh	1170	2485	4125	5202	5808	6505	+112.6	+68.3	+24.0	+12.3	+11.3	
2. Andhra Pradesh	1189	2232	4084	4990	5901	5000	+88.7	+83.0	+22.0	+0.2	+10.0	
3. Assam	182	642	698	674	1092	1458L	+252.7	+8.7	(-)3.4	+62.00	+33.5	
4. Nagaland	..	6	5	14	28	41	..	-16.7	+180.0	+100.0	+46.4	
5. Meghalaya	..	..	..	1	5	45	..	..	..	+490.0	+800.0	
6. Bihar	956	1990	3152	3298	3630	4097	+100.8	+58.4	+4.6	+10.1	+12.0	
7. Gujarat	971	2548	4333	5994	6883	8166	+162.4	+70.1	+38.3	+14.∞	+18.6	
8. Jammu and Kashmir	22	50	119	226	237	235	+127.3	+138.0	+89.9	+4.0	-0.8	
9. Karnataka	703	1939	3407	4872	5159	5725	+175.8	+75.7	+43.0	+5.9	+11.0	
10. Kerala	820	1804	2887	3742	4237	4682	+120.0	+60.0	+29.6	+13.2	+10.5	
11. Madhya Pradesh	642	1855	2943	3881	4205	4802	+188.9	+58.7	+31.9	+8.3	+16.3	
12. Maharashtra	2936	6455	9879	14636	14587	16161	+119.9	+35.0	+48.2	(-)0.3	+10.8	
13. Orissa	286	930	1306L	1643	1609	1799	+225.2	+40.4	+25.8	(-)2.1	+11.8	
14. Punjab	668	1858	2323	3508	3518	4137	+178.1	+25.0	+51.0	+0.3	+17.6	
15. Haryana	..	..	1227	1741L	2162L	2403	..	..	+41.9	+24.2	+11.1	
16. Rajasthan	342	1417	2251L	2797L	3310L	3843L	+314.3	+58.9	+24.5	+18.3	+10.2	
17. Tamil Nadu	1637	3710	5588	7485	8928	9843	+123.9	+49.8	+34.7	+19.3	+10.2	
18. West Bengal	1700	4074	5141	6102	6763	7801	+139.6	+26.2	+18.7	+10.8	+15.3	
19. Manipur	..	..	..	28	27	33	..	..	..	+8.8	+22.2	
20. Himachal Pradesh	..	7	65	163	225	250	..	+828.6	+150.8	+28.0	+11.4	

L—Includes Sales Tax on Motor Spirit.

R.E.—Revised Estimates.

## ANNEXURE 10

Per capita incidence of Sales Tax in various states, 1960-61 to 1973-74

(Rs. 0.00)

State	1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
1	2	3	4	5	6	7	8	9
1. Uttar Pradesh .. ..	1.00	3.10	4.97	5.48	5.94	6.55	7.17	9.04 (Provisional)
2. Andhra Pradesh .. ..	3.32	5.69	9.84	10.18	11.58	11.39	12.29	13.19
3. Assam .. ..	1.54	4.73	4.70	4.83	4.23	6.74	9.74*	9.37*
4. Bihar .. ..	2.07	3.92	5.87	6.52	5.91	6.38	7.06	7.12
5. Gujarat .. ..	4.75	10.98	17.30	20.27	22.74	25.45	29.44	29.70
6. Jammu and Kashmir .. ..	0.62	1.25	2.75	4.52	9.64	5.07	4.90	5.32
7. Karnataka .. ..	3.00	7.45	12.27	14.27	16.81	17.42	18.92	19.73
8. Kerala .. ..	4.90	9.60	14.33	15.64	17.73	19.62	21.19	22.15
9. Madhya Pradesh .. ..	2.00	5.11	7.52	8.82	9.43	9.97	11.31	11.58
10. Maharashtra .. ..	7.49	14.62	20.81	24.12	29.38	28.59	30.92	33.64
11. Orissa .. ..	1.64	4.79	6.29*	6.35	7.57	7.25	7.93	8.22
12. Punjab and Haryana .. ..	3.92	8.55	15.62	18.83@	22.42@	23.90@	27.12	28.40
13. Rajasthan .. ..	1.71	6.29*	9.28*	10.52*	10.99*	12.69*	14.38*	5.44*
14. Tamil Nadu .. ..	4.94	10.05	14.18	16.33	18.35	21.46	23.19	24.82
15. West Bengal .. ..	4.93	10.47	12.31	13.41	13.93	15.08	16.99	17.76
All States .. ..	3.33	7.15	10.55	11.94	13.37	14.27	15.79	16.89

\*Includes Sales Tax on motor spirit.

@Includes Sales Tax on motor spirit in Haryana only.

## ANNEXURE 11

Sales Tax as percentage of State income (at current prices) for various States

States	1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6	7	8
1. Uttar Pradesh .. ..	0.65	0.84	1.04	1.05	1.14	1.11	1.10
2. Andhra Pradesh .. ..	1.21	1.47	2.04	1.99	3.13	..	..
3. Assam .. ..	0.50	1.14	0.86	0.90	..	..	..
4. Bihar .. ..	0.98	1.21	1.47	..	..	..	..
5. Gujarat .. ..	1.32	2.22	2.88	2.98	2.88	..	..
6. Jammu and Kashmir .. ..	..	..	..	..	..	..	..
7. Karnataka .. ..	1.05	1.92	2.50	2.84	3.11	3.16	3.34
8. Kerala .. ..	1.85	2.30	2.83	2.84	3.01	3.39	..
9. Madhya Pradesh .. ..	0.99	1.47	1.55	1.65	1.70	1.71	1.79
10. Maharashtra .. ..	1.04	2.74	2.97	3.21	4.81	3.53	3.75
11. Orissa .. ..	0.78	1.47	1.40	1.36	..	..	..
12. Punjab and Haryana .. ..	1.02	1.68	1.94	2.02	2.27	2.23	..
13. Rajasthan .. ..	0.55	1.68	2.23	2.16	1.88	2.27	..
14. Tamil Nadu .. ..	1.49	2.49	2.90	3.09	3.15	3.36	..
15. West Bengal .. ..	1.54	2.53	2.55	2.60	2.59	2.75	..
All States .. ..	1.15	1.79	2.07	2.21	2.53	2.46	2.27

## ANNEXURE 12

## Commodity-wise per capita sales tax receipts in different States

(Rs.0.00)

Name of the commodities	Per capita Receipts in different States				
	Kerala 1970-71	Punjab 1970-71	Andhra Pradesh 1972-73	Uttar Pradesh	
				1970-71	1972-73
1	2	3	4	5	6
1. Agricultural implements .. .. .	0.01	..	0.03	0.03	0.09
2. Atta, Maida and Suji .. .. .	0.00	..	0.00	0.04	0.06
3. Bicycles, Tri-cycles, and Rickshaws .. .. .	0.02	0.23	0.02	0.09	0.10
4. Brasswares .. .. .	0.02	..	0.01	0.06	0.07
5. Bricks .. .. .	0.09	0.22	0.01	0.16	0.20
6. Card Board and Straw Board .. .. .	0.11	..	..	0.00	0.06
7. Cement .. .. .	0.13	..	0.16	0.17	0.23
8. Cooked food, Sweetmeats and Confectioneries, etc. .. .. .	..	0.01	0.03	0.04	0.06
9. Cotton Yarn .. .. .	0.02	..	0.03	0.05	0.07
10. Electrical goods, plants, generators, etc. .. .. .	0.13	0.11	0.62	0.21	0.27
11. Foodgrains .. .. .	0.34	3.16	0.81	0.38	0.67
12. Foreign liquor, Indianmade Foreign liquor .. .. .	..	..	0.13	0.04	0.06
13. Footwear .. .. .	..	..	0.00	0.06	0.09
14. Gur including Shakkar .. .. .	..	..	0.19	0.11	0.28
15. Iron and Steel .. .. .	0.00	0.50	0.08	0.02	0.25
16. Kirana goods including dry fruits .. .. .	..	0.51	0.34	0.02	0.22
17. Kerosene oil .. .. .	0.13	..	0.10	0.18	0.19
18. Machinery and parts .. .. .	..	0.12	0.02	0.13	0.19
19. Medicines .. .. .	0.25	0.13	0.10	0.13	0.19
20. Motor vehicles and parts .. .. .	0.83	0.48	0.31	0.25	0.31
21. Motor tyre and tube .. .. .	..	..	0.35	0.02	0.17
22. Oil Seeds .. .. .	0.02	0.40	0.34	0.13	0.18
23. Oils of all kinds other than Vanaspati .. .. .	..	..	0.22	0.08	0.10
24. Tea .. .. .	1.67	..	0.03	0.09	0.10
25. Timber .. .. .	0.25	..	0.04	0.13	0.19
26. Iron and Steel safes, furnitures and almirahs .. .. .	..	..	..	0.02	0.06
27. Vanaspati .. .. .	..	0.71	0.00	0.41	0.52
28. Washing soaps .. .. .	0.17	..	0.01	0.03	0.07
29. Wireless reception sets .. .. .	0.06	..	0.08	0.05	0.06

## ANNEXURE 13

Percentage of urban population to total population and contribution of agriculture and industrial sectors to State income

Sl. no.	State	Percentage of urban population to total population		Percentage contribution in State income during 1970-71	
		1961	1971	By Agricultural and allied sectors	By Industrial sector (Large and small scale manufacturing)
1	2	3	4	5	6
1.	Uttar Pradesh .. .. .	12.85	14.02	60.29	9.32
2.	Andhra Pradesh .. .. .	17.44	19.32	56.51	8.82
3.	Assam .. .. .	7.09	8.87	N.A.	N.A.
4.	Bihar .. .. .	8.43	10.00	N.A.	N.A.
5.	Gujarat .. .. .	25.77	28.08	N.A.	N.A.
6.	Jammu and Kashmir .. .. .	10.65	13.53	N.A.	N.A.
7.	Kerala .. .. .	15.11	16.24	55.29	10.43
8.	Madhya Pradesh .. .. .	14.29	16.29	55.53	14.67
9.	Tamil Nadu .. .. .	20.69	30.26	41.33	18.78
10.	Maharashtra .. .. .	28.22	31.17	35.47	34.11
11.	Karnataka .. .. .	22.33	24.31	63.05	11.92
13.	Orissa .. .. .	6.33	8.41	N.A.	N.A.
13.	Haryana .. .. .	20.14*	21.15*	62.79	10.87
14.	Rajasthan .. .. .	16.28	17.64	55.98	13.26
15.	West Bengal .. .. .	24.45	24.75	46.98	19.76

N. B.—Percentage of urban population is based on 1961 and 1971 census figures.

N. A.—Not available.

\*—Calculated on the basis of Punjab and Haryana combined.

## ANNEXURE 14

Percentage share of Inter-State Sales Tax receipts to total Sales Tax receipts

States	1960-61	1970-71
1	2	3
1. Uttar Pradesh	7.5	9.6
2. Andhra Pradesh	3.7	7.3
3. Assam	1.6	8.9
4. Bihar	28.0	30.3
5. Gujarat	9.1	21.5
6. Kerala	9.8	9.5
7. Madhya Pradesh	16.6	27.4
8. Maharashtra	16.6	25.6
9. Karnataka	9.0	12.1
10. Orissa	16.8	38.6
11. Punjab	20.2	25.9
12. Rajasthan	8.2	11.9
13. Tamil Nadu	13.8	18.4
14. West Bengal	32.6	41.4

## ANNEXURE 15

*Per capita sales tax, per capita total income, per capita income from manufacture and proportion of urban population State-wise 1970-71*

States	Per capita sales tax under State Sales Tax Act (Rs.)	Per capita income (Rs.)	Proportion of urban population	Per capita income in the industrial sector (Rs.)
1	2	3	4	5
1. Uttar Pradesh .. .. .	5.37	520	0.14	23.13
2. Andhra Pradesh .. .. .	10.74	545	0.19	23.86
3. Assam* .. .. .	4.37	556	0.09	12.74
4. Bihar* .. .. .	4.84	402	0.10	28.19
5. Kerala .. .. .	16.04	590	0.16	37.84
6. Madhya Pradesh .. .. .	6.85	553	0.16	23.55
7. Tamil Nadu .. .. .	14.97	586	0.30	52.89
8. Maharashtra .. .. .	21.87	775	0.31	155.63
9. Karnataka .. .. .	14.80	540	0.24	32.85
10. Rajasthan .. .. .	9.68	600	0.18	22.64
11. West Bengal .. .. .	8.17	539	0.25	88.23

\*Figures for Assam and Bihar relate to the year 1968-69.

## ANNEXURE 16

*Per capita monthly expenditure (September 1957—May 1958)*

(Rs.0.00)

State	Rural			Urban			Rural and Urban combined		
	Total	Cash purchase (Table 1.1.35)	Cash as percent of total	Total	Cash purchase	Cash as percent of total	Total	Cash purchase	Cash as percent of total
1	2	3	4	5	6	7	8	9	10
1. Andhra .. .. .	16.84	10.30	61.16	22.68	20.71	91.31	17.66	12.12	67.86
2. Assam .. .. .	25.49	16.30	63.95	33.92	29.55	87.12	26.14	17.32	66.26
3. Bihar .. .. .	17.38	9.47	54.49	23.62	21.90	92.72	17.91	10.52	58.74
4. Bombay .. .. .	17.12	10.17	59.40	27.23	25.70	94.38	19.97	14.55	72.86
5. Jammu and Kashmir .. .. .	22.75	8.90	39.12	22.40	19.78	88.30	22.69	10.71	47.20
6. Kerala .. .. .	16.61	12.57	75.68	23.20	19.66	80.43	17.61	13.49	76.60
7. Madhya Pradesh .. .. .	18.51	9.90	53.48	27.03	25.75	95.26	19.73	12.17	61.68
8. Madras .. .. .	14.99	10.38	69.25	24.38	22.05	90.44	17.50	13.49	77.09
9. Karnataka .. .. .	20.99	13.75	65.51	20.22	18.00	89.02	20.82	14.76	70.61
10. Orissa .. .. .	13.45	6.16	45.80	24.69	22.56	91.37	14.16	7.20	50.85
11. Punjab .. .. .	27.00	15.86	58.74	25.98	21.86	84.14	26.79	17.07	63.72
12. Rajasthan .. .. .	23.92	13.93	58.24	24.03	22.08	88.57	24.08	15.26	63.37
13. Uttar Pradesh .. .. .	17.80	8.27	46.46	22.30	20.04	89.87	18.38	9.78	53.21
14. West Bengal .. .. .	19.13	10.84	56.66	31.12	29.68	95.37	22.06	15.45	70.04
15. Union Territories .. .. .	30.74	23.79	77.39	38.87	34.42	89.55	..	..	..
All India .. .. .	18.56	10.64	57.33	25.65	23.56	91.85	19.84	12.96	65.3

N.B.—Combined monthly expenditure have been calculated by giving weight of 1961 population for different States.

## ANNEXURE 17

Proportion of trading community to total population and their assessed income, 1969-70

Serial no.	States	Population (000)	Retail trade in foodstuffs			Wholesale trade in foodstuffs.		
			No. of assesses to total	Proportion of assessee to total population	Amount assessed per assessee Rs.	No. of assesses	Proportion of assesses to total population	Amount assessed per assessee Rs.
1	2	3	4	5	6	7	8	9
1	Uttar Pradesh .. ..	85999	1571	0.00	9230	356	0.00	40169
2	Andhra Pradesh .. ..	42292	3214	0.01	9583	958	0.00	41545
3	Assam .. ..	15280*	1144*	0.01	9091*	177	0.00*	50847*
4	Bihar .. ..	54758	689	0.00	9869	97	0.00	46392
5	Gujarat .. ..	25693	1809	0.01	8955	544	0.00	63787
6	Himachal Pradesh .. ..	33008	92	0.00	9783	24	0.00	33333
7	Jammu and Kashmir .. ..	4442	105	0.00	7619	21	0.00	38095
8	Karnataka .. ..	28369	1573	0.01	9917	396	0.00	56818
9	Kerala .. ..	20618	939	0.00	9372	257	0.00	71595
10	Madhya Pradesh .. ..	40122	945	0.00	9524	223	0.00	40807
11	Maharashtra .. ..	48626	5635	0.01	9193	1252	0.00	49201
12	Manipur .. ..	1023	36	0.00	8333	2	0.00	21500
13	Orissa .. ..	21228	183	0.00	11475	45	0.00	55556
14	Punjab .. ..	23067@	657@	0.00@	15786	216@	0.00@	85178@
15	Rajasthan .. ..	24842	956	0.00	8159	138	0.00	3188
16	Tamil Nadu .. ..	39982	1730	0.00	10173	541	0.00	44547
17	Tripura .. ..	1494	58	0.00	8621	4	0.00	25000 <sup>1</sup>
18	West Bengal .. ..	42771	2323	0.01	8782	403	0.00	39454

\*Including Meghalaya.

@ Including Haryana.

Serial no.	States	Retail trade in non-foodstuffs			Wholesale trade in non-foodstuffs		
		Number of assesses	Prop. of assesses to total population	Amount assessed per assessee (Rs.)	Number of assesses	Prop. of assesses to total population	Amount assessed per assessee (Rs.)
1	2	10	11	12	13	14	15
1	Uttar Pradesh .. ..	46839	0.05	8055	9172	0.01	43186
2	Andhra Pradesh .. ..	18950	0.04	9446	5407	0.01	46051
3	Assam* .. ..	6712*	0.04*	8686*	1195*	0.01	45523
4	Bihar .. ..	13017	0.02	8650	2832	0.01	49788
5	Gujarat .. ..	31585	0.12	8067	8747	0.03	55768
6	Himachal Pradesh .. ..	2308	0.08	8146	342	0.01	47953
7	Jammu and Kashmir .. ..	3773	0.08	7686	973	0.02	51079
8	Karnataka .. ..	15959	0.06	8829	4158	0.01	47282
9	Kerala .. ..	7665	0.04	9093	1910	0.01	59162
10	Madhya Pradesh .. ..	23711	0.06	8211	5226	0.01	48259
11	Maharashtra .. ..	86148	0.18	8928	24404	0.05	58912
12	Manipur .. ..	457	0.04	7659	89	0.01	40449
13	Orissa .. ..	5241	0.02	9884	1721	0.01	47705
14	Punjab@ .. ..	29902@	0.13@	15756@	7553@	0.03@	91685@
15	Rajasthan .. ..	20169	0.08	7789	3283	0.01	37709
16	Tamil Nadu .. ..	22829	0.06	9094	5816	0.01	54642
17	Tripura .. ..	482	0.03	8714	77	0.01	36364
18	West Bengal .. ..	46039	0.11	8074	8564	0.02	53865

\*Including Meghalaya.

@ Including Haryana.

## ANNEXURE 18

Percentage of cash expenditure to total expenditure on items exempt from sales tax

Serial no.	Item/Code	Percentage of different items to total cash expenditure		
		Rural	Urban	Total
1	2	3	4	5
1	Paddy (1)	0.62	0.06	0.50
2	Milk (Liquid) (41)	1.44	7.96	2.81
3	Curd (46)	0.04	0.10	0.05
4	Goatmeat (59)	1.48	1.13	1.41
5	Mutton (60)	0.03	0.01	0.03
6	Beef (61) ..	0.00	0.01	0.00
7	Pork (62) ..	0.03	0.04	0.03
8	Buffalo meat (63)	0.25	0.59	0.32
9	Other meat (64)	0.02	0.01	0.0
10	Poultry (65)	0.01	0.00	0.01
11	Other birds (66)	0.00	..	0.00
12	Eggs (67) ..	0.04	0.17	0.07
13	Fish (Fresh) (68)	0.27	0.18	0.25
14	Fish (dry) (69)	0.00	0.01	0.00
15	Potato (71)	2.28	2.10	2.24
16	Onion (72)	0.37	0.46	0.39
17	Tomato (73)	0.18	0.47	0.24
18	Brinjal (74)	0.23	0.16	0.22
19	Cabbage (75)	0.02	0.02	0.02
20	Cauliflower (76)	0.16	0.19	0.17
21	Root Vegetable (77)	0.10	0.10	0.10
22	Leafy Vegetable (78)	0.15	0.22	0.17
23	Other Vegetable (79)	1.19	1.29	1.22
24	Banana (81)	0.12	0.26	0.15
25	Orange (82)	0.05	0.23	0.08
26	Mango No. (83)	0.01	0.10	0.03
27	Coconut (No.) (84)	0.00	0.00	0.00
28	Guava (No.) (85)	0.08	0.09	0.08
29	Pineapple (86)	0.00	0.02	0.01
30	Grapes (87)	0.01	0.04	0.09
31	Other Fresh Fruit (88)	0.14	0.40	0.81
32	Sugar (98)	1.52	3.05	1.84
33	Sea Salt (104)	0.31	0.13	0.27
34	Rock and Salt (105)	0.01	0.01	0.01
35	Pan Leaf (No.) (132)	0.9	0.15	0.10
36	Biri (137)	1.52	0.79	1.37
37	Cigaretts (138)	0.14	0.46	0.21

1	2	3	4	5
38	Leaf tobacco (139) .. .. .	0.56	0.06	0.45
39	Hookah tobacco (140) .. .. .	0.88	0.09	0.71
40	Cheroot (141) .. .. .	0.00	0.00	0.00
41	Snuff (142) .. .. .	0.00	0.00	0.00
42	Toddy (148) .. .. .	0.01	..	0.00
43	Electricity St. Unit (157) .. .. .	0.04	1.11	0.27
44	Gas (St. Unit) (158) .. .. .	..	0.08	0.02
45	Dung cake (159) .. .. .	0.30	0.23	0.23
46	Dhoti (1) .. .. .	5.44	1.49	4.61
47	Cloth for shirt (2) .. .. .	6.17	2.83	5.47
48	Cloth for coat (3) .. .. .	0.41	0.49	0.42
49	Chadder (5) .. .. .	0.46	0.10	0.38
50	Headgear (6) .. .. .	0.01	0.00	0.01
51	Lungi (7) .. .. .	0.11	0.08	0.10
52	Gamehha (8) .. .. .	0.11	0.01	0.09
53	Bed sheets (11) .. .. .	0.08	0.06	0.07
54	Rug, blanket (12) .. .. .	0.04	0.06	0.05
55	Clothing others (18) .. .. .	0.15	0.04	0.13
Block no. 7				
56	Books, Journals (6) .. .. .	0.15	0.42	0.21
57	Newspapers, Periodicals (7) .. .. .	0.01	0.24	0.06

Source—N. S. S. XXIV round ; Schedule 16.

### ANNEXURE 19

Sales Tax receipts against different commodity groups 1972-73

Figures are in (Rs. Lakhs)

Serial no.	Commodity Group	U. P. Sales tax	Central sales tax	Total
1	2	3	4	5
1	Raw material .. .. .	401.3 (7.8)	49.5 (7.0)	510.8 (7.7)
2	Intermediary goods .. .. .	808.7 (13.7)	203.0 (28.6)	1,011.7 (15.3)
3	Capital goods .. .. .	1,100.3 (18.6)	121.4 (17.2)	1,221.7 (18.5)
4	Consumer goods .. .. .	3,533.6 (59.9)	334.9 (47.2)	3,868.5 (58.5)
	(a) Food .. .. .	89.8 (30.2)	74.3 (10.5)	1,855.1 (28.1)
	(b) Non-Food .. .. .	1,289.3 (21.8)	155.6 (21.9)	1,444.9 (21.8)
	(c) Luxuries .. .. .	463.5 (7.9)	105.0 (14.8)	668.5 (8.6)
	Total .. .. .	5,903.9=100.0	708.8—100.0	6,612.7=100.0
	Others .. .. .	478.7	5.5	484.2
	GRAND TOTAL (Departmental figures) .. .. .	6,362.6	714.3	7,096.9

## ANNEXURE 20

List of commodities subject to single point tax in Uttar Pradesh, denoting stage of taxation.

"M stands for sale by manufacturer in Uttar Pradesh

"I stands for sale by the importer in Uttar Pradesh

Sl. no.	Description of goods	Point at which tax is levied	Current rate
1	2	3	4
1.	Agricultural implements, other than implements worked by human or animal power, including their parts and accessories other than tyres and tubes.	M or I	5%
2.	All arms, including rifles, revolvers, pistols, and ammunition for the same but excluding Khukhrik, Bhalra, Chhura and Talwar.	M or I	13%
3.	All clocks, time-pieces and watches, and parts and accessories thereof other than straps and chains of watches.	M or I	13%
4.	All kinds of lubricants	M or I	7%
5.	Atta, Maida and Suji	Sale by Roller Flour Mills including Chakies or by Importer.	2%
6.	Ball point pencils and propelling pencils	M or I	7%
7.	Bhang, Ganja and Opium	Sale to Consumer	12%
8.	Cycles, tri-cycles, rickshaws and parambulators, and accessories thereof, other than tyres and tubes.	M or I	7%
9.	Binoculars, telescopes and opera glasses	M or I	13%
10.	Bitumen, road tar and their such compounds and products which are ordinarily used for surface-dressing and water-proofing.	M or I	7%
11.	Bones	Sale to Consumer	2%
12.	Polishes of all kinds	M or I	7%
13.	Bricks, fire bricks, brick-bats and bricks-ballast	M or I	7%
14.	Butter and cream (other than that sold in sealed containers)	M or I	1%
15.	Buttons	M or I	7%
16.	Card-board and straw-board	M or I	7%
17.	Carpets of all kinds, except cotton carpets and pile darries	M or I	10%
18.	Caustic soda	M or I	5%
19.	Cement—		
	(a) If imported from outside Uttar Pradesh	Sale by stockist appointed by the State Trading Corporation of India to take delivery of imported cement.	7%
	(b) if manufactured in Uttar Pradesh	Sales by manufacturer	7%
20.	Cement, other than that covered by item 19 above cement water-proofing compounds.	M or I	7%
21.	Chemicals of all kinds including fuel gases such as Purchase and Indane but excluding Soda Ash and Caustic Soda.	M or I	7%
22.	Cigarette cases and lighters	M or I	12%
23.	Cinematographic equipment including Cameras, Projectors and Soundrecording and reproducing equipments, lenses, films, and parts and accessories required for use therewith.	M or I	12%
24.	Coffee, Cocoa and Chicory	M or I	7%
25.	Corn Flakes, Wheat Flakes and Custard	M or I	7%
26.	Cosmetics and Toilet requisites including—	M or I	12%
	(a) hair clips, hair pins, hair curlers, hair-flowers, hair nets and chotics, hair oils, hair-creams, hair fixers, hair crushes and combs other than horn-comb, hair dyes, hair darkeners and hair tonics, shampoos and hair-lotions, brilliantine, pomade and vaseline ;		
	(b) tooth paste, tooth powders and other dentifrices, tooth brushes, tongue cleaners, mouth washes and deodorants and missi ;		
	(c) alta, lipsticks, nail polish, surma, maskara, beauty-boxes, nail brush, talcum and other powers for face and skin, powder puffs, snows and cream (facial), toilet sets (with or without contents), scent spray, depilatories, blemish removers, cleansing milk, eye-lash eade-cologne, eye-lash brushes, toilet sponges, solid colognes, lavender-water, washing cream, beauty milk, deodorising packages for bathrooms, complexion rouge, nail cutters, sanitary towels ;		
	(d) shaving sets (with or without content), safety razors, shaving blades, shaving soaps and creams, shaving alum stones and after-shave lotions and creams.		

1	2	3	4
27.	Cotton Sewing Thread	Sale to consumer	2%
28.	Cotton Waste	M or I	2%
29.	Crockery, Cutlery, China-ware, stoneware and porcelain-ware	M or I	12%
30.	Dictaphones and other similar apparatus for recording sound, and spare-parts thereof.	M or I	12%
31.	Dyes and colours and compositions thereof, including Ingur and Sindoor, both imitation and real.	M or I	7%
32.	All electrical goods, instruments, apparatus, appliances and all such articles the use of which cannot be had except with the application of electrical energy, including fans, lighting bulbs, fluorescent tubes (including their starters, chokes, fixtures, fittings and accessories), electrical earthenware and porcelain, and all other accessories and component parts, whether sold as a whole or in parts, but excluding electrical equipment, plants and their accessories required for generation, distribution, transmission of electrical equipment, plants and their accessories required for generation, distribution, transmission of electrical energy and electric motors and parts thereof.	M or I	12%
33.	Electrical equipments, plants and their accessories required for generation, distribution and transmission of electric energy, and electric motors and parts thereof.	M or I	7%
34.	Fire-wood	Sales by Forest Deptt. or private owners of forest or by importer.	2%
35.	Foam rubber products, rubberised coir and fibre-foam products	M or I	12%
36.	Fountain pens	M or I	4%
37.	Furniture other than iron and steel furniture	M or I	10%
38.	Gas Lanterns, Petromax and Stoves, and parts and accessories thereof	M or I	7%
39.	Glass-ware other than hurricane lanterns, chimneys, optical lenses and bottles.	M or I	12%
40.	Gramophones and records players, record-changers, parts and accessories thereof and gramophones records and gramophones needles.	M or I	12%
41.	Groundnut oil	M or I	3%
42.	Hard-board including fibre sheets, leather board, plywood and decorative laminates.	M or I	7%
43.	Hoses of all kinds, rubber, plastic or canvas	M or I	7%
44.	Coal	Sale to consumer	3%
45.	Iron and steel safes and almirahs	M or I	12%
46.	Iron and steel furniture other than iron and steel safes and almirahs	M or I	12%
47.	Ivory goods	M or I	5%
48.	Jute and Hemp goods	M or I	3%
49.	Kerosene oil	M or I	7%
50.	Khandsari Molasses	M or I	12%
51.	Cotton Yarn	Sale to consumer	2%
52.	Machinery and spare parts of machinery, not being such machinery or spare parts thereof as are taxable under any other item in this Schedule.	M or I	7%
53.	Matches, empty match-boxes and match splints and match veneera (underlined added with effect from 1-12-1973).	M or I	7%
54.	Mattresses and Pillows made of plastic or mixture thereof	M or I	12%
55.	Medicines and Pharmaceutical preparations including insecticides and pesticides.	M or I	5%
56.	Milk powder, condensed milk, baby milk, baby foods and all other food stuffs or products, whether used as such or after mixing them with any other food stuffs or beverage, when sold in sealed or tinned containers.	M or I	7%
57.	Iron and steel	Sale to consumer	3%
58.	Mill stores and hardwares excluding iron or steel wares, but including iron or steel goods not covered by any other item in this Schedule or by notification is used under any other provisions of this Act (underlined added with effect from 1-12-1973).	M or I	7%
59.	Molasses other than Khandsari Molasses	M or I	12%
60.	Motor cycles and motor cycle combinations, motor scooters and motorettes and tyres and tubes and spare parts of motor cycle, motor scooters and motorettes.	M or I	12%
61.	Motor tyres and tubes and spare parts of motor vehicles, not being such parts as are ordinarily also used for purposes other than as parts of motor vehicles, and articles adapted for use as accessories of motor vehicles, motor cars, motor taxi cabs, motor cycles and motor cycle combinations, motor scooters and motorettes, motor combibuses, motor vans and motor lorries.	M or I	12%
62.	Motor vehicles, including chassis of motor vehicles and motor bodies of all shapes or designs, including motor car-vans and tankers, whether built on chassis or separately.	Sale to consumer or hire purchase company financing the purchase by consumer.	12%
63.	Newsprint	M or I	7%

1	2	3	4
64.	Oil of all kinds other than : (i) edible oils manufactured on ghanyies by human or animal power, and (ii) perfumed hair oils (underlined added with effect from 1-10-1969).	M or I	8%
65.	Ornamented glass bangles (including cut glass bangles)	M or I	7%
66.	Ornaments made by gold or silver with or without any other alloy and ornaments made by gold and silver with or without any other alloy and jewellery.	Sale to consumer	4%
67.	Paints and varnishes and all painter's materials used in painting or varnishing, other than these covered by other items in this Schedule.	M or I	7%
68.	Paper of all kinds including hand-made paper, whether meant for writing, printing, copying, packing or for any other purpose.	M or I	5%
69.	Pearls including cultured pearls, precious and semi-precious stones, both real and artificial.	M or I	7%
70.	Photographic and other cameras and enlargers, lenses, films and plates, paper and cloth and other parts and accessories required for use therewith.	M or I	12%
71.	Picnic sets with or without contents	Sale by manufacturer assembler or importer.	13%
72.	Raw and ginned cotton	Sale to consumer	3%
73.	Plain glass bangles	M or I	7%
74.	Plastic buckets, plastic basing, plastic soap cases, plastic plates, and other wares and containers made of plastic.	M or I	7%
75.	Playing cards	M or I	7%
76.	Pressure cookers, other than those worked by electricity	M or I	7%
77.	Pure silk cloth, including silk dhoties, sarees and chaddars, other than those manufactured on handloom.	M or I	7%
78.	Refrigerators, air conditioning plants, water coolers, room-coolers and parts and accessories thereof and refrigeration material including polystyrene foam.	M or I	12%
79.	Rubber mattresses, rubber cushions and rubber pillows	M or I	12%
80.	Sandal-wood oil	M or I	1%
81.	Sanitary goods and fittings excluding pipes and their fittings	M or I	10%
82.	Scents and perfumes excluding agarbattis, dhoopbattis	M or I	12%
83.	Scissors, nut-crackers (sarautas), ordinary knives and chhurries, razors (ustara), iron made kitchen utensils and appliances, trunks, post office letter boxes, containers (including buckets, tubes and drums, made of tin or iron or steel, and hair clipping machines).	M or I	8%
84.	Sewing machines and spare parts thereof	M or I	7%
85.	Soap other than washing soaps	M or I	7%
86.	Soda ash	M or I	5%
87.	Soda water, lemonade and other soft beverages, when sold in sealed or tinned containers.	M or I	7%
88.	Sound transmitting equipment including telephones and loudspeakers and spare parts thereof.	M or I	12%
89.	Spirits and spirituous liquors of all kinds including rectified spirit, denatured spirit, methyl alcohol and absolute alcohol but excluding country liquor.	M or I	12%
90.	Straps and chain of watches	M or I	7%
91.	Sugar products such as batasha, sugar candy, gatta, sugar toys, (Chini-ke Khilona) and illaichidana.	M or I	8%
92.	Sun goggles, spectacles, frames, sun glasses, optical lenses and attachment	M or I	7%
93.	Sweetmeat, confectionery, fruits, vegetables, fish, meat and edible preparations thereof including achar, murabba, jelly, jam, syrups and squashes when sold in sealed or tinned containers.	M or I	7%
94.	Tea	M or I	7%
95.	Thermos Flasks	M or I	12%
96.	Tiles of all kinds	M or I	10%
97.	Wood and timber of all kinds and of all trees, of whatever species including ballies and bamboos, whether growing or cut or sawn but excluding their products and fire-wood.	Sale by Forest Deptt. or private owner of Forest or by importer.	12%
98.	Type-writers, tabulating machines, calculating machines and duplicating machines and parts thereof.	M or I	12%
99.	Tyres and tubes excluding rubber rings and tubes of motor cycles, motor scooters, motorettes vehicles.	M or I	7%
100.	Vanaspati including refined coconut oil	M or I	7%
101.	Articles made of gold or silver with or without any other alloy and wares made of gold and silver with or without any other alloy.	M or I	6%
102.	Articles made of stainless steel	M or I	4%
103.	Washing soaps and other materials used for washing purposes	M or I	4%
104.	Wireless reception instruments and apparatus, radios and radiograms, electrical valves, accumulators, amplifiers, loudspeakers and spare parts and accessories thereof.	M or I	12%

1	2	3	4
105.	Woollen carpet yarn, rayon yarn, flature-silk yarn, hand-spun silk yarn, staple yarn and nylon yarn.	M or I	2%
106.	Woollen goods, excluding carpets and hosiery but including knitting wool and ready-made garments made out of woollen cloth.	M or I	7%
107.	X-ray machines and parts and accessories thereof	M or I	7%
108.	Yarn of all kinds including unspun fibre used in weaving, other than hand-spun yarn, but excluding cotton yarn, woollen carpet yarn, flature-silk yarn, staple fibre yarn and nylon yarn.	M or I	4%
109.	Tractors and parts, accessories and attachments thereof, other than tyres and tubes.	M or I	5%
110.	Ice	M or I	3%
111.	Rice polish, rice bran and rice husk	M or I	3%
112.	Electronic goods, equipments, apparatus and appliances and parts and accessories thereof.	M or I	12%
113.	Belting of all kinds	M or I	7%
114.	Bulldozers, cranes and other vehicles or machines and parts and accessories thereof, other than tyres and tubes, not included in any other item of this Schedule.	M or I	7%
115.	Cotton carpets, including pile durries	M or I	5%
116.	Tendu leaves	Sale by the State Govt. Gaon Sabha or other local authority or their agents.	7%
117.	Weights and measures made of any metal or alloy	M or I	7%
118.	Welding rods and welding electrodes	M or I	7%
119.	Raw hides and skins	Sale to consumer	3%
120.	Dressed hides and skins	Sale to consumer	2%

Source—Office of Commissioner, Sales Tax, U. P.

ANNEXURE 21			1	2	3
List of commodities under multipoint levy (i.e. taxed at all points of sale) with rates on them			1	2	3
Sl. no.	Description of goods.	Rate of tax.	1	2	3
1.	Bullion and species	1%	18.	Sewaiyan, bari, mungauri, papar and Kachri	4%
2.	Copper, tin, zinc, nickel or alloy or scraps containing any of these metals only, including sheets and circles used in the manufacture of brasswares	1%	19.	Kitchen gadgets except those included in any other notification issued under the Act	4%
3.	Cooked food.	2%	20.	Prepared Pan	4%
4.	Hosiery made of pure cotton	2%	21.	Pan masala and scented, sweetened or chikni supari	4%
5.	Tapes, niwar and laces	2%	22.	Spices, dry fruits and condiments, including saunf, zeera, ajwain, zoz, javitri, jaifal, kala namak, dalchini, tejpatta, haldi, dhania, kalimirch, mirch, laung, amchur, but excluding salt	4%
6.	All kinds of minerals and ores, metals and alloys except copper, tin, zinc, nickel or alloy of these metals only	4%	23.	Goods for indoor or outdoor games or sports, toys, swings, jhoola, medal, cups, trophies and badges	4%
7.	Locks of all kinds, their keys and parts	4%	24.	Sewing, embroidery or knitting materials except those included in any other notification issued under the Act	4%
8.	Imitation ornaments and bangles, except those covered by any other notification issued under the Act	4%	25.	Raw wool	4%
9.	Hurricane lanterns and lamps, including their parts	4%	26.	Kalabattu, gota, lachha, thappa, salma, sitara, gokhru including their cutting, wastes or garlands and garlands of zari	4%
10.	Glass bottles or phials, hurricane lantern or lamp chimneys, block glass and broken glass	4%	27.	Saw dust and charcoal	4%
11.	Old discarded or obsolete machinery, stores or vehicles including waste products except cinder and coal ash	4%	28.	Ramraj, geru, surkhi, sand, hajri, moram, chips, gitti, kankar, stone ballasts, lime-stone and stone articles except glazed stone-ware...	4%
12.	Paraffin wax and candles	4%	29.	Flowers, flowers seeds, seedlings, plants and seeds of kakari, khira, kharbooza or tarbooz	4%
13.	Card-board boxes	4%	30.	Agarbatti and dhoopabatti	4%
14.	Products of bamboos, timber or wood, except those covered by any other notification issued under the Act	4%	31.	Shoes laces, buckless and laces	4%
15.	Old newspapers, raddi including paper bags, paper bundings, paper flags, posters and banners	4%	32.	Footwear of all kinds	4%
16.	Sweetmeats, namkin, confectionery, rewari, gajak, biscuits, bread, cakes, pastries, buns, jellies, murabbas, gulkand, churan, chatni and achar, when sold loose or unpacked	4%	33.	Hosiery of all kinds other than pure cotton hosiery	4%
17.	Hot and cold drinks, ice cream, kulfi, milkshake, lassi, beverages, squashes or sharbat, when served to customers	4%	34.	All kinds of ready-made garments, (except woollen garments) including tie, bows, mosquito nets, razais, pillow covers and lihafs	4%
			35.	Umbrellas.	4%
			36.	Hats and caps	4%
			37.	Cotton rugs and ready-made razais, lihafs, gadda, cushions or pillows filled with cotton	4%
			38.	Camphor	4%
			39.	Wares made of any metal or alloy other than gold or silver or stainless steel or aluminium	4%

Source: Office of Commissioner, Sales Tax, U. P.

## ANNEXURE 22

Comparative rates of Sales-tax on certain specified commodities in U. P. and in other States

Serial no.	Name of the commodity	Rate of tax										
		Uttar Pradesh	Delhi	Punjab	Haryana	Rajasthan	Himachal Pradesh	Karnataka	Kerala	Andhra Pradesh	Maharashtra	
1	2	3	4	5	6	7	8	9	10	11	12	
1	Alluminium-wares ..	7%	5%	6%	6%	7%	7%	6%	N.A.	N.A.	N.A.	
2	Brasswares ..	4% (Multi point)	5%	6%	6%	7%	7%	6%	5%	N.A.	N.A.	
3	Bullion ..	1% (Multi point)	0.5%	0.5%	0.5%	1%	0.5%	2%	1%	2%	1%	
4	Ornaments gold and silver	4%	2%	2%	2%	5%	2%	N.A.	N.A.	1%	1%	
5	Cosmetics and toilet goods	12%	8%	10%	10%	10%	10%	12%	N.A.	5%	12%	
6	Cotton thread ..	2%	Exempt	1%	6%	3%	7%	N.A.	N.A.	N.A.	N.A.	
7	Cotton yarn ..	2%	1%	1%	1%	2%	3%	1.50%	1%	3%	3%	
8	Cycles, tri-cycles, etc. ..	7%	5%	6%	7%	7%	7%	6%	5%	3%	7%	
9	Dyes and colours ..	7%	5%	6%	6%	12%	7%	8%	N.A.	N.A.	N.A.	
10	Dry fruits ..	4% (Multi point)	5%	6%	6%	10%	7%	N.A.	N.A.	N.A.	N.A.	
11	Electrical goods ..	12%	9%	10%	10%	10%	10%	8%	7%	7%	10%	
12	Foodgrains ..	4%	Exempt	3%	3%	1% to 3%	1.5%	Exempt	1% Rice Paddy 5%	4%	Exempt	
13	Footwears ..	4% (Multi point Purchase tax)	5%	6%	6%	7%	7%	4%	N.A.	N.A.	5%	
14	Ghee Deshi ..	3%	3%	6%	6%	3%	7%	N.A.	N.A.	4%	N.A.	
15	Glasswares ..	12%	7%	8%	8%	10%	8%	8%	N.A.	N.A.	3%	
16	Glass bangles ..	7%	5%	8%	7%	7%	8%	Exempt	N.A.	N.A.	Exempt	
17	Hides and skins ..	2%	1%	1%	3%	3%	3%	2%	3%	3%	3%	
18	Hardwares, Machinery ..	7%	5%	6%	6%	7%	7%	8%	N.A.	N.A.	N.A.	
19	Iron and steel furnitures ..	12%	9%	10%	10%	12%	10%	N.A.	15%	10%	15%	
20	Kirana goods ..	4%	5%	6%	6%	7%	7%	N.A.	N.A.	N.A.	N.A.	
21	Kerosene oil ..	7%	Exempt	6%	7%	7%	7%	4%	4%	3%	3%	
22	Knitting wool ..	7%	5%	6%	6%	7%	7%	N.A.	N.A.	N.A.	N.A.	
23	Leather goods excluding footwears.	7%	7%	8%	8%	10%	8%	6%	5%	..	N.A.	
24	Motor Vehicles and Motor Cycles.	12%	10%	10%	10%	10%	10%	15%	13%	10%	12%	
25	Medicines ..	5%	5%	6%	7%	7%	7%	8%	N.A.	4%	3%	
26	Matches ..	7%	Exempt	6%	7%	7%	7%	N.A.	2%	N.A.	2%	
27	Molasses ..	12%	Exempt	6%	7%	7%	7%	14%	N.A.	25%	N.A.	
28	Oilseeds ..	3%	2%	3%	3%	3%	3%	3%	3%	3%	3%	
29	Plastic goods ..	7%	5%	10%	10%	7%	10%	8%	N.A.	N.A.	8%	
30	Paints and Varnishes ..	7%	5%	6%	6%	12%	7%	..	7%	5%	12%	
31	Paper ..	5%	4%	6%	7%	7%	7%	6%	N.A.	N.A.	5%	
32	Paraffin wax ..	4% (Multi point)	5%	6%	6%	7%	7%	N.A.	N.A.	N.A.	N.A.	
33	Ready-made garments	4% (Multi point)	1% less than Rs. 30 per piece and 5% on others	1%	2% up to Rs.30 per piece 7% more than Rs. 30 per piece	10%	2% more than Rs.15 per piece exempt up to Rs. 15	2%	2%	N.A.	N.A.	N.A.
34	Resin ..	7%	5%	6%	2%	7%	2%	N.A.	N.A.	N.A.	N.A.	
35	Stainless steel articles ..	7%	5%	10%	10%	12%	10%	8%	7%	5%	8%	
36	Sanitary goods ..	10%	7%	8%	8%	10%	8%	10%	N.A.	N.A.	N.A.	
37	Sports goods ..	4% (M.P.)	5%	6%	6%	7%	7%	N.A.	N.A.	N.A.	N.A.	
38	Timber ..	12%	5%	6%	6%	7%	7%	N.A.	N.A.	N.A.	N.A.	
39	Vegetable Ghee ..	7%	5%	6%	7%	10%	7%	N.A.	N.A.	3%	5%	
40	General rates unclassified items.	7%	5%	6%	6%	7%	7%	6%	N.A.	5%	7%	

Note—Unless otherwise indicated, the rates are under single points tax.

## ANNEXURE 23

## Minimum taxable limit in different States

	Rs.		Rs.
<b>1. Uttar Pradesh.</b>		<b>2. Andhra Pradesh</b>	
1. General .. .. .	12,000	1. Dealer other than casual trader and agent of a non-resident dealer.	10,000
2. Exclusively dealing in foodgrains .. .. .	25,000	2. Casual trader and agent of a non-resident dealer.	Nil
3. Exclusively dealing in cooked food, sweetmeats and confectionery and atta, maida and suji.	25,000	3. Hotels, restaurants, stalls or any other place where food or drink or both are sold.	40,000
4. Importer of goods mentioned in the First Schedule ..	Nil	4. Goods mentioned in the First Schedule (liable to single point sales tax).	Nil.
5. Importer of goods against C Form .. .. .	Nil	5. Goods mentioned in the Second Schedule (liable to single point purchase-tax).	Nil.
6. Manufacturer of goods after using the raw materials purchased on concessional rate. Whether on C, Form, Form III-A, Form III, III-B and Form III-C, III-C (5).	Nil	6. Declared goods .. .. .	Nil
7. Dealer commencing or discontinuing business during a year per month.	1,000 per month.		
<b>3. Bihar</b>		<b>4. Gujarat</b>	
1. General .. .. .	Rs. 15,000	1. The general limit is Rs.20,000 subject to the conditions—	
2. Importer of goods against Form 'C'	Nil	(a) In case of importer bought or sold taxable goods exceeding Rs. 3,000.	
3. Manufacturer of goods after using goods purchased against Form 'O' [S. 3 (8).]	Nil	(b) In case of manufacturer if he bought or sold or manufactured taxable goods other than agricultural produce exceeding Rs.3,000.	
		2. The limit is Rs.30,000 in the following two cases :	
		(a) In the case of dealer of special category mentioned in column 3 (5) who is a manufacturer, who bought or sold or manufactured taxable goods other than agricultural produce exceeding Rs. 3,000.	
		(b) In the case of dealer not covered under either of above categories who sold or purchased taxable goods exceeding Rs. 3,000.	
		3. Importer of goods purchased on C Form.	Nil
		4. Manufacturer of goods after using goods imported on 'C' Form .. .. .	Nil.
<b>5. Jammu and Kashmir.</b>			
		1. General .. .. .	Rs. 10,000
		2. Importer of goods	Nil.
		3. Dealer registered under the C.S.T. Act.	Nil.
<b>6. Kerala</b>		<b>7. Madhya Pradesh</b>	
1. Dealer other than casual trader as an agent of a non-resident dealer.	20,000	1. Importer of goods other than betel leaves .. .. .	5,000
2. General trader and agent of non-resident dealer.	Nil	2. Manufacturer of goods other than cooked food .. .. .	5,000
3. Importer of goods on 'C' Form .. .. .	Nil	3. Co-operative Societies dealing exclusively in goods produced or manufactured by it or its member without the aid of hired labour.	25,000
4. Hotels, restaurants, etc. cooked food, coffee, tea.	35,000	4. Dealer not falling in above categories .. .. .	25,000
5. Dealer of goods mentioned in the First or Second Schedule.	2,500	5. Importer of goods on 'C' Form	Nil.
6. If dealer purchasing goods from a registered dealer or any other person on which no tax is paid:	Nil	6. Manufacturing of goods after using goods imported on 'C' Form.	Nil.
(a) Consumers of such goods in the manufacturing, or	..	7. Dealer who purchased taxable goods on which no tax is payable under section 6, either as consumer of such goods in manufacture of other goods or otherwise disposal of such goods in any manner other than by way of sale in the State or despatches than outside the State except as the result of inter-State sale. (The basis of assessment is the gross turnover of previous year).	..
(b) Disposes goods in any manner other than by way of sale within State.	..		
(c) Dispatches to any place outside the State except as a result of inter-State sale.	..		

8. Maharashtra

1. Tax general limit of taxability is subject to two conditions:
  - (a) In case of an importer if he bought or sold taxable goods exceeding Rs. 2,500 and imported goods taxable or not, exceeding Rs. 2,500.
  - Or
  - (b) In case of manufacturer, if he bought or sold taxable goods, exceeding Rs.2,500 and imported goods, whether taxable or not exceeding Rs. 2,500.
2. The general limit is Rs.30,000 subject to two following conditions :
  - (a) the dealer to whom above two conditions do not apply, and
  - (b) the value of taxable goods bought or sold is not less than Rs. 2,500.
3. Importer of goods on 'C' Form .. .. Nil.
4. Manufacturer of goods after using goods purchased on 'C' Form. Nil.

10. Rajasthan

1. Dealers who import goods, manufacturers of any goods other than cooked food or dealers in pulses in any form Rs. 5,000 (It may be enhanced up to Rs. 10,000).
2. Co-operative societies dealing exclusively in goods produced or manufactured by it without the aid of hired labour Rs. 25,000. Nil.
3. Dealer not falling in above cases.
4. Casual dealer .. .. Nil.
5. Any other, dealer dealing in goods except cereals and pulses notified under section 2 (cc). Nil.
6. Dealer other than casual dealer or any other dealer dealing in goods, except cereals and pulses notified u/s 2 (cc) who purchased goods on which no tax was payable under section 5 either as consumer of such goods or otherwise or disposal of such goods in any manner other than by way of sale in the State or dispatches than outside State except as the result of inter-State sale. (The basis of assessment is the gross turnover of previous year).

9. Punjab

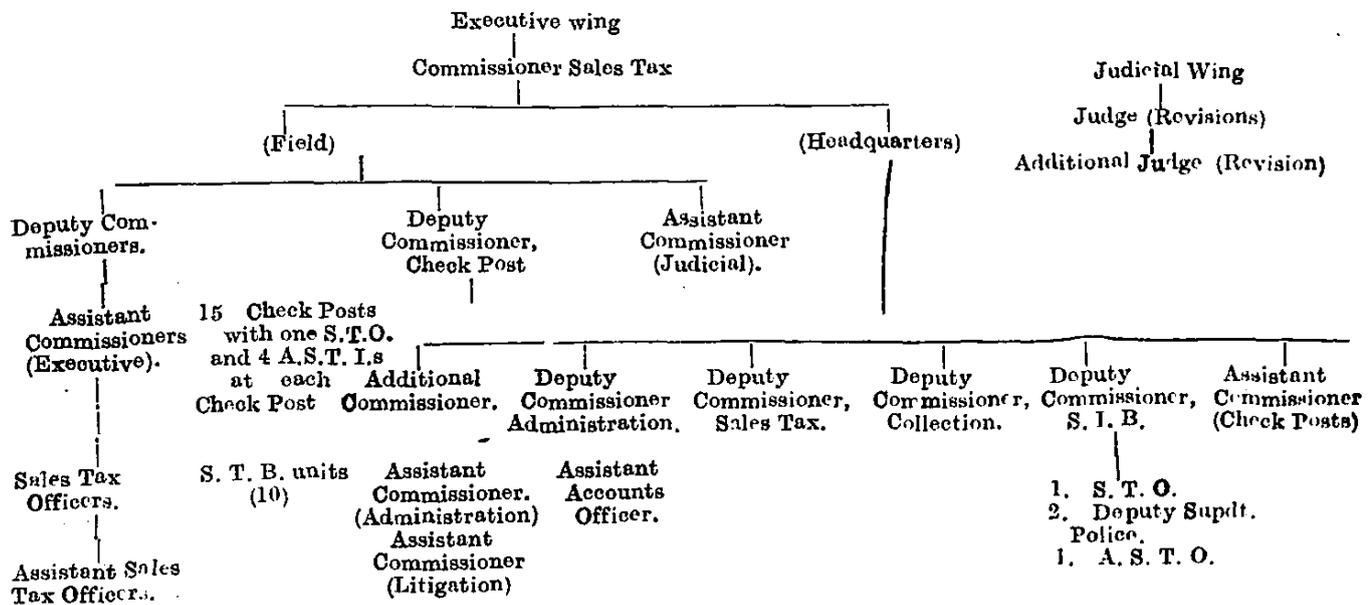
- |  |        |
|--|--------|
|  | Rs.    |
| 1. Importer of goods .. ..   | Nil.   |
| 2. Importer of goods in the manufacturing or processing of any goods in Punjab.  | Nil.   |
| 3. Manufacturer or producer of any goods for sale.                               | 10,000 |
| 4. Dealer running Tandoor, Loh Dhaba, hotel, restaurant, halwai shop and bakery. | 25,000 |
| 5. Dealers not falling in above categories, as may be specified.                 |        |
| 6. Any other dealer.   |        |
| 7. Dealer registered under the Central Sales Tax Act.                            |        |

11. Tamil Nadu

- |   |       |
|---|-------|
|   | Rs.   |
| 1 Dealer other than casual trader as an agent of a non-resident dealer.   | 25,00 |
| 2. Casual trader or agent of non-resident dealer.   | Nil.  |
| 3. Fresh vegetables (other than those mentioned in First Schedule, fresh fruits, betel and plantain leaves, flowers, eggs, meat and fish (other than canned meat and fish). |       |

ANNEXURE 24

CHART OF ADMINISTRATION OF SALES TAX DEPARTMENT (ADMINISTRATIVE DEPARTMENT, FINANCE)



**Other Officers :**

**Field :** One S. T. O. for High Court work posted at Allahabad, assisted by one A. S. T. O.  
 Nine State representatives of the rank of S. T. O. to plead cases before Judge Revisions/Additional Judge Revisions (at 9 places).  
 Thirty-three departmental representatives to plead cases before Assistant Commissioner (Judicial) (Appellate Authorities) (at 16 places).

**Headquarters :** 2 P. A.s to S. T. C. of the rank of S. T. O.s for Act and Rules and Judicial work.  
 1 Statistical Officer, 2 lecturers of the rank of S. T. O. to impart training to newly recruited officers.  
 1 Accounts Officer.  
 2 Research Officers.

## ANNEXURE 25

*List of notified goods whose manufacturers have been allowed certain benefits on purchase of raw materials*

- |  |  |
|--|--|
| 1. Bicycles.   | 19. Chemicals including industrial explosives, Nitric Acid, Sulphuric Acid, Staple Bleaching-Powder. |
| 2. Tri-cycles.   | 20. Perfumery.   |
| 3. Perambulators.  | 21. China Potteries.   |
| 4. Oil Engines and Oil Expellers.  | 22. Sewing Machines Needles.   |
| 5. Power Tillers.  | 23. Sewings Machines.  |
| 6. Polly Propylene Filaments.  | 24. Transformers.  |
| 7. Refractories.   | 25. Heavy Pumps of sizes above 4"×4".  |
| 8. Storage Batteries.  | 26. Electronic equipments.   |
| 9. Radios.   | 27. Pumps and compressors.   |
| 10. Phonograms.  | 28. Rubbers Products.  |
| 11. Television Sets.   | 29. Raw filtered Oil Refined oils and Vanaspati.   |
| 12. Paints and Varnishes.  | 30. Soap and other Synthetic detergent.  |
| 13. Switch-gears (Electric.).  | 31. Boiled and Stand oils, synthetic Resing and printing Inks.                                       |
| 14. Plastic Products.  | 32. Fatty acids, Stearic acid and Oleic acid.  |
| 15. Hospital equipment and Surgical Instruments, Needles and Syringes.   | 33. Drying oil products, viz Linoleum and oil-cloth.   |
| 16. Scientific, Professional, measuring and process control instruments. | 34. Lubricants and Greases.  |
| 17. Tyres and Tubes.   | 35. Scooter.   |
| 18. Electric Motors of more than 7.5 kW ratings.                         |  |

Source: Office of Commissioner, Sales Tax, U. P.

## ANNEXURE 26

*List of specified backward districts in U. P. for the purpose of providing relief to the industries*

- |                  |                    |
|------------------|--------------------|
| 1. Almora.       | 20. Uttarkashi.    |
| 2. Azamgarh.     | 21. Jaunpur.       |
| 3. Bahraich.     | 22. Jhansi.        |
| 4. Ballia.       | 23. Mainpuri.      |
| 5. Banda.        | 24. Mathura.       |
| 6. Bara Banki.   | 25. Moradabad.     |
| 7. Basti.        | 26. Pilibhit.      |
| 8. Budaun.       | 27. Pithoragrah.   |
| 9. Bulandshahr.  | 28. Pratapgarh.    |
| 10. Chamoli.     | 29. Rae Bareli.    |
| 11. Hamirpur.    | 30. Shahjahanpur.  |
| 12. Hardoi.      | 31. Sultanpur.     |
| 13. Jalaun.      | 32. Tehri-Garhwal. |
| 14. Faizabad.    | 33. Unnao.         |
| 15. Fatehpur.    | 34. Etah.          |
| 16. Farrukhabad. | 35. Deoria.        |
| 17. Ghazipur.    | 36. Etawah.        |
| 18. Garhwal.     | 37. Sitapur.       |
| 19. Gonda.       |                    |

Source: Office of Commissioner, Sales Tax, U. P.

## ANNEXURE 27

*A—The potential tax base and the actual tax base of selected commodities for the years 1965-66 and 1969-70*

Tax evasion is one of the baffling areas of sales tax in this State and other States too. Although the question of determination of the extent of tax evasion is an important one, it is difficult to quantify the extent of evasion. Some idea of its extent can be had by measuring the gap between the potential tax base and the actual tax base. The magnitude of other leakages like tax exemptions, reliefs etc., have not been taken into account in deciding the potential tax base and tax avoidance.

2. We tried to calculate for fourteen commodities the percentage difference between the actual tax receipts and those calculated on potential tax base for the years 1965-66 and 1969-70. The results are given towards the end in Annexure 27(B). While estimating the tax potential two approaches viz., (a) consumption and (b) production, have been followed. The first has been applied to eight items of consumption goods, namely, deshi ghee,

kerosene oil, medicines, matches, oils of all kinds other than vanaspati, tea, oil seeds, atta, maida, suji etc., for which N. S. S. obtains reliable family consumer expenditure data. The second approach was adopted for the remaining six commodities, viz., cement, iron and steel (finished), cotton yarn, jute goods paper and card boards and straw boards for which production, import, export and price data were available. The expected tax yield from first eight commodities were worked out on the basis of tax rates and their consumption by the households. Since deshi ghee and atta, maida, suji etc. are purchased in the rural areas, from such local sources as are not subject to sales tax, the expenditure on them in the rural sector was not taken into account in calculating the expected sales tax revenue from these items. The imports and exports by rail were also taken into account in estimating the sales tax receipts from the goods for which production approach was followed. These commodities were

evaluated at wholesale prices as collected by the Economics and Statistics Division of the State Planning Institute, Uttar Pradesh. On account of the non-availability of reliable data, movements of goods by road could not be taken into account.

3. It would be observed from Annexure 27(B) that in case of atta, maida and suji, it was found that their actual tax receipts as percentage of the optimum revenue came to 50.7 per cent in 1965-66 and 71.4 per cent in 1969-70. However, it should be borne in mind that the expected revenue has been worked out on the basis of the consumption data. It may be mentioned that in the year 1965-66, atta, maida and suji were taxable only if sold by roller flour mills. Apparently, the potential tax receipts do not take into account atta, maida and suji turned out by 'chakkis', which were not liable to tax at all. This again explains the spectacular rise in actual receipts in the year 1969-70 which speaks of better realization as well as increase in the actual base.

4. The tax receipts in deshi ghee amounted to 41.7 per cent and 32.9 per cent of the expected revenues in the year 1965-66 and 1969-70, respectively. Here, while determining the extent of evasion one has to take stock of the fact that a very substantial amount of deshi ghee is sold by the producers which does not attract tax.

5. As regards kerosene oil, the actual revenue receipts as percentage of the expected yield formed only 16.8 per cent in 1965-66 and 77.9 per cent in 1969-70. It may be noted that at times the supplies of kerosene oil are made from depots outside the State and no tax is paid on them to this State. Some cases of wide evasion of tax in kerosene oil were noticed in the western districts of Uttar Pradesh. No doubt, the situation in 1969-70 improved.

6. So far as the medicines are concerned, the actual tax receipts as percentage of the optimum revenue came to 105 per cent and 37.1 per cent in 1965-66 and 1969-70, respectively. It is curious to note that our calculations regarding the sales tax receipts in respect of medicines for the year 1965-66 show an ideal condition in which evasion and avoidance of tax were completely absent. The results for the year 1969-70 showed actual tax receipts as only 37.1 per cent in relation to the optimum expected revenue. We should take into account the fact that the State Government imports medicines and supplies the same to its hospitals—these forming a sizeable proportion of total consumption do not attract any tax.

7. The actual receipts in respect of oils of all kinds other than vanaspati were shown as 31 per cent of the expected revenue in 1965-66. It is a common knowledge that 'ghanis' worked by human or animal labour account for a very substantial portion of the oil used in household consumption and they enjoy exemption from tax.

8. The actual tax receipts in respect of cement have been worked out at 54 per cent and 66 per cent of the expected revenue in the year 1965-66 and 1969-70, respectively. Before determining the extent of evasion, we should take note of the fact that cement is a controlled commodity and is sold by the licensed stockists only. At present, there is only one cement factory in Uttar Pradesh and a sizeable quantity of cement is being imported from other States. Moreover, the actual receipts do not take into account the bulk purchase by the Government Departments such as C. P., P. W. D., Defence Department, P. P., P. W. D. etc. for construction work through their contractors. In such cases, they pay inter-State tax on the import of cement which again accrues to the State from which cement was imported.

9. As regards the difference existing between the actual receipts and the optimum yields in respect of iron and steel, we should take note of the fact that iron and steel is imported into the State in large quantities by manufacturers of agricultural implements which does not attract any tax. Moreover, the Government Departments already detailed above, also import large quantities of iron and steel for use in construction purposes through their contractors. In such cases, inter-State tax is paid on the imports and it does not contribute any revenue to the Government coffers.

10. Similarly, the difference between the actual and the optimum receipts from paper can be partly explained by the fact that a large quantity of paper is being imported by the Government Press for publication of forms and by publishers of books and magazines. In such instances, no tax is paid. Moreover, the inter-State tax paid, if any, accrue to the State from which the movement of goods commences.

11. In case of other commodities viz., matches, tea, oil seeds, cotton yarn, jute goods, card board and straw board, there is an element of tax evasion and the actual collections as proportion of the tax potential varied from 54 per cent to 83 per cent in 1969-70. Here, too, the difference of this order between the tax receipts and the hypothetical ones, for these commodities cannot be wholly ascribed to tax evasion. Other factors such as tax reliefs etc. might be responsible.

12. It is apparent from the above analysis that a considerable difference exists between the tax potential and the actual yield, but the gap cannot be hastily termed as evasion. Before determining the extent of evasion, we have to take into account the various factors related to tax reliefs, tax concessions, tax exemptions and so on. In absence of reliable statistics on this score, it is difficult to get an exact estimate of tax evasion.

#### ANNEXURE 27

#### B—Actual sales-tax receipts as percentage of potential tax base, for the years 1956-66 and 1969-70

(Rs.0-00)

Name of the Commodity	Year				Actual tax	
	1965-66		1969-70		Receipts as percentage of potential tax base	
	Expected Revenue	Actual Receipts under U.P. Sales Tax Act	Expected revenue	Actual receipts under U.P. Sales Tax Act	1965-66	1969-70
1	2	3	4	5	6	7
1. Atta, maida and suji ..	5,232	2,651	4,921	3,513	50.7	71.4
2. Ghee deshi ..	4,045	1,810	3,661	1,203	44.7	32.9
3. Kerosene oil ..	41,520	6,976	16,896	13,160	16.8	77.9
4. Medicines ..	4,787	5,025	22,084	8,185	105.0	37.1
5. Matches ..	2,858	2,067	4,002	3,330	72.3	83.2
6. Oils of all kinds other than vanaspati ..	13,847	4,292	N.A.	6,560	31.0	N.A.
7. Tea ..	2,697	2,304	9,412	6,016	85.4	63.9
8. Oilseeds ..	N.A.	N.A.	18,383	9,920	N.A.	54.0
9. Cement ..	11,115	6,029	20,150	13,295	54.2	66.0
10. Iron and steel ..	15,334	9,849	42,071	19,314	64.2	45.9
11. Cotton Yarn ..	4,805	4,410	N.A.	N.A.	91.8	N.A.
12. Jute goods ..	3,988	1,547	4,006	2,996	38.8	74.8
13. Paper ..	2,944	307	2,093	579	10.4	27.7
14. Cardboard and Straw-board ..	589	108	323	235	18.3	72.8
Total ..	1,13,761	47,375	1,48,002	88,306	41.6	59.7

## ANNEXURE 28

Tax revenue from cess/purchase tax on sugarcane as percentage of State Income (at current prices) 1960-61—1971-72

Sl. no.	States	1960-61			1965-66			1968-69		
		State Income (Rs. Lakhs)	Tax Revenue from Cess/Purchase Tax on Sugar-cane (Rs. Lakhs)	Col. 4 as percentage of col. 3	State Income (Rs. Lakhs)	Tax Revenue from Cess/Purchase Tax on Sugar-cane (Rs. Lakhs)	Col. 7 as percentage of Col. 6	State Income (Rs. Lakhs)	Tax Revenue from Cess/Purchase Tax on Sugar-cane (Rs. Lakhs)	Col. 10 as percentage of col. 9.
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh	1,70,931	426	0.24	2,96,595	647	0.22	4,02,182	451	0.11
2	Maharashtra	1,59,742	133	0.08	2,35,448	229	0.10	3,32,308	329	0.10
3	Punjab and Haryana	65,610	14	0.02	1,10,406	19	0.02	1,83,148*	13	0.01
4	Tamil Nadu	1,11,088	21	0.02	1,49,178	77	0.05	1,91,613	112	0.06

Sl. no.	State	1969-70			1970-71			1971-72		
		State Income (Rs. Lakhs)	Tax Revenue from Cess/Purchase Tax on Sugar-cane (Rs. Lakhs)	Col. 13 as percentage of col. 12	State Income (Rs. Lakhs)	Tax Revenue from Cess/Purchase Tax on Sugar-cane (Rs. Lakhs)	Col. 16 as percentage of col. 15	State Income (Rs. Lakhs)	Tax Revenue from Cess/Purchase Tax on Sugar-cane (Rs. Lakhs)	Col. 19 as percentage of col. 18
1	2	12	13	14	15	16	17	18	19	20
1	Uttar Pradesh	448141*	678	0.15	455403*	470	0.10	527133*	560	0.11
2	Maharashtra	365637*	425	0.12	384570*	443	0.12	413190*	518*	0.13
3	Punjab & Haryana	214788*	16	0.10	231318*	41	0.02	254190*	44	0.02
4	Tamil Nadu	211308	77	0.04	237330*	31	0.01	265530*	111	0.04

\*Provisional.

Source—State Income from Economics & Statistics Division.

Tax Revenue from Cess /Purchase Tax on Sugarcane from State Budgets.

**ANNEXURE 29**  
*Area under sugarcane, 1960-61—1972-73*

Serial no.	States	Sugarcane Acreage (000 Hectares) In						
		1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73 (Final estimate)
1	2	3	4	5	6	7	8	9
1	Uttar Pradesh ..	1329	1490	1234	1377	1345	1274	1346
2	Andhra Pradesh ..	91	136	154	158	120	126	121
3	Assam ..	27	31	32	33	32	34	33
4	Bihar .. ..	185	170	151	168	162	142	134
5	Gujarat ..	26	40	35	37	37	36	38
6	Haryana ..	..	196	161	169	155	114	136
7	Karnataka ..	72	89	98	91	97	107	104
8	Madhya Pradesh ..	60	78	46	67	61	60	5
9	Maharashtra ..	155	171	173	222	217	182	180
10	Punjab ..	269*	167	156	149	128	104	10
11	Tamil Nadu ..	81	101	101	135	135	121	11
	All India ..	2413	2836	2462	2748	2615	2418	2481

\*Includes Haryana also.

Source—Indian Sugar, July, 1974.

**ANNEXURE 30**  
*Sugarcane Production, 1960-61 to 1972-73*

Serial no.	States	Sugarcane Production (000 Tonnes) In.						
		1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	†1972-73
1	2	3	4	5	6	7	8	9
1	Uttar Pradesh ..	54516	56650	51083	60679	54672	49663	58743
2	Andhra Pradesh ..	6748	10319	11540	11108	9122	11206	9209
3	Assam ..	944	1011	1212	1574	1200	1274	1311
4	Bihar .. ..	7038	6045	5914	6563	6209	4465	4753
5	Gujarat ..	1330	2316	1661	1866	1937	1849	1891
6	Haryana ..	..	7603	6730	7920	6980	5140	6000
7	Karnataka ..	5184	6959	9144	7714	8483	8776	8458
8	Madhya Pradesh ..	1359	1850	1200	1691	1613	1623	1430
9	Maharashtra ..	12089	10979	11561	14444	14770	11495	11918
10	Punjab ..	10579*	5770	5160	6180	5270	4070	4840
11	Tamil Nadu ..	6311	8754	8164	10215	10443	9793	9770
	All India ..	110544	123990	117591	135024	126368	115378	123968

†Partially Revised Estimates.

\*Includes Haryana.

Source—Indian Sugar, July, 1974.

## ANNEXURE 31

*Sugar Production directly from Cane 1960-61 to 1972-73*

Serial no.	State	Sugar production (in'000 tonnes)						
		1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6	7	8	9
1	Uttar Pradesh ..	1427	1374	1175	1624	1299	831	1339
2	Andhra Pradesh ..	183	298	339	336	267	302	255
3	Assam ..	6	9	5	10	8	6	4
4	Bihar ..	385	371	260	333	292	150	216
5	Gujarat ..	28	55	77	99	84	98	142
6	Haryana ..	..	..	60	97	83	73	9
7	Karnataka ..	120	154	206	238	205	242	28
8	Kerala ..	11	21	16	21	15	16	21
9	Madhya Pradesh ..	35	35	15	38	38	21	28
10	Maharashtra ..	523	780	981	1043	1055	1002	1074
11	Orissa ..	3	11	15	17	8	7	5
12	Punjab ..	122*	157*	38	69	48	32	42
13	Pondicherry ..	20	12	21	14	18	23	19
14	Rajasthan ..	18	18	13	20	13	5	16
15	Tamil Nadu ..	131	224	330	288	299	299	33
16	West Bengal ..	16	13	7	14	8	1	4
	All India ..	3028	3532	3558	4261	3740	3108	3872

\*Includes Haryana.

Source—Indian Sugar, July 1974.

## ANNEXURE 32

Aggregate Profit/Loss for different Sugar factories (Sugar Activity only) 1960-61-1969-70

Serial no.	Location	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
<i>Uttar Pradesh West—</i>												
1	Modinagar	6.90	1.45	0.26	2.80	0.12	9.32	-4.98	-5.66	2.92	12.42	25.64
2	Mohiuddinpur	2.42	1.08	1.73	2.87	2.85	2.74	1.93	-2.28	-0.66	-5.27	11.77
3	Meerut	7.33	4.25	2.31	3.82	5.21	9.26	1.23	12.07	-0.31	6.50	53.27
4	Daurala	2.02	8.10	2.59	-5.33	1.48	21.25	19.51	8.15	31.82	28.16	137.75
5	Sakhoti Tanda	-2.07	-2.77	-7.08	3.13	-2.44	9.38	-7.90	-5.55	-7.91	-6.35	-29.86
6	Mawana	6.93	7.16	0.06	-33.96	-51.17	-8.40	-10.90	3.42	77.53	53.44	44.11
7	Bagpat	4.19	-2.84	0.21	-9.45	4.67	25.54	-16.31	-2.77	-27.52	29.08	4.80
8	Simbhaoli	7.79	4.77	7.49	7.37	8.13	6.15	6.77	10.90	5.38	-4.39	60.36
9	Khatauli	27.28	16.60	3.84	17.22	-16.59	36.57	-9.61	36.73	15.08	1.85	128.97
10	Mansurpur	8.77	0.78	-0.64	10.96	-7.92	17.46	-3.38	-3.37	-3.26	13.73	33.13
11	Rohana Kalan	0.90	-3.99	-7.64	-8.71	-3.90	4.38	-0.33	9.20	3.21	-4.72	-11.60
12	Shamli	5.05	-26.44	9.44	1.71	24.26	35.48	-18.67	14.03	57.92	44.96	147.74
13	Bulandshahr	..	-3.94	-5.23	5.69	7.76	6.16	0.57	-3.52	-15.87	-2.67	-11.05
14	Doiwala	4.20	2.17	0.17	1.22	6.35	7.57	1.77	1.02	2.07	5.21	81.75
15	Deoband	24.11	29.41	25.45	24.65	12.22	26.51	-3.97	44.99	-18.54	31.11	233.02
16	Saharanpur	1.73	0.77	0.22	6.91	0.54	0.74	-2.27	9.20	6.00	5.29	18.55
17	Sarsawa	..	..	-13.77	-13.55	-11.65	-9.13	-14.96	0.04	-7.36	12.24	-58.14
18	Lhaksar	22.22	14.33	19.50	24.56	14.42	20.76	26.06	32.26	21.54	-5.90	189.75
19	Iqbalpur	22.35	-1.86	6.30	14.92	-9.72	20.05	-14.82	5.04	-0.46	12.78	41.98
	Total, U.P. West	151.91	49.03	32.61	36.63	-15.38	242.49	-50.26	169.36	198.66	216.89	1051.94
<i>Uttar Pradesh Central—</i>												
20	Bijnor	..	-6.90	-12.73	-1.28	-9.56	4.92	-9.77	1.53	-31.75	N. A.	-75.43
21	Seohara	31.60	37.53	40.10	58.51	26.15	29.48	33.10	9.74	76.66	5.15	348.02
22	Dhampur	12.34	-3.11	10.94	39.25	13.79	36.45	8.85	19.84	18.06	31.91	188.32
23	Raja-Ka-Sahasapur.	17.96	-0.85	5.73	7.88	22.56	13.83	-5.69	-3.68	-4.67	8.20	10.27
24	Amroha	8.53	-1.79	-11.27	2.29	2.30	-1.32	4.72	-13.89	-36.75	-3.30	-50.4

1	2	3	4	5	6	7	8	9	10	11	13	13
25	Rampur	4.88	19.42	20.98	8.82	13.78	-55.32	-37.44	-55.27	-11.11	-20.87	-112.13
26	Bareilly	-1.03	0.95	1.56	7.53	3.97	-0.39	-4.03	-11.88	-3.90	1.58	-5.64
27	Baheri	8.20	3.51	3.13	10.38	14.42	1.12	0.91	-3.93	20.93	2.55	666.22
28	Rosa	N. A.	-4.07	-10.83	10.87	-13.82	-19.77	-37.62				
29	Pilibhit	6.37	-0.80	4.29	17.17	8.20	-4.03	-8.16	-3.32	2.05	-2.08	19.69
30	Majhola	..	..	..	..	..	-4.41	-6.72	-12.61	1.83	12.12	-9.79
31	Kashipur	0.46	9.94	13.22	15.03	20.75	8.40	-0.71	14.43	14.70	1.80	98.08
32	Bazpur	-5.51	2.92	1.50	10.72	25.79	16.90	7.89	-6.61	N. R.	N. R.	53.70
33	Neoli	8.04	1.84	2.96	7.59	11.53	9.08	6.69	-7.57	5.74	7.34	53.24
34	Hargaon	36.55	35.81	61.06	60.72	50.04	45.65	25.61	37.08	73.06	-1.12	424.46
35	Maholi	20.09	5.89	7.86	2.93	7.18	-5.02	-10.90	33.30	3.89	-14.97	50.27
36	Biswan	2.57	0.89	4.45	5.11	2.21	2.18	-2.14	10.19	5.63	-3.11	27.98
37	Golegokaran Nath	54.99	63.92	43.08	90.85	72.60	80.81	52.87	122.14	112.90	88.56	782.72
38	Aira	17.10	7.49	6.18	32.87	13.25	19.70	6.45	19.51	25.87	0.48	148.99
39	Hardoi	13.90	12.67	16.30	14.93	21.62	8.70	-7.60	-6.32	4.29	8.06	86.85
Total U. P. Central		237.04	194.33	219.37	391.30	320.58	192.82	43.19	153.65	263.61	102.83	2118.72
<i>Uttar Pradesh East—</i>												
40	Seorahi	2.61	-11.15	-1.26	5.15	17.60	-0.40	6.20	15.94	12.51	-5.47	41.73
41	Baitalpur	3.47	-0.87	3.41	5.19	7.13	1.07	-2.08	18.14	-10.39	10.64	25.71
42	Gauribazar	10.55	2.39	4.60	3.53	2.11	-5.40	-1.37	12.74	0.92	-4.34	25.73
43	Deoria	-3.50	-6.46	2.02	2.26	6.23	3.34	-0.35	3.40	5.77	-3.03	9.68
44	Captainganj	-4.56	-1.38	-2.20	-1.05	12.54	1.89	13.19	18.63	4.96	-0.27	41.75
45	Khadda	0.43	-7.68	-6.43	5.19	0.36	-6.93	-0.74	-9.42	-6.21	-19.54	-41.97
46	Ohitauni	-3.45	-6.85	-7.34	7.71	8.87	-4.42	2.02	7.32	-5.16	14.23	-15.53
47	Lakshmiganj	-3.03	-3.93	-4.93	0.57	2.84	-3.60	3.12	7.42	-17.07	-6.34	-31.19

48	Ramkola	..	5.72	5.30	-0.10	12.22	28.20	13.77	23.20	2.95	32.70	23.93	147.98
49	M. K. Ramkola	..	-11.55	-2.05	-12.11	4.30	11.01	-0.77	-5.74	-3.62	10.87	-19.16	-50.59
50	Padrauna	..	9.01	-14.68	-7.69	6.01	-1.29	-5.96	3.08	11.08	-2.05	-32.41	-52.92
51	Kathkuiyan	..	-4.40	-11.28	-9.11	-2.31	-1.36	-4.64	6.03	8.85	3.32	-11.28	-26.18
52	Mairwa	..	-3.09	-3.60	-4.82	3.02	7.88	3.74	3.85	1.76	5.31	1.14	15.19
53	Bhatni	..	-5.53	-11.42	-4.66	-1.37	0.72	-0.49	-0.65	1.12	6.96	N. A.	-15.32
54	Sardarnagar	..	13.80	3.05	-6.31	-1.83	11.84	-6.84	-7.94	41.13	4.37	-12.86	-38.41
55	Pipraich	..	-0.06	-2.87	-6.83	1.20	10.37	2.42	3.02	8.68	1.43	-8.91	9.45
56	Ghughli	..	-4.90	-6.09	-1.80	15.74	11.81	5.76	11.74	18.42	-2.54	-5.82	42.20
57	Siswabazar	..	0.10	-0.45	2.15	8.05	5.53	-2.65	3.90	12.11	-18.06	-5.77	4.93
58	Anandnagar	..	2.46	0.67	-1.56	3.81	15.95	2.32	-0.83	23.27	9.53	3.79	59.41
59	Mundarwa	..	4.10	-1.73	-3.79	0.57	3.68	1.65	2.12	8.10	1.18	-1.74	9.90
60	Basti	..	12.23	8.61	1.05	8.82	18.42	7.05	112.38	14.93	21.22	-21.47	58.48
61	Walterganj	..	..	Included in U. P. 48 Separate data not furnished by the factory									
62	Khalilabad	..	4.87	-0.72	1.69	481.04	4.81	1.40	-1.31	5.76	1.28	0.26	17.00
63	Babhnan	..	8.70	7.55	5.02	7.00	5.46	1.96	-4.18	16.84	-6.37	1.15	43.13
64	Nawabganj	..	3.71	-3.71	-3.28	0.28	18.78	4.52	-4.93	13.69	-0.07	8.67	20.32
65	Balrampur	..	1.74	1.05	-1.66	2.05	8.07	1.62	-6.54	-8.64	8.89	7.29	31.15
66	Tulsipur	..	0.83	-0.47	-2.62	10.30	13.91	5.87	0.78	6.26	9.51	-0.35	44.01
67	Jarwal Road	..	2.46	-0.04	3.29	2.84	2.78	-8.03	-6.41	-0.87	-12.67	-13.71	-30.36
68	Burhwal	..	6.73	-2.40	-2.72	0.61	2.74	-6.53	-7.19	-11.37	-18.67	-25.87	-64.67
69	Bera Banki	..	1.29	-3.62	-1.77	-0.16	4.44	-3.47	-2.31	4.16	-18.04	-28.94	-48.42
70	Shahganj	..	7.10	3.34	1.85	1.46	3.87	2.75	-7.59	14.26	0.04	4.95	32.03
71	Motinagar	..	8.17	1.82	4.29	8.22	6.78	7.04	10.06	11.35	-3.60	-1.61	52.54
Total, U. P. East			47.90	-69.65	-56.66	118.34	252.08	8.04	9.40	281.67	-1.87	-198.64	390.01

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ANNEXURE 33  
Average Recovery of Sugar Percent, 1960-61—1972-73

Serial no.	States	Average Recovery of Sugar per cent in—								
		1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73		
1	2	3	4	5	6	7	8	9		
1	Uttar Pradesh .. ..	9.53	9.46	9.06	9.02	9.17	9.42	9.49		
2	Andhra Pradesh .. ..	9.47	9.20	9.14	9.07	10.21	N.A.	8.96		
3	Assam .. ..	7.89	9.10	9.06	8.58	8.16	9.04	9.10		
4	Bihar .. ..	9.22	9.27	9.58	9.14	9.01	8.85	9.21		
5	Gujarat .. ..	10.74	10.26	9.25	9.60	10.22	10.30	9.55		
6	Haryana .. ..	..	..	8.02	8.76	8.69	9.33	8.80		
7	Karnataka .. ..	10.13	10.29	10.11	9.73	10.56	10.79	8.83		
8	Kerala .. ..	8.87	8.74	7.92	8.82	8.68	8.85	8.23		
9	Madhya Pradesh .. ..	8.96	9.10	8.91	9.17	9.29	9.55	9.16		
10	Maharashtra .. ..	11.65	11.32	11.04	10.72	11.25	11.08	10.68		
11	Orissa .. ..	9.12	8.61	9.68	8.79	8.32	9.13	8.57		
12	Punjab .. ..	8.92	8.58	7.02	8.12	8.57	8.75	8.09		
13	Pondicherry .. ..	7.19	7.85	7.76	7.93	8.80	8.59	8.08		
14	Rajasthan .. ..	9.19	8.91	8.96	8.52	9.23	9.06	9.13		
15	Tamilnadu .. ..	9.00	8.46	7.95	7.87	8.99	9.17	8.25		
16	West Bengal : .. ..	9.65	9.89	9.64	9.47	8.73	7.64	8.41		
All India (Average) .. ..		9.74	9.68	9.46	9.33	9.78	10.03	9.57		

Source—Indian Sugar, July 1974.

N. A.—Not available.

ANNEXURE 34

Rate Structure of Entertainment and Betting Taxes, Uttar Pradesh, Since March, 1968 to date,  
For each payment for admission (exclusive of tax)

Vide notification dated	Cinematograph exhibition	Drama, classical music and classical dances Nautanki, Kawaali, Kavi-Sammolan, Mushaira etc.	Circus	Joyrides in aeroplanes	Games and sports	Housie	Non classical dance, music and variety programmes	Horse-race	Totalisator	Others
1	2	3	4	5	6	7	8	9	10	11
6.2.1968	75%	12.5%	25%	20%	12.5%	..	..	60%	10%	60%
1.4.1970*	75%	12.5% (For Nautanki and Kawaali only)	25%	20%	..	50%	25%	25%	10%	25%
1.10.1970	75% up to Re.1	Ditto	25%	20%	..	50%	25%	25%	10%	25%
22.7.1971	100% above Re. 1 80% up to Re.1. Ditto 110% above Re. 1	Ditto	25%	20%	..	50%	25%	25%	10%	25%

\*(a) The notification of 1.4.70 granted exemption to items such as drama, classical music, classical dance, Kavi Sammolan, Mushaira, variety programmes consisting exclusively of 2 or more preceding items, specified games and sports, dangal and wrestling bouts including free style wrestlings.

(b) From November 15, 1971 a surcharge of 10 paise was levied in respect of each payment for all entertainments including stako and bets. This is still continuing.

Source—Office of the Commissioner, Entertainment and Betting Taxes, U. P.

**ANNEXURE 35**

*Per capita revenue in different states from Entertainment and Betting Taxes, 1960-61 to 1972-73*

		Receipts from Entertainment and Betting taxes year/receipts											
Serial no.	Name of the State	1960-61			1965-66			1968-69			1972-73 (R.E.)		
		Population (000)	Revenue (00000)	Per capita incidence (Rs. 0.00)	Population (000)	Revenue (00000)	Per capita incidence (Rs. 0.00)	Population (000)	Revenue (00000)	Per capita incidence (Rs. 0.00)	Population (000)	Revenue (00000)	Per capita incidence (Rs. 0.00)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Uttar Pradesh .. .. .	73,274	160	0.22	80,054	329	0.41	84,473	546	0.65	90,740	1005	1.11
2	Andhra Pradesh .. .. .	35,766	131	0.37	39,225	212	0.54	41,504	368	0.89	44,749	810	1.81
3	Assam .. .. .	12,189	28	0.23	14,015	46	0.33	15,313	70	0.46	17,231	124	0.72
4	Bihar .. .. .	46,108	70	0.15	50,719	147	0.29	53,719	191	0.36	57,996	300	0.52
5	Gujarat .. .. .	20,429	64	0.31	23,197	175	0.75	25,045	270	1.08	27,740	649	2.34
6	Jammu and Kashmir .. .. .	3,548	12	0.34	4,007	10	0.25	4,329	15	0.35	4,799	39	0.81
7	Karnataka .. .. .	23,396	87	0.37	26,030	188	0.72	27,765	306	1.10	30,260	586	1.94
8	Kerala .. .. .	16,749	10	0.06	18,795	34	0.18	20,147	49	0.24	22,100	90	0.41
9	Madhya Pradesh .. .. .	32,081	64	0.20	36,303	167	0.46	39,131	198	0.51	43,247	383	0.89
10	Maharashtra .. .. .	39,207	314	0.80	44,165	753	1.70	47,470	1,216	2.56	52,266	1,945	3.72
11	Orissa .. .. .	17,471	14	0.08	19,426	30	0.15	20,762	39	0.19	22,688	72	0.32
12	Punjab and Haryana .. .. .	20,113	63	0.31	21,737	151	0.69	22,727	154	0.68	24,118	505	2.09
13	Rajasthan .. .. .	19,962	25	0.13	22,536	66	0.29	24,244	101	0.42	26,724	178	0.67
14	Tamil Nadu .. .. .	33,530	226	0.67	36,914	576	1.56	39,192	903	2.30	42,449	1,302	3.07
15	West Bengal .. .. .	34,516	233	0.68	38,917	427	1.10	41,773	540	1.29	45,911	1,077	2.35

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## ANNEXURE 36

## Rate of Entertainment Tax in different States

The rates of entertainment tax varies from State to State. The rates of 11 States are given below:

(1) *Andhra Pradesh*

Entertainment tax is levied on each payment for admission at the following rates:

Where payment for admission exclusive of tax—

- (i) is not more than Rs.1.50 35% of such payment.  
 (ii) is more than Rs.1.50 45% of such payment.

Surcharge is levied on each payment for admission at following rate:

Where payment for admission exclusive of tax—

- (i) is not more than 50 paise 10 paise  
 (ii) more than 50 paise but not more than Re.1 20 paise  
 (iii) more than Re.1 but not more than Rs.1.50 30 paise  
 (iv) more than Re.1.50 but not more than Rs.2 40 paise  
 (v) more than Rs.2 but not more than Rs.2.50 50 paise  
 (vi) more than Rs. 2.50 but not more than Rs.3 60 paise  
 (vii) more than Rs.3 70 paise

(2) *Assam*

Entertainment tax is levied on each payment for admission at the following rates—

I. Where payment for admission does not exceed 25 paise. No. Entt. tax is levied.

II. Games, sports, music or dramatic performances organised by a State body (or any other body affiliated to it) which is either registered under Societies Registration Act 1960 or affiliated to an all India body constituted for similar purposes. 12% of payment for admission.

III. All other cases where payment for admission is—

- (a) not more than Rs.1 45% of such payment.  
 (b) more than Re. 1. but not more than Rs.2 30% of such payment.  
 (c) more than Rs.2 100% of such payment.

(3) *Bihar*

Entertainment tax is levied at the rate of cent per cent of the payment for admission in respect of cinematograph exhibitions, stageplay, drama, dance or music or both and all miscellaneous entertainments except circus and magic shows in respect of which tax is levied at the rate of 50 per cent of the payment for admission.

(4) *Jammu and Kashmir*

Rate of entertainment duty.

Where the payment made by a person for admission to a place of entertainment excluding the amount of duty:—

- Rate of duty  
 exceeds 12 paise but does not exceed 40 paise. 40% of the payment.  
 exceeds 40 paise but does not exceed Rs.1.75. 45% of the payment.  
 exceeds Rs.1.75 50% of the payment.

(5) *Kerala*

Entertainment tax is levied at a rate of not less than 10% and not more than 25% on each payment for admission.

An additional tax is levied on each payment for admission to an entertainment which is subject to levy of entertainment tax at the following rates:

Where such payment inclusive of entertainment tax is—

- (i) below 50 paise 0.05 paise.  
 (ii) above 50 paise but below Rs.1. 0.10 paise.  
 (iii) above Re.1 0.20 paise.

(6) *Madhya Pradesh*

(i) Entertainment tax is levied on each payment for admission at the rate of 36 per cent of such payment.

(ii) In the case of cinematograph exhibition where the charge for admission exceeds Rs.1.50 the entertainment tax is levied at the rate of 45% of such payment.

(iii) No tax is levied where payment for admission to an entertainment below 12 paise except in the case of cinematograph exhibition in a permanent building.

Additional tax is levied on all payments for admission—

- (i) Where such payment including entertainment tax is below Rs.2 10 paise.  
 (ii) Where such payment including entertainment is Rs. 2 or more 20 paise.

(7) *Karnataka*

The entertainment tax is levied at the following rates—

Where the payment excluding tax—

- (a) does not exceed 50 paise 20% of such payment  
 (b) exceeds 50 paise but does not exceed Rs.150. 25% " " "  
 (c) exceeds Rs.1.50 but does not exceed Rs.3 30% " " "  
 (d) exceeds Rs.3 35% " " "

In addition to the entertainment tax surcharge is levied at the rate of one hundred per cent on the rates of such entertainment tax.

(8) *Rajasthan—Rates of Entertainment tax*

On cost of admission Rate of tax

- Up to 50 paise 35%  
 More than 50 paise but not more than Re.1 50%  
 More than Rs.1 but not more than Rs.2 60%  
 More than Rs.2 70%

Surcharge.

(1) Ten paise per ticket if the payment for admission is less than a rupee.

(2) Twenty paise per ticket if the payment for admission is not less than Rs.2.

(9) *Tamilnadu*

The rates of entertainment tax are as under:

(a) one-fourth of the payment for admission where the payment does not exceed 30 paise.

(b) one-third of the payment for admission where the payment is more than 30 paise but does not exceed Rs.1.50.

(c) two-fifths of the payment for admission where the payment is more than Rs. 1.50.

The rate of surcharge is as under:—

(A) *Cinematographic exhibition*

(i) Where the payment does not exceed Re.1 10 paise

(ii) where the payment exceeds Rs.1 but does not exceed Rs.3.00 20 paise

(iii) where the payment exceeds Rs.3.00 30 paise.

(B) *For Horse Races—*

(i) Where the payment does not exceed Rs.5.00 50 paise.

(ii) Where the payment exceeds Rs.5.00 Re.1

(10) *Himachal Pradesh*

The rate of entertainment tax is 75 per cent of the value of admission ticket.

(11) *Maharashtra*

The rates of Entertainment Duty on different items of entertainment in this State are as under:

(i) 50 per cent of the payment made for admission to a Race-Course. The rates of admission to the Race-Course are Rs.5 for 1st Enclosure and Rs.3 for 2nd Enclosure.

(ii) In any other case—

within limits of Greater Bombay and of the cities and cantonments of Poona, Sholapur and Nagpur. In any other notified area.

(a) 37½ per cent for the 1st 100 paise of payment for admission. 32½ per cent for the 1st 100 paise.

(b) 55 per cent for the next 100 paise of payment for admission. 47½ per cent for the next 100 paise.

(c) 65 per cent out of the balance of total admission. 60 per cent out of the balance of total payment for admission.

Surcharge at the rate of 5 per cent for the payment of admission up to Rs.1 and 10 per cent in other cases is levied with effect from 1st May, 1974.

#### Betting Tax

The rates of Betting Tax in this State on different kinds of Betting area as under:

- (i) (A) Totalisator Tax paid into any totalisator by way of Stakes or bets. 15 per cent out of all moneys.

(B) Book-maker Tax Betting Tax 17 of all moneys paid or agreed to be paid to a license Book-maker in respect of a bet made in an enclosure.

(ii) From December 1973, Betting Tax (i.e. Book Maker Tax) is levied on Bangalore Races at the rate of 11/117 of all moneys paid or agreed to be paid to a licensed Book-Maker in respect of bet made in an enclosure.

Source: State Governments.

### ANNEXURE 37

#### Occupancy Ratio per show of each Cinema House At Kanpur; from 1-4-'73 to 31-3-'74

Serial no.	Name of cinema hall	Name of classes along with number of seats	Admission rates			No. of shows held during the year	Occupancy ratio classwise			
			Full rate	Net amount	Entt. tax		No. of persons attended	Average attendance per show	Percentage attendance per show	
1	2	3	4	5	6	7	8	9	10	
1	Moti Mahal	Balcony	92	Rs. 2.40	Rs. 1.20	Rs. 1.20	1460	18139	12	13%
		Special	119	1.75	1.00	0.75	54170	30	32%	
		First	351	1.40	0.80	0.60	212960	152	43%	
		Second	218	1.05	0.60	0.45	266111	182	84%	
		Third	102	0.80	0.46	0.34	146893	100	98%	
		880				698273	485	55%		
2	Sangeet	Balcony	216	3.50	1.75	1.75	~	150804	103	48%
		Family	120	2.50	1.25	1.25	1464	121688	83	69%
		First	384	1.75	1.00	0.75	423616	289	75%	
		Second	72	1.25	0.71	0.54	93140	64	89%	
		792				789248	539	68%		
3	New Basant	Balcony	200	1.75	1.00	0.75	~	159837	101	51%
		Family	175	1.50	0.86	0.64	1496	157189	105	60%
		First	225	1.50	0.86	0.64	~	163998	110	47%
		Second	144	1.00	0.57	0.43	~	159767	107	74%
		754				631782	423	56%		
4	Jaihind Theatre	Box	8	2.50	1.25	1.25	~	3849	2	31%
		Balcony	166	1.75	1.00	0.75	1531	138330	90	54%
		First	342	1.40	0.80	0.60	~	255636	167	49%
		Second	169	1.00	0.57	0.43	~	187003	123	73%
		685				584818	382	55%		

1	2	3	4	5	6	7	8	9	10	
5	Poonam Talkies	Balcony	208	Rs. 2.30	Rs. 1.15	Rs. 1.15		29681	58	28%
		Special	208	1.75	1.00	0.75	512	36507	71	34%
		First	208	1.40	0.80	0.60		59410	116	56%
		Second	104	1.00	0.57	0.43		43367	85	82%
			726					168965	330	45%
6	Shishmahal	Balcony	137	1.75	1.00	0.75		123319	84	61%
		First	230	1.40	0.80	0.60	1460	222448	152	66%
		Second	198	0.35	0.49	0.36		246684	169	85%
			565					592451	405	73%
7	Vivek Cinema	Balcony	208	3.00	1.50	1.50		116168	78	32%
		Family	130	2.50	1.25	1.25	1486	92876	62	47%
		First	364	1.75	1.00	0.75		307717	207	59%
		Second	118	1.25	0.71	0.54		118475	79	67%
			820					635236	426	52%
8	Nishat Talkies	Balcony	262	3.90	1.95	1.95		113250	77	30%
		Family	184	2.90	1.45	1.45	1460	143955	98	53%
		First	468	1.75	1.00	0.75		479891	328	70%
		Second	78	1.40	0.80	0.60		57022	42	54%
			992					1307118	545	55%
9	Roxy Cinema	D. C.	113	1.75	1.00	0.75		79325	51	45%
		Special	113	1.40	0.80	0.60	1582	95421	60	53%
		First	104	1.00	0.57	0.43		115359	72	69%
		Second	94	0.80	0.46	0.34		102464	65	70%
			424					392569	248	58%
10	Narayan Talkies	Box	29	4.00	2.00	2.00		12233	8	29%
		D. C.	219	3.00	1.50	1.50	1460	170615	117	53%
		First	360	1.75	1.00	0.75		423235	290	80%
		Second	108	1.20	0.69	0.51		152512	104	97%
			716					758595	519	72%
11	Heer Palace	Special Box	8	3.90	1.95	1.95		170	2	1%
		Box	16	5.00	2.50	2.50		3487	2	12%
		Balcony	356	3.90	1.95	1.95	1463	145582	100	28%
		D. C.	208	2.90	1.45	1.45		151841	104	50%
		Central Stall	494	1.75	1.00	0.75		488225	334	68%
				1082					789305	542

1	2	3	4	5	6	7	8	9	10	
12	Novelty	Balcony	138	Rs. 3.50	Rs. 1.75	Rs. 1.75		86829	60	43%
		Family	150	2.60	1.30	1.30	1458	107661	74	49%
		First	360	1.75	1.00	0.75		403581	277	77%
		Second	90	1.05	0.60	0.45		123261	85	94%
			738						721332	496
13	Delite Cinema	Balcony	154	1.75	1.00	0.75		71054	45	29%
		First	264	1.20	0.69	0.51	1538	210617	138	52%
		Second	154	0.99	0.57	0.42		156469	102	66%
		Third	88	0.60	0.34	0.26		126866	82	92%
			660						565006	367
14	Nigar Talkies	Box	12	3.50	1.75	1.75		4089	3	23%
		Balcony	200	3.00	1.50	1.50		127423	87	43%
		Special	206	2.50	1.25	1.25	1460	152682	104	51%
		First	171	1.75	1.00	0.75		205364	141	82%
		Second	108	1.25	0.71	0.54		140384	96	89%
			697						629942	431
15	Roopum Talkies	Balcony	72	1.75	1.00	0.75		72368	50	69%
		First	450	1.40	0.80	0.60	1460	327829	218	48%
		Second	100	0.80	0.46	0.34		139767	96	96%
			622						539964	364
16	Himachal	Balcony	160	3.50	1.75	1.75		58795	40	24%
		Family	160	2.50	1.25	1.25	1461	103268	71	44%
		First	380	1.75	1.00	0.75		260433	77	21%
		Second	80	1.25	0.71	0.54		98229	67	84%
			780						520725	255
17	Regal Cinema	Balcony	126	3.90	1.95	1.95		29427	39	31%
		Rears	323	2.50	1.25	1.25	1539	199538	130	31%
		Fronts	221	1.75	1.00	0.75		200444	130	59%
			670						429409	299

1	2	3	4	5	6	7	8	9	10	
18	Manjushree	Balcony	320	Rs. 3.20	Rs. 1.60	Rs. 1.60		102867	70	22%
		First	528	1.75	1.00	0.75	1464	433624	317	60%
		Second	160	1.00	0.57	0.43		223661	153	95%
			1008					791152	540	53%
19	Imperial	Balcony	244	3.50	1.75	1.75		127997	85	35%
		First	402	1.75	1.00	0.75	1503	289412	193	48%
		Second	86	1.25	0.71	0.54		78921	53	62%
			732					496330	331	45%
20	Capital	Balcony	150	1.75	1.00	0.75		45553	31	21%
		First	140	1.20	0.69	0.51	1455	86938	60	43%
		Second	200	1.00	0.57	0.43		174746	120	60%
		Third	140	0.80	0.46	0.34		186797	128	80%
	630					494034	339	53%		
21	Aparna	Balcony	148	1.75	1.00	0.75		113430	77	52%
		Stall	124	1.50	0.86	0.64	1468	99806	68	50%
		First	270	1.25	0.71	0.54		305411	208	77%
		Second	72	1.00	0.57	0.43		94164	64	89%
	614					612811	417	67%		
22	Sunder Talkies	Balcony	201	3.00	1.95	1.95		114224	77	38%
		Family	174	2.50	1.25	1.25	1475	150306	102	58%
		First	416	1.75	1.00	0.75		447075	303	73%
		Second	104	1.00	0.57	0.43		128047	87	84%
	895					839652	569	64%		
23	Navrang Theatre	Balcony	140	3.90	1.95	1.95		83234	57	41%
		Stall	196	2.90	1.45	1.45	1464	138499	95	48%
		First	375	1.75	1.00	0.75		315844	216	57%
		Second	99	1.20	0.69	0.51		127307	87	88%
	810					664884	455	56%		

1	2	3	4	5	6	7	8	9	10	
24	Natraj Theatre	Dress circle	342	Rs. 2-80	Rs. 1-40	Rs. 1-40		117105	79	23%
		Family	444	1-75	1-00	0-75	1486	280641	189	43%
		First	204	1-50	0-86	0-64		175436	118	58%
		Second	87	1-00	0-57	0-43		62860	42	48%
			1077				635862	428	40%	
25	Sri Krishna Talkies, Ghatampur.	First	132	1-40	0-80	0-60		17939	22	17%
		Second	198	1-00	0-57	0-43	798	34770	43	22%
		Third	88	0-75	0-43	0-32		42006	53	60%
			418				94715	118	28%	
26	Armopur Cinema	First	166	1-75	1-00	0-75		2260	9	8%
		Second	206	0-87	0-50	0-37	261	15143	58	22%
		Third	83	0-44	0-25	0-19		17857	68	82%
			455				35260	135	29%	

Source: Office of the Commissioner Entertainment and Betting Taxes, U. P.

### ANNEXURE 38

Seating capacity of permanent cinema halls as percentage of the population (districtwise) of Uttar Pradesh, 1973-74

Name of district	Total Revenue (Rs. Lakhs)	Balcony	First	Second	Third	Total seating capacity	Projected 1973 population (in thousand)	Density per sq km.	Seating capacity as % of total
1	2	3	4	5	6	7	8	9	10
1. Dehra Dun ..	34-37	865	2,038	2,362	1,065	6,330	611	196	0-98
2. Saharanpur ..	50-94	1,707	3,394	5,380	5,880	16,361	2150	389	0-74
3. Muzaffarnagar ..	38-59	2,908	4,981	4,125	984	12,998	1878	431	0-69
4. Meerut ..	102-15	4,414	6,388	10,301	5,489	26,592	3508	588	0-77
5. Bulandshahr ..	16-30	610	1,789	3,051	4,176	9,626	2143	438	0-47
6. Aligarh ..	32-41	1,438	248	3,510	3,055	8,251	2185	435	0-37
7. Mathura ..	9-66	738	688	1,985	243	3,654	1336	352	0-30
8. Agra ..	70-39	3,015	586	7,830	5,435	16,866	2407	409	0-71
9. Mainpuri ..	3-25	230	510	915	232	1,887	1501	345	0-13
10. Etah ..	10-84	842	300	1,804	732	3,678	1629	367	0-25
11. Barsilly ..	30-97	1,033	2,060	1,041	1,472	5,606	1844	448	0-33
12. Bijnor ..	10-14	186	2,193	2,037	1,196	5,612	1554	321	0-39
13. Budaun ..	6-57	408	430	847	1,033	2,718	1694	327	0-12
14. Moradabad ..	32-78	1,192	2,352	3,787	2,864	10,195	2523	426	0-76
15. Shahjahanpur ..	7-71	508	740	680	424	2,352	1319	289	0-26

1	2	3	4	5	6	7	8	9	10
16. Pilibhit ..	6.28	..	351	824	665	1,840	781	223	0.21
17. Rampur ..	9.84	29	426	1,410	998	2,862	944	407	0.19
18. Farrukhabad ..	8.70	460	680	1,200	287	2,627	1612	378	0.20
19. Etawah ..	10.38	527	674	1,355	331	2,887	1505	348	0.09
20. Kanpur ..	116.53	3,055	2,674	6,869	6,189	18,787	3,128	512	1.44
21. Fatehpur ..	2.86	54	206	674	204	1,138	1,320	314	0.03
22. Allahabad ..	51.77	1,537	2,420	2,872	1,310	8,139	3,042	419	0.65
23. Banda ..	4.65	374	867	1,178	259	2,678	1,229	161	0.29
24. Hamirpur ..	2.27	112	212	390	246	960	1,030	143	0.97
25. Jhansi ..	17.86	499	554	1,948	1,351	4,352	1,354	135	0.30
26. Jalaun ..	4.32	11	195	843	519	1,568	846	185	0.24
27. Varanasi ..	59.37	1,240	1,059	3,957	6,104	12,360	956	581	0.41
28. Ghazipur ..	3.83	35	749	327	102	1,213	1,575	466	0.63
29. Ballia ..	5.24	..	286	400	702	1,388	1,642	536	0.61
30. Gorakhpur ..	30.82	1,100	1,345	3,716	4,063	10,229	3,135	496	0.32
31. Deoria ..	8.50	96	545	3,355	858	4,854	2,901	537	0.17
32. Basti ..	3.12	65	238	474	173	950	3,056	418	0.33
33. Azamgarh ..	9.21	420	944	1,054	1,543	3,961	2,950	513	0.14
34. Naini Tal ..	20.19	1,064	1,128	2,969	2,802	7,963	839	123	0.95
35. Almora ..	1.41	50	116	112	327	605	774	110	0.13
36. Garhwal ..	0.68	336	610	592	..	1,538	568	104	0.35
37. Lucknow ..	96.17	2,493	2,498	4,951	3,165	13,017	1,676	662	0.78
38. Unnao ..	1.13	98	112	192	110	512	1,538	335	0.65
39. Rae Bareilly ..	4.56	157	291	400	158	1,006	1,550	340	0.65
40. Lakhimpur Kheri ..	8.67	551	1,166	916	129	2,762	1,533	199	0.20
41. Gonda ..	4.67	149	494	514	60	1,217	2,348	320	0.43
42. Sitapur ..	5.10	226	341	56	686	1,309	1,941	335	0.52
43. Hardoi ..	3.31	282	710	334	..	1,326	1,308	317	0.52
44. Bahraich ..	4.34	227	654	591	353	1,700	1,773	261	0.11
45. Sultanpur ..	1.04	..	49	262	57	368	1,690	381	0.00
46. Pratapgarh ..	3.84	293	311	286	183	1,073	1,456	386	0.60
47. Jaunpur ..	8.48	477	806	2,736	..	4,019	2,062	516	0.19
48. Faizabad ..	7.69	678	1,193	1,986	596	4,453	1,986	450	0.20
49. Mirzapur ..	9.76	278	750	1,395	1,613	4,036	1,602	142	0.25
50. Bara Banki ..	6.28	571	968	1,129	224	2,392	1,681	379	0.18
Total ..	999.95	37,633	55,209	1,01,922	70,552	2,65,316			

\*As on March 1, 1973.

Source—Office of the Commissioner, Entertainment and Betting Taxes, U. P.

## CHAPTER VII

### TAXES ON MOTOR TRANSPORT AND SALES TAX ON MOTOR SPIRITS

Motor vehicle taxation, Central and State, including excise and sales tax on motor vehicles, tyres and spare parts, tax on fuels and that on passenger fares and freights can be partly regarded as a fee for supply of road services of construction and maintenance. It is now well established that the revenue proceeds from motor vehicle taxation largely exceed the expenditure on road, and contain a substantial tax element. Road services benefit users of road in diverse ways, and since different users are responsible for wear and tear differently, it would be important to find out how far the charges levied on different uses reflect the cost incurred and how far they contain the tax element. The general tax criteria should be applied only to the latter. The tax system must be generally neutral to different systems of transport. One of the tests of propriety of motor vehicle taxation should be that the road sector is asked to bear a burden similar to that on the other major modes of transport—railways. Some studies have recently been made to demarcate the tax element from the fee element as a whole. Since motor vehicles are a subject both of Central and State taxation, and both road services and State taxation vary widely from State to State, the topic should be studied State-wise, but should take into account both Central and State taxation and the road services of both. We, however, only deal with State taxation and therefore cannot benefit from this new approach.

2. The Centre levies duties on motor vehicles, tyres and tubes etc., and the duty on fuel; the State imposes motor vehicles tax on all types of vehicles, passenger tax on stage carriages, goods tax on public and private carriers and sales tax on motor spirit, motor vehicles, and other accessories. While the duties on tyres and tubes and petrol have some element of differentiation according to use of road services, greater reliance has to be placed on motor vehicles taxation. For reasons of convenience, we exclude here the sales taxes on vehicles, tyres, etc., which are levied on the same principles as other sales taxation.

3. *Tax revenues from motor transport*—In Uttar Pradesh, the following taxes are levied on motor transport—

- (a) motor vehicles tax on all types of vehicles;
- (b) passengers tax on stage carriages;
- (c) goods tax on public and private carriers; and
- (d) sales tax on motor spirit.

4. The revenues from taxes on road transport increased rapidly at an annual growth rate of 18.3 per cent in the period 1960-61—1972-73. Passengers and goods tax which contributed nothing to tax revenues on road transport in 1960-61 accounted for nearly Rs.11 crores—39.8 per cent in 1972-73. The role of Sales tax on motor spirit increased significantly during the same period, from 12.5 per cent to 24.1 per cent of the tax revenues on road transport. The re-

ceipts from motor vehicles tax, which was responsible for more than four-fifths of the total revenues from taxes on road transport in 1960-61, increased significantly from Rs.3.22 crores to Rs.9.97 crores, but it was second in importance to passenger and goods tax in 1972-73. The total taxes on road transport which yielded 6.4 per cent of the total tax revenue in 1960-61, fetched 17.1 per cent in 1972-73. They registered a very large annual growth rate of 18.3 per cent during the period. The revenue receipts for different years are shown in the following table:

TABLE I—*Revenue receipts from various taxes on road transport, 1960-61 to 1972-73*

Items	Revenue Receipts (Rs. crores) in				Annual rate of growth during 1960-61 to 1972-73
	1960-61	1965-66	1971-72	1972-73 (RE)	
	1	2	3	4	5
Total State Tax Revenue.	57.41	95.20	155.65	161.92	9.0
Total taxes on road transport.	3.68	11.15	25.77	27.61	18.3
(a) Revenue from Motor Vehicle tax.	3.22	4.42	9.41	9.97	9.9
(b) Revenue from passenger and goods tax.	..	4.26	9.88	10.90	..
(c) Revenue from Sales Tax on motor spirit.	0.46	2.47	6.48	6.65	24.9
Total taxes on Road Transport as percentage of total state tax revenue.	6.4	11.7	16.6	17.1	..

Source—State Budgets.

5. The revenues from total taxes on road transport increased by 650 per cent during the period 1960-61 to 1972-73. The corresponding increase in State tax revenues was 182 per cent only. Individually the receipts from motor vehicles tax and sales tax on motor spirits increased by 210 per cent and 1346 per cent respectively during the period. The receipts from passengers and goods taxes increased by 158 per cent during 1965-66 to 1972-73.

6. Annexures 1, 2 and 3 show the percentage increase in revenues from motor vehicles tax, passenger and goods tax and sales tax on motor spirit respectively in different States. The increase in revenue from motor vehicles tax during the period 1960-61 to 1972-73 was highest in Bihar (3858%) followed by Jammu and Kashmir (640%) and Andhra Pradesh (600%), as against 210 per cent in Uttar Pradesh. There were in all 12 States including the three already mentioned out of 15 where the increase was more than in Uttar Pradesh. The increase in the revenue from passenger and goods tax during 1965-66 to 1972-73 was highest in Orissa (750%) followed by Bihar (349%) and Jammu and Kashmir (318%). The corresponding percentage increase in Uttar Pradesh was 158. The increase in the revenue from sales tax on motor spirit during the period 1960-61 to 1972-73 was the highest in Uttar Pradesh (1346%) followed by Gujarat (540%).

7. The revenue from total taxes on road transport, as a percentage of State income in different States are shown in Annexure 4. In Uttar Pradesh, the percentage increased from 0.20 in 1960-61 to 0.49 in 1971-72, registering the highest rate of increase. In absolute terms, however, the percentage was less than in Karnataka, Kerala, Madhya Pradesh and West Bengal and much less than in Maharashtra and Tamilnadu. The Statewise receipts derived separately from motor vehicles tax and other taxes as a percentage of State incomes are also shown in Annexures 5 to 7.

8. Apart from the introduction of passengers and goods taxes about a decade back, and the upward revision of rates of taxes on motor transport, the increase in number of vehicles of all categories accounted for some increase in tax revenue. In Uttar Pradesh, the number of vehicles has increased nearly four times in fourteen years as shown in the table below :

TABLE 2—Number of motor vehicles in U. P.

Years	Buses	Trucks	Scooters, motor cycles and auto rickshaws	Other vehicles	Total vehicles
1	2	3	4	5	6
1960-61	6,800	12,352	8,268	28,378	55,798
1965-66	8,491	14,758	22,358	37,530	83,137
1968-69	8,451	16,247	35,701	43,916	1,04,315
1971-72	10,432	22,495	64,347	68,876	1,66,150
1972-73*	11,351	26,183	76,200	79,135	1,92,869
1973-74*	12,078	28,188	87,653	88,603	2,16,522

\*Provisional.

Source—Parivahan Vibhag, Uttar Pradesh Ke Karya Kalapon Par Tippani, 1973-74 and Uttar Pradesh Rajya Sadak Parivahan Nigam Ke Karya Kalapon par Tippani, 1973-74.

The above table shows that the increase in the number of light vehicles has been more pronounced. Scooters and motor cycles increased more than ten-fold and other vehicles more than threefold in the last thirteen years. The increase in the number of buses and trucks from which most of the revenue is derived was much less, 78 per cent and 128 per cent respectively.

9. Number of vehicles and tax per vehicle—Annexure 8 shows the increase in the number of motor vehicles in terms of area in different States. In Uttar Pradesh, the number of vehicles per 100 sq. kms. of area increased from 17 in 1960-61 to 37 in 1969-70, that is by 117 per cent as against 151 per cent for the country. The increase was the highest in Punjab (282 per cent) followed by Kerala (268 per cent). The number of vehicles per 100 sq. kms. of area in 1969-70 was the highest in Kerala (201) followed by West Bengal (139), Tamil Nadu (91) and Maharashtra (90). The number of different types of vehicles in terms of area in various States for 1968-69 and 1971-72 is shown in Annexure 9. As regards percentage increase in the number of vehicles per 100 sq. kms. during a period of three years ending 1971-72, Uttar Pradesh ranked first in case of taxis, goods vehicles and total vehicles, second in case of other public service vehicles and third in case of motor cycles and auto rickshaws.

10. The number of vehicles per lakh of population and the total tax revenue on road transport per vehicle in different States is shown in the following table :

TABLE 3—Number of vehicles and tax per vehicle during 1969-70

State	Number of vehicles	Total tax revenue on Road Transport (Rs. Lakhs)	Tax per vehicle (Rs.)	Number of vehicles per lakh of population
1	2	3	4	5
1. Uttar Pradesh.	1,07,885	1,918	1,778	125
2. Andhra Pradesh.	1,04,115	1,410	1,354	246
3. Bihar	71,919	460	640	131
4. Gujarat	1,26,713	1,574	1,242	493
5. Kerala	78,168	663	848	379
6. Madhya Pradesh.	78,938	1,062	1,334	196
7. Maharashtra	2,77,783	3,256	1,172	571
8. Karnataka	1,09,948	1,058	962	388
9. Orissa	32,001	397	1,241	151
10. Tamil Nadu	1,18,150	2,632	2,228	296

Source—Col. 2 Basic Road Statistics—1970-71.

Col. 3 States Budgets.

Mid. Year estimates of population utilised for calculation of Col. 5.

The above table shows that Uttar Pradesh had the fifth largest number of vehicles in 1969-70, just below Maharashtra, Gujarat, Tamilnadu and Karnataka, but it obtained more revenues from this source than Gujarat and Karnataka. The number of vehicles per lakh of population in 1969-70 was the highest in Maharashtra followed by Gujarat. It was the lowest in Uttar Pradesh (125). The tax per vehicle in this State was lower than Tamilnadu but higher than other States.

11. The growth of different types of vehicles in relation to population in various State is shown in Annexure 10. It is interesting to note that in motor cycles and auto-rickshaws, Uttar Pradesh is better than Rajasthan and very near Madhya Pradesh, but in jeeps and private motor cars it is behind. In taxis, it is better than Madhya Pradesh, Punjab and Haryana, Rajasthan and Karnataka. In other public service vehicles and goods vehicles which matter for taxation, it ranks last.

12. *Motor vehicles tax*—In Uttar Pradesh, the motor vehicles tax was introduced under the U. P. Motor Vehicles Taxation Act, 1935. Annexure 11 gives the rates of tax in different States. The rates in respect of some popular makes of light vehicles are given in the following table:

TABLE 4—Motor vehicles tax on scooters and cars

States	Motor vehicles tax in rupees			
	Lambretta	VESPA	Standard Herald and Fiat	Ambassador
1	2	3	4	5
1. Uttar Pradesh.	55	55	125	165
2. Andhra Pradesh.	60	60	200	200
3. Bihar	33	33	110	110
4. Gujarat	50	40	150	150
5. Kerala	36	24	160	160
6. Karnataka	48	48	200	200
7. Tamil Nadu	40	40	200	200

Source—State Governments.

13. In accordance with the recommendations of the U. P. Taxation Enquiry Committee, 1968-69 the motor vehicle tax on private scooters and motor cycles was raised in the State by about 25 per cent and on private cars by about 50 per cent. Besides, an additional surcharge of 10 per cent was levied on these vehicles. A further increase in the rates of tax has been effected by the State Government with effect from October 1, 1974 and the surcharge has been abolished. The existing rates are Rs.55, Rs.125 and Rs.165 on scooters, Standard Herald and Ambassador cars respectively. A comparison of these rates with those of other States reveals that the

vehicles tax on scooters in Uttar Pradesh remains less than Andhra Pradesh only and is substantially higher than some States particularly Bihar, Kerala and Tamilnadu. In respect of cars, the tax is less than Andhra Pradesh, Karnataka and Tamilnadu. We notice that other States do not distinguish between Fiat and Ambassador cars for the purpose of levying the tax. We feel that the differential rates need be equalised in this State also. If the horse power or size of the vehicles are taken into account for making a distinction, we would like to point out that the tax levied on Lambretta and Vespa scooters should also have been different. We recommend that the motor vehicles tax on Standard Herald and Fiat cars should be increased to Rs.150 per annum and that on Ambassador cars should be brought down to that amount.

14. *Taxi cabs*—The following table shows the comparative rates of 3 seater, 4 seater and 5 seater taxi cabs in different States.

TABLE 5—Annual rate of tax on taxi cabs

States	3-Seater (excluding driver)	4-Seater (excluding driver)	5-Seater (excluding driver)
1	2	3	4
1. Uttar Pradesh ..	275	550	688
2. Andhra Pradesh ..	120	300	300
3. Bihar ..	300	300	350
4. Gujarat ..	150	300	345
5. Kerala ..	160	400	400
6. Karnataka ..	120	240	300
7. Tamilnadu ..	160*	360	360

\*Including Driver Source—State Governments.

In case of 3-seater taxi cabs, the rates in U. P. are slightly lower than the rates in Bihar and higher than other States. On 4-seater and 5 seater taxi cabs the rates are substantially higher than in other States. The U. P. Taxation Enquiry Committee, 1968 had suggested that the rates then in force be raised to Rs 180, Rs.275 and Rs. 350 for 3, 4 and 5 seater taxi cabs respectively. The rates were accordingly revised from January 1, 1972 and an additional surcharge of 10 per cent was levied. A further revision enhancing the rates by about 40 per cent has been effected from October 1, 1974. As a consequence, the present rates of tax on taxi cabs are much higher than the rates in other States. No doubt the taxi business generally caters to the needs of the richer classes, but we feel that it has been hard hit and that its higher taxation may set in the law of diminishing returns. We, therefore, recommend no increase in the rates of tax on taxi cabs.

15. *Stage carriages*—Passenger transport service in the State is managed by both the public and private sectors. Annexure 12 shows the annual rates of road tax in different States on stage

carriages separately for 40-seater, 52-seater and 60-seaters. Seating capacity is the basis of this tax in all the States but the rates differ widely. In Uttar Pradesh the rates vary according to the type of route viz., A Class, B Class, C Class and Special Class route, the classification depending on the condition of roads. The U. P. Taxation Enquiry Committee, 1968 had recommended an increase of 50 per cent in the road tax on stage carriages. This recommendation was implemented and the rates of tax on 40, 52 and 60-seater stage carriages were raised to Rs.2,232, Rs.3,240 and Rs.3,912, respectively on 'A' class routes. These rates have been further raised to Rs.2,790, Rs.4,050 and Rs.4,890, respectively with effect from October 1, 1974. Even after the upward revision, it would be noticed that the rates of tax on stage carriages in Uttar Pradesh continue to be lower than those prevailing in Andhra Pradesh, Kerala, Tamilnadu and Karnataka. The stage carriages in this State are also subject to passenger tax. The combined burden of these taxes on a stage carriage should be taken into account for comparative purposes.

16. *Passenger tax*—The passenger tax on stage carriages has some objectionable features. Regarded as a tax on services, it partakes of the character of sales tax but the rate levied is as high as on luxuries. Passenger travel even on personal account can hardly be regarded as a luxury; on business account, it partakes of the character of an intermediate good, and should, therefore, be subject to a low rate. Further, compared with the earlier tax on railway passenger fares, on the basis of which compensation is even now given to States, this is much higher.

17. In Uttar Pradesh, passenger tax was levied under the U. P. Motor Gari (Yatri Kar) Adhiniyam, 1962. Initially the rate was 5 per cent of the fare chargeable from the passengers. From December 1, 1962, the rate was raised to 10 per cent and from January 1, 1966, it was further raised to 15 per cent. The existing rates of passenger tax in some States are shown in the following table :

TABLE 6—Rates of passenger tax on stage carriages

States	Normal rate as percentage of fare	Compounded rate, if any
1	2	3
1. Uttar Pradesh.	15 per cent	As per formula, $F \times T \times R$ . F—Fare. T—No. of one-way trips made during the period. R—Rate of tax.
2. Bihar	25 per cent	20 to 31 paise per kilometre on the basis of seating capacity.
3. Gujarat	33½ per cent	No composition.
4. Karnataka.	20 per cent	Rs.240 per seat per annum.
5. Kerala	10 per cent	(1) 48 paise per seat per year per km. of the total distance permitted to be covered in a day. (2) Rs.100 per seat per annum.

Source—State Governments.

The above table shows that the rate of passenger tax in Uttar Pradesh is still lower to that in Bihar, Gujarat and Karnataka.

18. We would now consider the combined burden of taxes on a stage carriage. The U. P. Taxation Enquiry Committee, 1968 had made a study of the total tax burden of all State levies on a stage carriage in different States by utilising the data given in the Keskar Committee's Report, 1967. The rates of tax have since been revised by State Governments, and the information given in Keskar Committee's Report could not be updated by us. We have, however, calculated the passenger tax on stage carriages in a few States, as shown in the following table :

TABLE 7—Annual tax burden on a 52 seater passenger bus

Sl. no.	Name of State	Motor vehicles tax on 52 seater bus	Passenger tax		Total
			Rate	Amount	
1	2	3	4	5	6
		Rs.		Rs.	Rs.
1	Uttar Pradesh.	4,050	15%	12,386	16,436
2	Andhra Pradesh.	19,760*	Nil	..	19,760
3	Bihar ..	2,550	25%	20,644	23,194
4	Gujarat ..	2,675	33½%	27,525	30,200
5	Karnataka	7,280	20%	16,515	23,735
6	Kerala ..	7,280†	10%	8,257	15,537
7	Tamilnadu	29,120	Nil	..	29,120

\*For vehicles with coverage of 120—160 kms. a day.

†For vehicles with coverage up to 200 kms. a day.

NOTE—A stage carriage is assumed to perform 57936 kms. annually ; on a 72 % occupancy ratio, the bus will cover 21.7 lakh passenger kms. These assumptions are the same as those adopted in the Keskar Committee report on Road Transport, 1967. The average rate per km, has, however, been taken to be 3.8 paise instead of 2.5 paise per km. The annual fare earnings for a bus per annum will come to Rs.82,574

Source—State Governments.

19. The above table shows that the tax burden on stage carriages in Uttar Pradesh is lower than that in Andhra Pradesh, Bihar, Gujarat, Karnataka and Tamilnadu, it is slightly higher than that in Kerala. It may seem *a priori* that the rates of tax on stage carriages can be increased in Uttar Pradesh, but their impact on the passenger transport sector depends on the mileage that a stage carriage can cover during a period. In his evidence before us, the Transport Commissioner, U. P., informed us that the minimum daily run for a bus was 70 kilometers only in this State, which the regional transport authorities took into account while fixing the number of buses for plying on a particular route. On the other hand, we were

informed in Tamilnadu that they were permitting the vehicles to cover a distance up to 400 kilometres in a day, and up to 500 kilometres on some of the routes. In Uttar Pradesh, due to low limit, the carriages plying on longer routes were being rostered. The Transport Commissioner informed us that where the route length was over 100 kms., they were generally getting 23 trips in a quarter. He no doubt added that they took private contracts on idle days. We feel that such contracts can hardly fill in the gap. It should be a part of State policy to ensure that buses ply over a longer route and as the utilisation improves to stipulate further increase in the road tax on stage carriages.

20. In Uttar Pradesh, passenger tax is subject to composition also. The system of composition followed for collection of passenger tax is based on the formula  $F \times T \times R^*$ , with the proviso that the actual composition amount will not be less than 75 per cent of the maximum estimated amount of tax. In his evidence before us, the Transport Commissioner expressed the view that the presumed occupancy ratio of 75 per cent was on the higher side with the result that the operators of some of the routes only came forward for composition. He estimated the number of operators who opted for the compounded levy at 60 per cent. During 1967-68, their percentage was 46. We are informed that in respect of State Roadways, the average occupancy was 70 per cent in 1973-74. The compounding system is convenient for the operator and economical for the Government, and it would, therefore, be legitimate to think of reducing the presumed occupancy ratio for attracting more operators to enter into lump sum agreements.

21. The more important question, however, is whether it would not be better to going the whole way and adopt a system of fixing the compounded levy per seat as was the practice in Bihar, Karnataka and Kerala. In Tamilnadu, prior to the clubbing of the passenger and goods taxes with the motor vehicles tax, the rate of passenger tax was 10 per cent and the compounded levy was Rs.100 per seat per annum. The same rate was charged in Kerala. In Karnataka, where the rate of passenger tax is 20 per cent, the rate of compounded levy is Rs.204. With the present passenger fare (3.8 paise per km. for 'A' class routes), we find that under the existing formula of 75 per cent occupancy and 15 per cent tax, the operator has to pay Rs.25.65 per seat per quarter, if the average distance covered by it is 100 kms. in a day and the vehicle is on road for 20 days in a month. A uniform rate cannot, however, be evolved for this State, as the distances allowed to be covered by carriages are said to widely vary. We would suggest that the State Government may sift the information in regard to the distances of different routes and determine different rates of compounded levy per seat for buses on different routes according to the permitted coverage. This should also apply to the State Road Transport Corporation.

\*F=Fare collected for full complement of passengers on the entire route for a single one-way trip.

T=No. of one-way trips. R=Rate of tax.

The tax should be compulsorily compounded; the sum to be paid can be revised every year in the light of changes in the conditions of the route permits.

22. *Goods vehicles*—In the last fifty years road transport has rapidly expanded in India, earlier in competition with railway transport and later when transport facilities were a bottleneck, as a complementary mode of transport. Rapid expansion in road mileage, road improvement, increase in production of commercial vehicles, nationalization of road transport, combined with the greater safety, convenience and flexibility of road operations and the deterioration of railway services led to a fast increase in road traffic. Uttar Pradesh has shared in this all-India phenomenon. It is only more recently that some steps to slacken this fast increase in road transport are being contemplated. No serious idea of replacing it by alternative means like railways or waterways has yet been thought of. While higher passenger fare and less passenger travel as a consequence may be permissible as a result of cost increases, it is difficult to think of so adjusting the economy through higher freights as to lead to less goods transport demand.

23. Public carriers constitute 93 per cent of the total number of goods vehicles in the State. These were formerly taxed at a higher rate in comparison to private carriers, but the road tax has now been equalised for both categories of vehicles. The basis of taxation of goods vehicles differs from State to State. The basis is payload in Uttar Pradesh, while it is registered laden weight in most of the States. The following table shows the motor vehicles tax on trucks of registered laden weight 9 tonnes (payload 6.5 tonnes) and on trucks of registered laden weight 13 tonnes (payload 9.5 tonnes).

TABLE 8—Annual motor vehicles tax on trucks

States	Basis of tax	RLW 9 tonnes, Payload 6½ tonnes, ULW 2½ tonnes	RLW 13 tonnes, Payload 9½ tonnes, ULW 3½ tonnes		
		1	2	3	4
			Rs.	Rs.	
1. Uttar Pradesh	.. Payload		1,819	2,586	
2. Andhra Pradesh	.. RLW		2,048	3,008	
3. Bihar	.. RLW		1,295	2,575	
4. Gujarat	.. RLW		1,650	2,850	
5. Kerala	.. RLW		2,100	3,360	
6. Karnataka	.. RLW		2,600	3,600	
7. Tamilnadu	.. RLW		3,080	4,320	

Source—State Governments.

The rates of motor vehicles tax on trucks were increased in Uttar Pradesh with effect from October 1, 1974 from Rs.1,410 to Rs.1,819 and from Rs.2,000 to Rs.2,586 for the vehicles with 6.5 tonnes payload and 9.5 tonnes payload respective-

ly. The present burden of the road tax should, however, be considered along with that of goods tax, as the trucks are subject to goods tax also in this State.

24. *Goods tax*—The goods vehicles in the State are subject to a goods tax under the U. P. Motor Gari (Mal Kar) Adhiniyam, 1964. 'Goods' as defined in the Adhiniyam do not include foodgrains, cattle-fodder, milk and milk powder, manure and fertilizers, agricultural produce where it is carried in a vehicle belonging to the owner, insecticides, ploughs etc. For a tax on freight of goods there is even less to be said than that on passengers for it hinders the mobility of goods, which lay a sound basis for the integration of the economy. Initially the rate of goods tax was 5 per cent of the chargeable freight. It was increased to 8 per cent from January 1, 1966 and to 10 per cent from April 1, 1974. In the case of agricultural produce, minerals, mineral ores and petroleum goods, the goods tax continues to be levied at 5 per cent of the chargeable freight. The rate of goods tax on public carriers in some of the States is shown in the following table:

TABLE 9—Rate of goods tax on public carriers

States	Rate at which assessed	Rate of compounded levy
1	2	3
1. Uttar Pradesh.	10 per cent of freight.	Rs.3.00 per month per quintal of authorised load.
2. Bihar ..	20 per cent of freight.	Rs.120 to Rs.400 per month on the basis of payload.
3. Gujarat	3 per cent of freight.	Rs.30 to Rs.120 per month on the basis of payload.

TABLE 10—Annual tax burden on trucks (9 tonnes and 13 tonnes registered laden weight)

(In Rupees)

Serial no.	States	Tax burden on truck 9 tonnes RLW			Tax burden on truck 13 tonnes RLW		
		Motor vehicles tax	Goods tax on composition basis	Total	Motor vehicles tax	Goods tax on composition basis	Total
1	2	3	4	5	6	7	8
1	Uttar Pradesh ..	1,819	2,340	4,159	2,586	3,420	6,006
2	Andhra Pradesh ..	2,948	Nil	2,948	3,608	Nil	3,608
3	Bihar ..	1,295	2,880	4,175	2,575	3,840	4,415
4	Gujarat ..	1,650	1,080	2,730	2,850	1,350	4,200
5	Karnataka ..	2,600	756	3,356	3,600	1,092	4,692
6	Kerala ..	2,100	450	2,550	3,360	450	3,810
7	Tamil Nadu ..	3,080	Nil	3,080	4,320	Nil	4,320

Source—State Governments.

The above table shows that the present rates of tax in Uttar Pradesh are slightly lower than Bihar but much higher than other States. We tried to ascertain the economics of operation of goods vehicles in this State, but could not secure any

1	2	3
4. Karnataka	10 per cent of freight.	Rs.7 per tonne per month of the R. L. W. or Rs.10 per tonne per month of payload.
5. Kerala	5 per cent of freight.	Rs.37.50 per month.

Source—State Governments.

The present rate of goods tax in Uttar Pradesh is only lower than the rate in Bihar.

25. There is a provision to compound the goods tax also. Since a goods tax is much more difficult to administer than passenger tax, both from the viewpoint of the State and truck operators there is cent per cent compounding. The rates of compounded levy in some of the States are shown in table 9. For a medium size truck with a payload of 7.5 tonnes, Rs.2,700 per year i.e. Rs.225 per month is realised under the lump sum agreement in this State. It is estimated that the truck cover about 160 kms. per day and is road-worthy for 20 days in a month. The estimated journey per month thus works at 3,200 kms. At 10 per cent goods tax, the total freight earnings must be Rs.2,250 to yield Rs.225 tax; the freight rate thus comes to 70 paise per km. The actual freights are reported to be higher. As the terms of compounding need to be attractive to the truck operators as there are exemptions and concessions from the 10 per cent tax on freights and as the 10 per cent goods rate is in our opinion high, we do not suggest any change in the rates of compounded levy.

26. We would now consider the combined burden of the motor vehicles tax and the goods tax on a truck in different States. The tax burden is given in the following table:

reliable data regarding their average daily run, the freight rates charged by various agencies and the operation cost etc. Transport Commissioner, U. P. has furnished us with a statement, reproduced in Annexure 13, giving a broad break

up of the cost of operation of a .10 tonne payload truck in this State. We are informed that in the plains, for a medium size truck, the usual freight charged is Rs.1.50 per km. At this freight rate, a truck operator is not likely to earn a reasonable profit after paying the tax. We could not check upon the figures given in Annexure 13, as these were made available to us at a very late stage. We would, therefore, recommend that the matter should be examined in depth by the State Government.

27. *Merger of goods tax with road tax*—Among the States we visited, we found that Andhra Pradesh had merged passenger and goods tax with road tax as early as in 1963. This was done in pursuance of the recommendations of the Road Transport Reorganisation Committee, 1959, which observed that, "Octroi, wheel taxes and other imposts charged by municipalities as well as the tax on passengers and goods carried should be discontinued, octroi being merged in the general tax and other imposts in the vehicle tax".\* In Tamilnadu, this was done with effect from April 1, 1974. We were informed in Karnataka that they had also decided to club these taxes. Once goods and passenger taxes are compounded on a uniform basis, their separation from motor vehicle taxation serves no purpose. We asked ourselves the question whether in this State also the time had come for merging the two. While we have recommended compulsory compounding of passenger tax, in view of the variations in permitted runs and the likely changes therein in this State, we do not recommend a merger of motor vehicle tax and the tax on passenger fares for stage carriages. We are, however, of the view that it would be desirable to adopt the system of merging in this State also, as far as goods vehicles are concerned.

28. *Sales Tax on Motor Spirits*—Sales tax was levied on petrol under the U. P. Sales of Motor Spirits Taxation Act, 1939. It was levied on diesel oil in 1961. The Excise Commissioner, U. P. administers the tax in the State. Sales tax on petrol was initially levied at two annas per gallon i.e. nearly 2.7 paise per litre. The rate was raised to 7 paise per litre with effect from April 1, 1957 and to 9 paise from March 1, 1965. The rate is 25 paise per litre from May 2, 1974. The tax was levied on diesel oil at the rate of 5 paise per litre in 1961, the existing rate being 10 paise per litre. Prior to May 2, 1974, the rates were 10 paise per litre on petrol and 7 paise per litre on diesel oil. The percentage increase of those rates has thus been of the order of 150 per cent and 42 per cent respectively.

29. We may point out that the Government of India had sometime back increased the rates of central excise duty on motor spirit to such an extent that the prices of petrol increased more than twofold. We feel that it would be fair to adopt the principle that sales tax should remain the same in *advalorem* terms, or that sales tax should increase *pari passu* with central tax on a commodity. Judged by either of these criteria, there is some scope for increase in the tax on petrol and diesel oil. However, as the rates have been revised recently, we do not recommend any immediate revision.

\*Road Transport Reorganisation Committee (Masani Committee) Report, 1959, Paras 30—32 and 35—37.

## SUMMARY OF RECOMMENDATIONS

1. Motor vehicle taxation, central and state, can be partly regarded as a fee for supply of road services of construction and maintenance and partly as taxation. To judge the latter, it would be essential to find out the cost of services from road construction and maintenance that different road users receive and the charges that they pay. Such a study has to take into account both Central and State taxes on road transport, and has to be state-wise. We cannot take into account Central taxes nor road service costs, and cannot therefore benefit from this new approach.

(Paras 1 and 2).

2. The major taxes levied on motor transport in this State are motor vehicles tax, passenger and goods tax and sales tax on motor spirit. The revenues from these taxes increased by 650 per cent during the period 1960-61 to 1972-73. The receipts from each of the taxes separately also increased substantially, the increase being the highest in respect of sales tax on motor spirit. Passenger and goods tax were only levied in 1962 and 1964 respectively, but by 1972-73 they occupied the first place among taxes on road transport.

(Paras 3 to 5).

3. The increase in the number of vehicles of all categories accounted for a substantial increase in revenues. The total number of vehicles increased nearly fourfold in this State during 1960-61 to 1973-74. The increase in the number of light vehicles was the largest, but in terms of trucks and buses which bear most of the tax on road transport, the increase was much less—128 per cent and 78 per cent respectively. The number of vehicles per lakh of population was still the lowest in this State.

(Paras 8 to 10).

4. The rates of motor vehicles tax have been raised in this State from October 1, 1974. The tax on scooters is lower than Andhra Pradesh but substantially higher than other States. The tax on cars is less than the southern States. The rates of tax are different for different makes of cars, for which we see no justification. We recommend that the rate of tax on Standard Herald/Fiat cars should be raised from Rs.125 to Rs. 150 per annum and that on Ambassador cars should be brought down from Rs. 165 to Rs. 150 per annum.

(Paras 12 and 13)

5. The rates of tax on taxi cabs have been increased by about 40 per cent in this State since October 1, 1974. We feel that the taxi business has been hard hit and that its higher taxation may set in the law of diminishing return. We, therefore, recommend no increase in the rates of tax on taxi cabs.

(Para 14)

6. In Uttar Pradesh, the rates of motor vehicle tax on stage carriages vary according to seating capacity and class of route. Though rates of tax have been raised substantially from October 1, 1974, they continue to be lower than those in the southern States. The stage carriages in this State are also subject to passenger tax, and for purposes of comparison both these taxes should be taken together.

(Para 15).

7. In Uttar Pradesh, the tax on passenger fares was initially levied at the rate of 5 per cent under the U. P. Motor Gari (Yatri Kar) Adhiniyam, 1962. The present rate of tax is 15 per cent of the fare chargeable from passengers. The rate of passenger tax in this State is still lower than that in Bihar, Gujarat and Karnataka.

(Para 17).

8. We calculated the aggregate burden of the motor vehicle tax and the passenger tax on stage carriages in a few States by making assumptions similar to those adopted in the Keskar Committee Report, 1967. The combined tax burden on stage carriages in Uttar Pradesh is lower than that in Andhra Pradesh, Bihar, Gujarat, Karnataka and Tamilnadu; it is slightly higher than that in Kerala. The average daily distance covered by stage carriages in this State was, however, much less in comparison to other States. In Uttar Pradesh, the minimum daily run of a stage carriage was 70 kms. only. Tamilnadu Government was permitting the vehicles to cover a distance up to 400 kms. in a day. It should be a part of State policy to ensure that buses ply over a larger route and as the utilisation improves, to stipulate further increase in the road tax on stage carriages.

(Paras 18 and 19).

9. In Uttar Pradesh, passenger tax is subject to composition also. The compounded levy takes into account the fare, number of trips and the route length; the composition fee is not less than 75 per cent of the maximum estimated amount of tax. Nearly 60 per cent of the operators had opted for the compounded levy. In respect of State Roadways, the average occupancy was 70 per cent in 1973-74. It would, therefore, be advisable to reduce the presumed occupancy ratio to 70 per cent for attracting more operators to enter into lump sum agreements.

(Para 20).

10. In Bihar, Karnataka and Kerala, the compounded levy was fixed per seat. In Tamilnadu, the passenger and goods taxes had been merged with the motor vehicles tax. A uniform rate cannot, however, be evolved for this State, as the distances allowed to be covered by carriages are said to widely vary. We suggest that the State Government should sift the information in regard to the distances of different routes and determine different rates of compounded levy per seat for buses on different routes according to the permitted coverage. This should also apply to the State Road Transport Corporation. The tax should be compulsorily compounded; the sum to be paid can be revised every year in the light of the changes in the conditions of the route permits.

(Para 21).

11. Public carriers constitute 93 per cent of the total number of goods vehicles in the State. The rates of motor vehicles tax on trucks were increased w.e.f. October 1, 1974. The burden of the road tax should, however, be considered along with that of goods tax on goods vehicles.

(Paras 22 and 23).

12. The goods tax is levied under the U. P. Motor Gari (Mal Kar) Adhiniyam, 1964. Goods as defined in the Adhiniyam do not include food-grains, cattle fodder, milk etc. The present rate

of goods tax is 10 per cent of the chargeable freight; on agricultural produce, minerals etc., it continues to be levied at 5 per cent. The present rate of goods tax in Uttar Pradesh is only lower than the rate in Bihar.

(Para 24).

13. There is a provision to compound the goods tax also. The compounding rate for goods tax is Rs.3 per month per quintal of authorised load on the basis of which the freight rate works out to 70 paise per km. But the actual freights are reported to be higher. As the terms of compounding need to be attractive to the truck operators and as the 10 per cent goods rate is not applicable to all goods, we do not suggest any change in the rates of compounded levy.

(Para 25).

14. The combined burden of the motor vehicles tax and the goods tax on a truck in Uttar Pradesh is slightly lower than in Bihar but much higher than in other States. Transport Commissioner gave a broad break up of the cost of operation of a truck. In the plains for a medium size truck, the usual freight charged is Rs.1.50 per km. At the present freight rate, a truck operator according to these figures is not likely to earn a reasonable profit after paying the tax. We would recommend that the matter should be examined in depth by the State Government.

(Para 26).

15. The passenger and goods tax had been merged with road tax in Andhra Pradesh in 1963. These taxes were merged in Tamilnadu in 1974. Once goods and passenger taxes are compounded on a uniform basis for trucks and stage carriages, their separation from motor vehicle taxation serves no purpose. We have recommended compulsory compounding of passenger tax, but in view of the variations in permitted runs in this State, we do not recommend a merger of motor vehicle tax and the tax on passenger fares for stage carriages. We are, however, of the view that it would be desirable to adopt the system of merging in this State also, as far as goods vehicles are concerned.

(Para 27).

16. The rates of sales tax on petrol and diesel oil have been revised recently. We, therefore, do not recommend any immediate revision. We, however, feel that it would be fair to adopt the principle that sales tax should remain the same in *ad valorem* terms, or that sales tax should increase *pari passu* with Central tax on a commodity.

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- Annexure 8—Growth of Motor Vehicles on road relative to Area in different States, 1960-61 and 1969-70.
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- Annexure 13—Broad Break-up of cost of operation of a 10 ton payload Truck.

ANNEXURE 1

Percentage increase of Motor Vehicles Tax Revenue over different years, 1960-61 to 1972-73

Serial no.	States	Tax Revenues (Rs.Lakhs)				Percentage increase over 1960-61		
		1960-61	1965-66	1971-72	1972-73 (R. E.)	1965-66	1971-72	1972-73
1	2	3	4	5	6	7	8	9
1	Uttar Pradesh	322	442	941	997	37.3	192.2	209.6
2	Andhra Pradesh	253	833	1583	1770	229.2	525.7	599.6
3	Assam	64	121	212	200	89.1	231.2	212.5
4	Bihar	12	20	448	475	66.7	3633.3	3858.3
5	Gujarat	179	384	745	841	114.5	316.2	369.8
6	Jammu and Kashmir	10	51	69	74	410.0	590.0	640.0
7	Kerala	239	415	702	755	73.6	193.7	215.9
8	Karnataka	358	570	1020	1150	59.2	184.9	221.2
9	Madhya Pradesh	188	285	453	487	51.6	141.0	159.0
10	Maharashtra	714	776	1539	1703	8.7	115.5	138.5
11	Orissa	82	171	307	313	108.5	274.4	281.7
12	Punjab and Haryana	93	132	355	512	41.9	281.7	450.5
13	Rajasthan	101	170	378	468	68.3	274.3	363.4
14	Tamil Nadu	533	1026	1842	2155	92.5	245.6	304.3
15	West Bengal	219	560	698	803	155.7	218.7	266.7
	All States	3367	5956	11292	12703	76.9	235.4	277.3

Source—Tax Revenues from States Budgets.

NOTE—Assam includes Nagaland and Meghalaya.

R. E.—Revised Estimates.

## ANNEXURE 2

Percentage increase of Passenger and Goods Tax Revenues over different years, 1960-61 to 1972-73

Serial no.	States	Tax Revenues (Rs. Lakhs)				Percentage increase over 1960-61.			Percentage increase in 1972-73 over 1965-66			
		1960-61	1965-66	1971-72	1972-73 (R. E.)	1965-66	1971-72	1972-73				
1	2	3	4	5	6	7	8	9	10			
1	Uttar Pradesh	..	..	426	988	1099	..	..	..	158.0		
2	Andhra Pradesh	..	128	..	..	..	..	..	..	..		
3	Assam	..	..	41	38	38	50	(-)-7.3	(-)-7.3	22.0	31.6	
4	Bihar	..	..	36	78	144	350	116.7	300.0	872.2	348.7	
5	Gujarat	..	..	..	340	1033	1258	..	..	..	270.0	
6	Jammu and Kashmir	..	..	..	11	26	46	..	..	..	318.2	
7	Kerala	..	..	..	143	22	250	..	..	..	74.8	
8	Karnataka	..	..	..	156	272	338	..	..	..	116.7	
9	Madhya Pradesh	..	..	5	320	580	715	6300.0	11500.0	14200.0	123.4	
10	Maharashtra	..	..	..	553	1682	1959	..	..	..	254.2	
11	Orissa	..	..	..	17	12	97	102	(-)-29.4	470.6	500.0	750.0
12	Punjab and Haryana	..	..	189	511	1443	1669	170.4	663.5	783.1	226.6	
13	Rajasthan	..	..	..	71	195	475	550	174.6	569.0	674.6	182.1
14	Tamil Nadu	..	..	..	72	305	457	474	323.6	534.7	558.3	55.4
15	West Bengal	..	..	..	..	..	..	..	..	..	..	
	All States	..	..	559	3088	7257	8860	452.4	1198.2	1485.0	186.9	

Source—Tax Revenues from States Budgets.

NOTE—Assam includes Nagaland and Meghalaya.

R. E.—Revised Estimates.

## ANNEXURE 3

Percentage increase of Sales Tax on Motor Spirit Revenues over different years, 1960-61 to 1972-73

Serial no.	States	Tax Revenue (Rs. Lakhs)				Percentage increase over 1960-61					
		1960-61	1965-66	1971-72	1972-73 (R. E.)	1965-66	1971-72	1972-73			
2	3	4	5	6	7	8	9				
1	Uttar Pradesh	..	..	46	247	648	665	437.0	1308.7	1345.7	
2	Andhra Pradesh	..	..	93	227	..	..	144.1	..	..	
3	Assam	..	..	100	157	324	N. A.	57.0	224.0	..	
4	Bihar	..	..	98	153	380	425	56.1	287.8	333.7	
5	Gujarat	..	..	82	150	479	525	82.9	484.1	540.2	
6	Jammu and Kashmir	..	..	..	26	23	55	..	..	..	
7	Kerala	..	..	..	82	26	0	..	(-)-68.3	..	
8	Karnataka	..	..	..	110	15	..	..	(-)-86.4	..	
9	Madhya Pradesh	..	..	..	78	142	213	113	82.1	173.1	44.9
10	Maharashtra	..	..	..	279	604	1111	1256	116.5	298.2	350.2
11	Orissa	..	..	..	28	63	138	151	125.0	392.9	439.3
12	Punjab and Haryana	..	..	..	78	131	N. A.	361	67.9	..	362.8
13	Rajasthan	..	..	..	28	N. A.	N. A.	N. A.	..	..	..
14	Tamil Nadu	..	..	..	255	385	969	966	51.0	280.0	278.8
15	West Bengal	..	..	..	273	464	655	850	70.0	139.9	214.7
	All States	..	..	1630	2790	4940	5376	71.2	203.1	229.8	

Source—Tax Revenues from State Budgets.

N. A.—Not available.

NOTE—Assam includes Nagaland and Meghalaya.

R. E.—Revised Estimates.

## ANNEXURE 4

*Total Tax Revenue on Road Transport as percentage of total State Income (at current prices) in different years, 1960-61 to 1971-72*

Serial no.	States	1960-61			1965-66			1968-69		
		State income (Rs. lakhs.)	Total Tax Revenue on Road Transport (Rs. lakhs)	Col. 4 as percentage of col. 3	State income (Rs. lakhs)	Total Tax Revenue on Road Transport (Rs. lakhs)	Col. 7 as percentage of col. 6	State income (Rs. lakhs)	Total Tax Revenue on Road Transport (Rs. lakhs)	Col. 10 as percentage of col. 9
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh ..	179931	368	0.20	296595	1115	0.38	402182	1745	0.43
2	Karnataka ..	66740	468	0.70	101181	741	0.73	136029*	997	0.73
3	Kerala ..	44378	321	0.72	78315	584	0.75	102027*	635	0.62
4	Madhya Pradesh	92390	271	0.29	125870	747	0.59	189370	913	0.48
5	Maharashtra ..	159742	993	0.62	235448	1933	0.82	332308*	2986	0.90
6	Punjab and Haryana.	65610	360	0.55	110406	774	0.70	183148*	863	0.47
7	Rajasthan ..	62647	200	0.32	84147	N.A.	..	101029	N.A.	..
8	Tamil Nadu ..	111088	860	0.77	149178	1716	1.15	191613	2429	1.26
9	West Bengal ..	110693	492	0.44	161029	1024	0.64	201974*	1172	0.58

Serial no.	States	1969-70			1970-71			1971-72		
		State income (Rs. lakhs)	Total Tax Revenue on Road Transport (Rs. lakhs)	Col. 13 as percentage of col. 12	State income (Rs. lakhs)	Total Tax Revenue on Road Transport (Rs. lakhs)	Col. 16 as percentage of col. 15	State income (Rs. lakhs)	Total Tax Revenue on Road Transport (Rs. lakhs)	Col. 19 as percentage of col. 18
1	2	12	13	14	15	16	17	18	19	20
1	Uttar Pradesh ..	443141*	1918	0.43	455403*	2310	0.51	527133*	2577	0.49
2	Karnataka ..	142622*	1058	0.74	156640*	1196	0.76	163212*	1292	0.79
3	Kerala ..	113320*	663	0.59	124437*	743	0.60	124963*	724	0.58
4	Madhya Pradesh	214030*	1052	0.49	227630*	1158	0.51	245930*	1246	0.51
5	Maharashtra ..	365637*	3256	0.89	384570*	3538	0.92	413190*	4332	1.05
6	Punjab and Haryana.	214788*	N.A.	..	231318*	N.A.	..	254190*	N.A.	..
7	Rajasthan ..	121039*	N.A.	..	148813*	N.A.	..	145904*	N.A.	..
8	Tamil Nadu ..	211308	2632	1.25	237330*	2885	1.22	265530*	3268	1.23
9	West Bengal ..	220110*	1221	0.55	235790*	1349	0.57	246308*	1353	0.55

\*Provisional.

N.A.—Not available.

Source—State income from Economics and Statistics Dn., U.P.; Total Tax Revenue on Road Transport from States Budgets.

NOTE—Total Tax Revenue on Road Transport includes Revenue from Motor Vehicles Tax, Sales Tax on Motor Spirit and Passenger and Goods Tax.

## ANNEXURE 5

Motor Vehicles Tax Revenue as percentage of total State Income (at current prices) in different years, 1960-61 to 1971-72

Serial no.	States	1960-61			1965-66			1968-69		
		State Income (Rs. lakhs)	Motor Vehicles Tax Revenue (Rs. lakhs)	Col. 4 as percentage of col. 3	State Income (Rs. lakhs)	Motor Vehicles Tax Revenue (Rs. lakhs)	Col. 7 as percentage of col. 6	State Income (Rs. lakhs)	Motor Vehicles Tax Revenue (Rs. lakhs)	Col. 10 as percentage of col. 9
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh ..	179931	322	0.18	296595	442	0.15	402182	579	0.14
2	Karnataka ..	66740	358	0.54	101181	570	0.56	136029*	770	0.57
3	Kerala ..	44378	239	0.54	78315	415	0.53	102027*	543	0.53
4	Madhya Pradesh	92390	188	0.20	125870	285	0.23	189370	327	0.17
5	Maharashtra ..	159742	714	0.45	235448	776	0.33	332308	1183	0.36
6	Punjab and Haryana.	65610	93	0.14	110406	132	0.12	183148*	204	0.11
7	Rajasthan ..	62647	101	0.16	84147	170	0.20	101029	275	0.27
8	Tamil Nadu ..	111088	533	0.48	149178	1026	0.69	191613	1451	0.76
9	West Bengal ..	110693	219	0.20	161029	560	0.35	201974*	624	0.31

Serial no.	States	1969-70			1970-71			1971-72		
		State Income (Rs. lakhs)	Motor Vehicles Tax Revenue (Rs. lakhs)	Col. 13 as percentage of col. 12	State Income (Rs. lakhs)	Motor Vehicles Tax Revenue (Rs. lakhs)	Col. 16 as percentage of col. 15	State Income (Rs. lakhs)	Motor Vehicles Tax Revenue (Rs. lakhs)	Col. 19 as percentage of col. 18
1	2	12	13	14	15	16	17	18	19	20
1	Uttar Pradesh ..	448141*	689	0.15	455405*	880	0.19	527133*	941	0.18
2	Karnataka ..	142622*	829	0.58	156640*	946	0.60	163212*	1020	0.62
3	Kerala ..	113320*	590	0.52	124437*	682	0.55	124963*	702	0.56
4	Madhya Pradesh	214030*	368	0.17	227630*	419	0.18	245930*	453	0.18
5	Maharashtra ..	365637*	1306	0.36	384570*	1398	0.36	413190*	1539	0.37
6	Punjab and Haryana.	214788*	255	0.12	231318*	305	0.13	254190*	355	0.14
7	Rajasthan ..	121039*	317	0.26	148813*	348	0.23	145904*	378	0.26
8	Tamil Nadu ..	211308	1518	0.72	237330*	1745	0.74	265530*	1842	0.69
9	West Bengal ..	220110*	625	0.28	235790*	658	0.28	246308*	698	0.28

\*Provisional.

Source—State Income from Economics and Statistics Dn.; Motor Vehicles Tax Revenue from States Budgets.

## ANNEXURE 6

Tax Revenue from passenger and Goods Tax as percentage of total State Income (at current prices) in different years, 1960-61 to 1971-72

Serial no.	States	1960-61			1965-66			1968-69		
		State Income (Rs. lakhs)	Tax Revenue from Passenger and Goods Tax (Rs. lakhs)	Col. 4 as percent- age of col. 3	State Income (Rs. lakhs)	Tax Revenue from Passenger and Goods Tax (Rs. lakhs)	Col. 7 as percent- age of col. 6	State Income (Rs. Lakhs)	Tax Revenue from Passenger and Goods tax (Rs. lakhs)	Col. 10 as percent- tage of col. 9
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh	179931	..	..	296595	426	0.14	402182	710	0.18
2	Karnataka ..	66740	..	..	101181	156	0.15	136029*	214	0.16
3	Kerala ..	44378	..	..	78315	143	0.18	102027*	92	0.09
4	Madhya Pradesh	92390	5	0.00	125870	320	0.25	189370	409	0.22
5	Maharashtra ..	159742	..	..	235448	553	0.23	332308	1037	0.31
6	Punjab and Har- yana.	65610	189	0.29	110406	511	0.46	183148*	440	0.24
7	Rajasthan ..	62647	71	0.11	84147	195	0.23	101029	319	0.32
8	Tamil Nadu ..	111088	72	0.06	149178	305	0.20	191613	414	0.22
9	West Bengal ..	110893	..	..	161029	..	...	201974*	..	..

Serial no.	States	1969-70			1970-71			1971-72		
		State Income (Rs. lakhs)	Tax Revenue from Passenger and Goods tax (Rs. lakhs)	Col. 13 as percent- age of col. 12	State Income (Rs. lakhs)	Tax Revenue from Passenger and Goods tax (Rs. Lakhs)	Col. 16 as percent- age of col. 15	State Income (Rs. lakhs)	Tax Revenue from Passenger and Goods Tax (Rs. lakhs)	Col. 19 as percent- age of col. 18
1	2	12	13	14	15	16	17	18	19	20
1	Uttar Pradesh	448141*	778	0.17	455403*	876	0.19	527133*	988	0.19
2	Karnataka ..	142622*	227	0.16	156640*	235	0.15	163212*	272	0.17
3	Kerala ..	113320*	73	0.06	124437*	61	0.05	124963*	22	0.02
4	Madhya Pradesh	214030*	458	0.21	227630*	523	0.23	245930*	580	0.24
5	Maharashtra ..	365637*	1145	0.31	384570*	1217	0.32	413190*	1682	0.41
6	Punjab and Har- yana.	214788*	583	0.27	231318*	1282	0.55	254190*	1443	0.57
7	Rajasthan ..	121039*	352	0.29	148813*	436	0.29	145904*	475	0.33
8	Tamil Nadu ..	211308	429	0.20	237330*	439	0.18	265530*	457	0.17
9	West Bengal ..	220110*	..	..	235790*	..	..	246308*	..	..

\*Provisional.

Source : State Income from Economics and Statistics Dn. ; Tax Revenue from Passenger and Goods Tax from State Budgets.

## ANNEXURE 7

Tax Revenue from Sales Tax on Motor Spirit as percentage of State Income (at current prices) in different years, 1960-61 to 1971-72

Serial no.	States	1960-61			1965-66			1968-69		
		State Income (Rs. lakhs)	Tax Revenue from Sales Tax on Motor Spirit (Rs. lakhs)	Col. 4 as percentage of col. 3	State Income (Rs. lakhs)	Tax Revenue from Sales Tax on Motor Spirit (Rs. lakhs)	Col. 7 as percentage of col. 6	State Income (Rs. lakhs)	Tax Revenue from Sales Tax on Motor Spirit (Rs. lakhs)	Col. 10 as percentage of col. 9
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh ..	179031	46	0.03	296595	247	0.08	402182	456	0.11
2	Karnataka ..	66740	110	0.16	101181	15	0.01	136029*	13	0.01
3	Kerala ..	44378	82	0.18	78315	26	0.33	102027*	0	0.00
4	Madhya Pradesh	92390	78	0.08	125870	142	0.11	189370	177	0.09
5	Maharashtra ..	159742	279	0.17	235448	604	0.26	332308	766	0.23
6	Punjab and Har- yana.	65610	78	0.12	110406	131	0.12	183148*	219	0.12
7	Rajasthan ..	62647	28	0.04	84147	N.A.	..	101029	N.A.	..
8	Tamil Nadu ..	111088	255	0.23	149178	385	0.26	191613	554	0.29
9	West Bengal ..	110693	273	0.25	161029	464	0.29	201974*	548	0.27

Serial no.	States	1969-70			1970-71			1971-72		
		State Income (Rs. lakhs)	Tax Revenue from Sales Tax on Motor Spirit (Rs. lakhs)	Col. 13 as percentage of col. 12	State Income (Rs. lakhs)	Tax Revenue from Sales Tax on Motor Spirit (Rs. lakhs)	Col. 16 as percentage of col. 15	State Income (Rs. lakhs)	Tax Revenue from Sales Tax on Motor Spirit (Rs. lakhs)	Col. 19 as percentage of col. 18
1	2	12	13	14	15	16	17	18	19	20
1	Uttar Pradesh	448141*	451	0.10	455403*	554	0.12	527133*	648	0.12
2	Karnataka ..	142622*	2	0.00	156640*	15	0.01	163212*	..	..
3	Kerala ..	113320*	0	0.00	124437*	0	0.00	124963*	0	0.00
4	Madhya Pradesh	214030*	226	0.11	227630*	216	0.09	245930*	213	0.09
5	Maharashtra ...	365637*	805	0.22	384570*	923	0.24	413190*	1111	0.27
6	Punjab and Har- yana.	214788*	N.A.	..	231318*	N.A.	..	254190*	N.A.	..
7	Rajasthan ..	121039*	N.A.	..	148813*	N.A.	..	145904*	N.A.	..
8	Tamil Nadu ..	211308	685	0.32	237330*	701	0.30	265530*	969	0.36
9	West Bengal ..	220110*	596	0.27	235790*	691	0.29	246308*	655	0.27

\*Provisional, N.A. = Not available.  
Source—State income from Economic and Statistics Dn.  
Tax Revenue from Sales Tax on Motor Spirit from States Budgets.

## ANNEXURE 8

Growth of Motor Vehicles on road relative to area in different States (Per 100 sq. kms. of area), 1960-61 and 1969-70

States	1960-61	1969-70	Percentage increase
1	2	3	4
Audhra Pradesh ..	12.9	38.2	196.1
Assam ..	23.3	35.8	53.6
Bihar ..	15.1	41.3	173.5
Gujarat ..	23.7	67.7	185.7
Haryana ..	..	43.9	..
Himachal Pradesh ..	3.1	7.1	129.0
Jammu and Kashmir ..	2.1	0.5	(-)/76.2
Kerala ..	54.3	200.9	267.9
Madhya Pradesh ..	7.8	17.8	128.2

	1	2	3	4
Maharashtra ..	..	34.4	90.4	162.8
Manipur ..	..	5.1	11.5	125.5
Karnataka ..	..	20.5	57.3	179.5
Nagaland ..	..	..	11.7	..
Orissa ..	..	7.5	20.5	173.3
Punjab ..	..	18.7*	71.5	282.4
Rajasthan ..	..	8.2	30.9	154.9
Tamil Nadu ..	..	42.6	90.9	113.4
Tripura ..	..	12.8	34.6	170.3
Uttar Pradesh ..	..	16.9	36.6	116.6
West Bengal ..	..	131.2	138.8	5.8
All India @ ..	..	20.3	51.0	151.2

@ Including Union Territories.

\*Figures for Haryana and Chandigarh included in Punjab State.

Source—Basic Road Statistics—1970-71.

## ANNEXURE 9

Growth of different types of Vehicles on road relative to Area (per 100 sq. km.) in different States, 1968-69 and 1971-72

Serial no.	States	Motor Cycles and Auto-Rickshaws			Jeeps and Private Motor Cars			Taxis		
		1968-69	1971-72	Percentage rise in 1971-72 over 1968-69	1968-69	1971-72	Percentage rise in 1971-72 over 1968-69	1968-69	1971-72	Percentage rise in 1971-72 over 1968-69
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh	13.1	21.9*	67.2	11.0	11.3	2.7	0.6	2.1*	250.0
2	Karnataka ..	16.2	31.5	94.4	15.6	19.4	24.4	0.7	1.0	42.9
3	Kerala ..	31.8	46.7	46.9	79.5	107.1	34.7	19.0	24.0	31.1
4	Madhya Pradesh	4.9	7.0*	42.9	4.4	4.9*	11.4	0.2	0.2*	..
5	Maharashtra ..	19.0	34.1	79.5	31.6	41.6	31.6	4.3	5.8	34.9
6	Punjab and Haryana	20.5*	26.6*	29.8	11.9*	15.0*	26.1	0.9*	0.9*	..
7	Rajasthan ..	4.4	4.7	6.8	5.9	9.5*	61.0	0.4	0.5*	25.0
8	Tamil Nadu ..	20.4	33.8	65.7	32.8	41.3*	25.9	5.7	7.3	28.1
9	West Bengal ..	30.1	41.9*	39.2	92.2	97.2*	5.4	6.1	7.5*	23.0

Serial no.	States	Other Public Service Vehicles			Goods Vehicles			Total Vehicles		
		1968-69	1971-72	Percentage rise in 1971-72 over 1968-69	1968-69	1971-72	Percentage rise in 1971-72 over 1968-69	1968-69	1971-72	Percentage rise in 1971-72 over 1968-69
1	2	12	13	14	15	16	17	18	19	20
1	Uttar Pradesh ..	2.8	3.5	25.0	5.5	7.6	38.2	34.0	56.4	65.9
2	Karnataka ..	3.7	3.8	2.7	9.2	10.6	15.2	48.9	72.4	48.1
3	Kerala ..	14.3	17.6	23.1	29.8	34.9	17.1	179.5	240.9	34.2
4	Madhya Pradesh	1.2	1.2*	..	4.0	4.3*	7.5	16.3	19.5*	19.6
5	Maharashtra ..	3.0	3.3	10.0	16.8	20.1	19.6	79.2	111.2	40.4
6	Punjab and Haryana	3.9*	4.0*	2.6	13.8*	15.7	13.8	56.3*	70.9*	25.9
7	Rajasthan ..	2.1	2.3*	9.5	5.1	6.2*	21.6	20.9	27.5*	31.6
8	Tamil Nadu ..	5.7	7.9	38.6	13.0	15.8	21.5	80.1	109.5	36.7
9	West Bengal	9.6	10.3*	7.3	38.3	41.6*	8.6	194.5	217.0*	11.6

Source—Type-wise vehicles from Half-yearly Motor Vehicles Administration Statistics, 1972-73 issued by Transport Research Dn., Ministry of Shipping and Transport, G/I.

Area—Statistical Diary—1973.

\*Estimated.

## ANNEXURE 10

Growth of different types of Vehicles on road relative to population (per Lakh of Population) in different States, 1968-69 to 1971-72

Serial no.	States	Motor Cycle and Auto-Rickshaws			Jeeps & Private Motor Cars			Taxis		
		1968-69	1971-72	percentage rise in 1971-72 over 1968-69	1968-69	1971-72	percentage rise in 1971-72 over 1968-69	1968-69	1971-72	percentage rise in 1971-72 over 1968-69
1	2	3	4	5	6	7	8	9	10	11
1	Uttar Pradesh	45.8	72.2*	57.6	38.3	37.4	(-)-2.3	2.1	6.9	228.6
2	Karnataka ..	112.2	204.3	82.1	108.0	125.6	16.3	4.9	6.8	38.8
3	Kerala ..	61.4	84.2	37.1	153.6	192.9	25.6	36.7	44.9	22.3
4	Madhya Pradesh	55.0	73.3*	33.3	50.1	51.5*	2.8	2.2	2.0*	(-)-9.1
5	Maharashtra ..	123.0	205.3	66.9	204.4	250.7	22.7	27.7	34.9	26.0
6	Punjab & Haryana	85.2*	105.9*	24.3	49.4*	59.8*	21.1	3.7*	3.6*	(-)-2.7
7	Rajasthan ..	61.5	61.9	0.7	82.9	124.8*	50.5	5.2	6.3*	21.2
8	Tamil Nadu ..	67.8	105.5	55.6	108.7	128.9	18.6	19.1	22.7	18.8
9	West Bengal ..	63.2	82.0*	29.7	193.5	190.2*	(-)-1.7	12.8	14.7*	14.8

Serial no.	States	Other Public Service Vehicles			Goods Vehicles			Total Vehicles		
		1968-69	1971-72	percentage rise in 1971-72 over 1968-69	1968-69	1971-72	percentage rise in 1971-72 over 1968-69	1968-69	1971-72	percentage rise in 1971-72 over 1968-69
1	2	12	13	14	15	16	17	18	19	20
1	Uttar Pradesh ..	9.6	11.7	21.9	19.2	25.2	31.2	18.6	186.4	57.2
2	Karnataka ..	25.3	24.8	(-)-2.0	63.7	68.4	7.4	337.6	469.1	139.0
3	Kerala ..	27.7	31.7	14.4	57.4	62.9	9.6	346.6	433.9	25.2
4	Madhya Pradesh	13.6	12.4*	(-)-8.8	45.2	44.8*	(-)-0.9	184.8	204.9*	10.9
5	Maharashtra ..	19.3	20.1	4.1	108.6	121.0	11.4	512.9	669.5	30.5
6	Punjab & Haryana	16.2*	15.9*	(-)-1.7	57.2*	62.4*	9.1	233.9*	232.0*	20.6
7	Rajasthan ..	29.6	30.3*	2.4	71.4	81.5*	14.1	295.0	361.2*	22.4
8	Tamil Nadu ..	19.0	24.6	29.5	43.1	49.2	14.2	265.6	342.3	28.9
9	West Bengal ..	20.1	20.2*	0.5	80.3	81.3*	1.2	408.4	424.4*	3.9

Source—Type-wise Vehicles from Half yearly Motor Vehicles Administration Statistics, 1972-73 issued by Transport Research Dn. Ministry of Shipping and Transport, G/I.

Population—Mid-year Estimates of Population have been used.

\*Estimated.

## ANNEXURE 11

## Annual rates of Tax on private light vehicles

(In Rupees)

Types of vehicles	Description and Rates			
	Uttar Pradesh	Tamil Nadu	Andhra Pradesh	Kerala
1	2	3	4	5
1. Motor Cycles and Scooters	Upto 91KG—Rs.35 ..	Below 3.5HP—Rs.40 ..	Below 3.5HP—Rs.60 ..	Upto 100KG—Rs.24.
	Above 91KG—Rs.55	Above 3.5HP—Rs.60	Above 3.5HP—Rs.80	100—200KG—Rs.36, exceeding 200KG—Rs.48
2. Other Motor Vehicles.	Upto 1016KG—Rs.125	Up to 700KG—Rs.160	Below 762KG—Rs.126	Upto 750KG—Rs.120
	1017—1270KG—Rs.165	701—1500KG—Rs.200	762—1524KG—Rs.200	750—1500KG—Rs.160
	1271—1778KG—Rs.207	1501—2000KG—Rs.240	1524—2286KG—Rs.234	1500—2275KG—Rs.200
	Over 1778KG—Rs.250	2001—3000KG—Rs.280	2286—3048KG—Rs.288	2275—3050KG—Rs.240
		Over 3000KG—Rs.360	Over 3048KG—Rs.360	Over 3050KG—Rs.300.

Types of vehicles	Description and Rates			
	Bihar	Gujarat	Karnataka	
1	6	7	8	
1. Motor Cycles and Scooters.	Below 90KG—Rs.27.50 ..	..	Upto 50KG—Rs.20 ..	Below 3.5HP—Rs.48
	Over 90KG—Rs.33 ..	..	51—100KG—Rs.40 ..	Above 3.5HP—Rs.64
2. Other Motor Vehicles.	Seating not more than 1 person—Rs.44	..	Upto 750KG—Rs.100	Up to 1500—KG—Rs.200
	Seating not more than 3 persons—Rs.77	..	751—1500KG—Rs.150	above 1500KG—Rs.400
	Seating not more than 5 persons—Rs.110	..	1501—2250KG—Rs.200	..
	Seating not more than 7 persons—Rs.143	..	2251—3000KG—Rs.300	..
	Seating more than 7 persons, for every additional person Rs.33 per seat	..	3001—3750KG—Rs.400 Over 3750KG—Rs.500.	..

NOTE—(Where there are side cars/trailers attached to the motor cycles, higher rates are provided in the different States. These are not shown in the above table).

Source—State Governments.

## ANNEXURE 12

## Annual motor vehicles tax (Road Tax on stage carriages)

States	Basis of Tax	Tax on 40 Seater	Tax on 52 Seater	Tax on 60 Seater	Remarks
1	2	3	4	5	6
1. Uttar Pradesh	Seating Capacity	2790	4050	4890	(Figures in Rs.)
2. Andhra Pradesh	Ditto ..	8000	10400	1200	Vehicles with coverage of less than 80 kms. a day.
		12000	15600	18000	Vehicles with coverage of 80—100 kms. a day.
		14400	18720	21600	Vehicles with coverage of 100—120 kms. a day.
		15200	19760	22800	Vehicles with coverage of 120—160 kms. a day.
		18400	23920	27600	Vehicles with coverage of 160—240 kms. a day.
		20000	26000	30000	Vehicles with coverage of 240—320 kms. a day.
		21600	28080	32400	Vehicles with coverage exceeding 320 kms. a day.
3. Bihar	.. Ditto ..	2190	2550	2790	
4. Gujarat	.. Ditto ..	2075	2675	3075	
5. Karnataka	.. Ditto ..	5600	7280	8400	
6. Kerala	.. Ditto ..	5600	7280	8400	Vehicles with coverage up to 200 kms. a day.
		6400	8320	9600	Vehicles with coverage of more than 200 kms. a day.
7. Tamil Nadu	.. Ditto ..	22400	29120	33600	

Source—State Governments.

## ANNEXURE 13

*Broad Break-up of Cost of Operation of 10 ton Pay Load Truck—*

Average Cost of truck	..	..	..	..	Rs. 70,000	
Average life of a truck	..	..	..	..	10 years.	
Average monthly operation	..	..	..	..	4,000 (160 km. per day for 25 days is a month.)	
<i>Cost of Operation per month—</i>						
1. Interest on Capital at the rate of 2 per cent per month	..	..	..	..	1,400.00	
2. Tyres, Tubes and Spares at the rate of 40 paise per km.	..	..	..	..	1,600.00	
3. Taxes	..	..	..	..	325.00	
4. Salaries of Staff	..	..	..	..	450.00	
5. Insurance	..	..	..	..	150.00	
6. Depreciation at 10 per cent	..	..	..	..	580.00	
7. P. O. L.	..	..	..	..	1,500.00	(1300 litres diesel plus Rs.100 oil).
8. Miscellaneous	..	..	..	..	200.00	
				<b>Total</b>	<b>6,205.00</b>	

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Source—Office of the Transport Commissioner, U. P.

**CHAPTER VIII**  
**REGISTRATION FEES AND STAMP DUTY**

The receipt from registration stamp and court fees in Uttar Pradesh which amounted to Rs.491 lakhs in 1960-61, increased to Rs.1,459 lakhs in 1970-71. Thus there was a threefold increase in the revenues from this source in the last decade. There has been a further substantial rise in the revenue receipts in the last three years. The preliminary actuals for 1973-74 indicate a total revenue of Rs.2,051 lakhs. There has been a fair degree of buoyancy in the revenues from stamp duty and registration fees as is evident from table 1. But the relative importance of this source of revenue in the total tax revenue of the State has not improved during the last twelve years. The receipt from registration fees and stamp duty accounted for 8.6 per cent of the total tax revenue of the State in 1960-61. It brought a slightly higher share of 11.6 per cent in 1971-72 but its significance declined to 8.3 per cent in 1972-73.

TABLE 1—Receipt from Registration Fees and Stamp Duty as percentage of Total Tax Revenue in the State

Year	Total Tax Revenue (Rs.in lakhs)	Receipt from Registration fees and Stamp Duty (Rs. in lakhs)	Percentage of Col. 3 to Col 2
1	2	3	4
1960-61	5,741	491	8.6
1965-66	9,520	801	8.6
1968-69	13,346	1,093	8.2
1969-70	14,126	1,318	9.3
1970-71	15,275	1,459	9.6
1971-72	15,565	1,798	11.6
1972-73	17,789	1,480	8.3
1973-74@	22,262	2,051	9.2

@Preliminary Actuals.

2. The break up of revenue receipts from registration fees and stamp duty for certain years is given below:

TABLE 2—Revenue receipt from Registration Fees and Stamp Duty, 1960-61 to 1973-74 (Rs. in lakhs)

Year	Revenue from			Total Revenue
	Registration Fees.	Stamp Duty		
		Non-Judicial	Judicial	
1	2	3	4	5
1960-61	77	194	220	491
	(15.7)	(39.5)	(44.8)	(100.0)
1965-66	118	397	286	801
	(14.7)	(49.6)	(35.7)	(100.0)
1968-69	162	582	349	1093
	(14.8)	(53.3)	(31.9)	(100.0)
1969-70	233	719	366	1318
	(17.7)	(54.5)	(27.8)	(100.0)
1970-71	231	846	382	1459
	(15.8)	(58.0)	(26.2)	(100.0)
1971-72	275	1,103	420	1798
	(15.3)	(61.3)	(23.4)	(100.0)
1972-73	196	859	425	1480
	(13.3)	(58.0)	(28.7)	(100.0)
1973-74@	312	1305	434	2051
	(15.2)	(63.6)	(21.2)	(100.0)

@Preliminary Actuals.

Figures in brackets relate to percentage share in total revenue shown in Column 5.

The above table indicates that non-judicial stamp duty contributed the highest share between 40 to 64 per cent during 1960-61 to 1973-74. Next in importance was the revenue from judicial stamp duty which contributed between 21 to 45 per cent. The share of registration fees in the total revenue varied little, remaining between 13—18 per cent. The proportionate share from judicial stamp duty fell from 44.8 per cent in 1960-61 to 21.2 per cent in 1973-74. On the other hand the proportionate share of revenue from non-judicial stamp increased to 63.6 per cent in 1973-74 from 39.5 per cent in 1960-61.

3. *Registration fees.*—The framers of the Registration Act were of the view that income from registration fees should not be taken as a source of revenue to the Government. The Taxation Enquiry Committee (1953-54) also opined that "registration fees are more or less, in the nature of specific charges intended for covering the expenditure on specific services rendered to the State and this principle should be broadly kept in mind in fixing the rates." The Supreme Court has expressed the view that it is absolutely necessary that the levy of fees should, on the face, of legislative provision be correlated to the expenses incurred by Government in rendering the services. In the light of these observations and legal pronouncements, it is evident that registration fees, which bring in more revenue than the expenses on it, cannot be considered as a source to further augment the resources of the State

4. The rates of registration fees vary from State to State and are mostly on *ad valorem* basis, though there are also fixed rates on certain types of documents e.g., power of attorney, adoption deeds, wills, issue of copies, inspection of records etc. The rates of registration fees in Uttar Pradesh were revised on August 1, 1957 and came into effect from that date. The comparative rates of certain items of registration fees of some States are given in Annexure 1. It can be seen from the comparative statement that the rates of Uttar Pradesh are similar to those of Haryana, Himachal Pradesh and Punjab but higher than those of other States. The prevailing Schedule of rates of Registration fees in Uttar Pradesh is given in Annexure 2.

5. There has been considerable increase in the revenues from registration fees after 1960-61. Annexure 3 gives the revenue from registration fees from 1960-61 to 1973-74 in various States and also percentage increases. By 1968-69 Uttar Pradesh had more than doubled its revenue over 1960-61. The increase in revenue from registration fees in Uttar Pradesh was 110.4 per cent in 1968-69 over 1960-61; all other States except Andhra Pradesh had a much higher rate of increase in revenue from this source. At the end of Fourth Plan in 1973-74, Uttar Pradesh had 56.2 per cent increase in revenue from registration fees over 1968-69 but Gujarat had 114.3 per cent increase, Bihar 96.7 per cent, Karnataka 86.7 per cent, Madhya Pradesh 62.3 per cent, and Rajasthan 60.0 per cent. The rate of increase in other States was lower than in Uttar Pradesh.

6. The following table gives the details of the number and value of different types of transactions during certain years from 1960-61 to 1973-74.

TABLE 3.—No. and Value of Registered transactions, 1960-61 to 1973-74

(Value in lakhs Rupees)

Year	Total Transactions		Sale Deeds		Mortgage Deeds		Lease Deeds		Other Documents	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
1	2	3	4	5	6	7	8	9	10	11
1960-61 ..	486217 (100.0)	7480 (100.0)	430154 (88.5)	4326 (57.8)	9644 (2.0)	510 (6.8)	11837 (2.4)	57 (0.8)	34582 (7.1)	2587 (34.6)
1965-66 ..	515031 (100.0)	7563 (100.0)	442551 (85.9)	4709 (62.3)	13189 (2.6)	902 (11.9)	12123 (2.3)	270 (3.6)	47168 (9.2)	1682 (22.2)
1968-69 ..	622237 (100.0)	11787 (100.0)	483765 (77.7)	4571 (38.8)	23265 (3.7)	1295 (11.0)	17178 (2.8)	1020 (8.6)	98029 (15.8)	4901 (41.6)
1969-70 ..	664655 (100.0)	13292 (100.0)	529752 (79.7)	10318 (77.6)	24944 (3.8)	1523 (11.5)	15407 (2.3)	257 (1.9)	94552 (14.2)	1194 (9.0)
1970-71 ..	619055 (100.0)	19990 (100.0)	491226 (79.4)	10819 (54.1)	26026 (4.2)	633 (3.2)	17648 (2.8)	5 (0.0)	84155 (13.6)	8533 (42.7)
1971-72 ..	655967 (100.0)	22089 (100.0)	512227 (78.1)	16771 (75.9)	23821 (3.6)	2845 (12.9)	17863 (2.7)	417 (1.9)	102056 (15.6)	2336 (9.3)
1972-73 ..	474761 (100.0)	17941 (100.0)	332788 (70.1)	11792 (65.7)	27967 (5.9)	3217 (18.0)	14288 (3.0)	596 (3.3)	99718 (21.0)	2336 (13.0)
1973-74 ..	650414 (100.0)	125953 (100.0)	520368 (80.0)	38005 (30.2)	24232 (3.7)	5867 (4.7)	19763 (3.1)	670 (0.5)	86051 (13.2)	8141 (64.6)

N. B : (1) Figures in brackets relate to percentage share in total revenue.

(2) The information for 1972-73 relates to actuals and for 1973-74 to preliminary actuals.

The largest number of transactions was related to sale deeds of property which accounted for between 70.1 per cent in 1972-73 to 88.5 per cent in 1960-61. Total transactions worth Rs.75 crores were carried on in 1960-61. Their value increased to Rs.1,260 crores in 1973-74. Total transactions relating to sale, mortgage, leases and other kinds of transfers of property increased from year to year during the period 1960-61 to 1969-70 but there was some fall in the number of transactions during the year 1970-71 and considerable fall during the year 1972-73. The fall in transactions was specially marked in regard to sale of property during the year 1972-73. This decline was due to restrictions being placed on all transfers by the Uttar Pradesh Ceiling on Property (Temporary restrictions on Transfers)

Ordinance 1972 from July 11, 1972. Restrictions were relaxed on transfers of rural land from January 1, 1973 with the result that the work increased during the year 1973-74 again.

7. In table 4 the percentage increases in different transactions made during terminal Plan years are shown. In the Third Plan and the Annual Plans, there was not much increase in the value of total transactions which showed a nearly tenfold increase during the Fourth Plan, but the number of total transactions increased only by 4.5 per cent. There was substantial increase both in the value of sale and mortgage deeds, but only a small increase in their number. Thus the value per transaction increased significantly. The value of transactions in lease deeds fell though their number increased.

TABLE 4—Increase in Transaction of Property during 1960-61 to 1973-74.

Percentage increase in.	Total Transactions		Sale Deeds		Mortgage Deeds		Lease Deeds		Other Documents	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
1	2	3	4	5	6	7	8	9	10	11
1965-66 over 1960-61 ..	5.9	1.1	2.9	8.9	36.8	76.9	2.4	373.7	36.4	(—)35.0
1968-69 over 1965-66 ..	20.8	55.9	9.3	(—)2.9	76.4	43.6	41.7	277.8	7.8	191.4
1973-74 over 1968-69 ..	4.5	968.6	7.6	731.4	4.2	353.0	15.0	(—)34.3	(—)12.2	1561.1

8. The per capita incidence in Uttar Pradesh was 10 paise in 1960-61, 15 paise in 1965-66 and 31 paise in 1971-72. Obviously the per capita incidence of registration fees in Uttar Pradesh is quite low as compared to other States (Annexure 4). By 1971-72, the per capita incidence of registration fees was the highest in Punjab and Haryana (Rs.1.00) followed by Tamil Nadu (81 paise), Andhra Pradesh (72 paise), Kerala (62 paise), Bihar (55 paise), West Bengal (33 paise), and Karnataka (32 paise).

9. The cost of collection of registration fees in Uttar Pradesh and some other States during 1971-72 per Rs.100 of Revenue receipt from this source are given in the following table.

TABLE 5—Cost of Collection of Registration Fees in different States—1971-72

States	Cost of Collection per Rs.100(Rs.0.00)
1	2
1. Uttar Pradesh .. ..	13.81
2. Andhra Pradesh .. ..	19.43
3. Assam .. ..	45.00
4. Gujarat .. ..	21.74
5. Jammu & Kashmir .. ..	36.36
6. Madhya Pradesh .. ..	18.29
7. Maharashtra .. ..	41.82
8. Orissa .. ..	32.14
9. Rajasthan .. ..	12.50
10. Tamil Nadu .. ..	36.20

The cost of collection of registration fees in Uttar Pradesh is the lowest except Rajasthan where it is Rs.12.50. It must be noted in this connection that the work of the Registration Department in this State at the district level is entirely carried out by the officers of other departments who are not paid anything from the budget of the Department for their services. Besides, quite a few number of office buildings are not departmentally owned and as such no expenditure is incurred on the maintenance by the Department. We have no data to show that the cost of services rendered is more than the receipts from registration. No decision can, therefore, be arrived at from collection costs regarding the reasonableness or otherwise of registration fees.

10. Annexure 5 gives the registration fees collections as percentage of State Income (at current prices) in different States during the decade ending 1970-71. Registration fees as percentage of State income has increased by 0.01 per cent in most of the States except in Tamil Nadu where the percentage increase was 0.04. In Uttar Pradesh, registration fees as percentage of State income was 0.04 in 1960-61, 0.04 in 1965-66, and 0.05 in 1969-70 and 1970-71.

11. *Stamp duty*.—Stamp duty in India is divided into judicial and non-judicial categories. The levy of non-judicial stamp duty is regulated by the Indian Stamp Act, 1899 amended from

time to time by the Government of India and the State Government. The stamp duty on bills of exchange, bill of lading, debentures, letters of credit, policies of insurance, promissory notes, proxies, receipts and transfer of shares is within the legislative competence of the Centre but the proceeds are collected and appropriated by the States. The rates of stamp duty in respect of all other instruments are within the legislative competence of State Government.

12. As regards the prevalent mode of levying stamp duty, all instruments can be divided into three classes:

(i) *Ad valorem* rates.

(ii) *Ad valorem* rates with a fixed maximum.

(iii) Fixed duty.

So far as Uttar Pradesh is concerned the rate of stamp duty prescribed by the Uttar Pradesh Stamp (Second Amendment) Act, 1958 remained operative till December 3, 1962. The rates were revised upward by the Uttar Pradesh Stamp (Amendment) Act, 1963 with effect from January 1, 1963. Later the Uttar Pradesh Taxation Laws (Amendment) Act, 1963, withdrew the exemption provided in clause (a) of the exemptions under Article 5 of the Schedule I-B of the Stamp Act so that the agreements for or relating to the sale of goods or merchandise formerly exempted became chargeable with stamp duty. Those rates remained unchanged till May 24, 1973. The rates were revised when on May 25, 1974, Indian Stamp Act, 1899 (Act II of 1899) was amended through an ordinance which later on was changed into an enactment viz., Indian Stamp (Uttar Pradesh Amendment) Act, 1974. In Annexure 6 the prevailing schedule of rates of stamp duty in Uttar Pradesh (non-judicial) is given. In Annexure 7 prevailing rates of court fees is given. Annexure 8 shows the comparative rates of stamp duty in respect of Uttar Pradesh and some other States compiled from the Memoranda submitted by various States to the Sixth Finance Commission. It would be seen that the rates of Uttar Pradesh are fairly high as compared to other States but for Tamil Nadu and Maharashtra where rates of certain items are higher. The State of Maharashtra has recently raised its rates in respect of sales, gifts and exchanges under Articles 23. It is fixed at Rs.100 per thousand for Bombay city, at Rs.60 for suburban areas and at Rs.50 per thousand for other areas. The rate under Article 23 in Tamil Nadu and Andhra Pradesh is Rs.45 per thousand while in Punjab it is Rs.60 per thousand. The rate under Article 23 in Uttar Pradesh has now been raised from Rs.45 per thousand to Rs.75 per thousand with effect from May 25, 1974.

13. Annexure 9 gives a comparative picture of the revenue obtained from stamp and court fees in different States for certain years between 1960-61 and 1973-74 and also the relative percentage increase in revenue during that period. The revenue in Uttar Pradesh increased by 85.6 per cent in the Third Plan, 36.3 per cent in the Annual Plans and 39.6 per cent in the Fourth Plan. Uttar Pradesh had the credit of achieving the highest percentage increase in revenue (63.6 per cent) in 1971-72 over that of 1968-69. It may, however, be observed that according to

budget estimates of 1973-74 Punjab and Haryana got the largest revenue (Rs.1,661 lakhs) from stamps and court fees. Maharashtra with an estimated income of Rs.1,658 lakhs came next followed by Tamil Nadu (Rs. 1,535 lakhs) and then Uttar Pradesh, (Rs.1,300 lakhs). It is interesting to note that Uttar Pradesh with an income of Rs.1,523 lakhs in 1971-72 from this source occupied first place, but it has now relegated to fourth place while some smaller States earn more revenue from this source.

14. From Annexure 10 it is evident that per capita incidence of stamps and court fees in Uttar Pradesh in 1960-61 was only 56 paise which increased to 85 paise in 1965-66 and 88 paise in 1972-73. Figures for actual accounts are available for other States till 1971-72. In this year per capita incidence in Uttar Pradesh was Rs.1.71 against Rs.5.67 in Punjab and Haryana, Rs.3.45 in Tamil Nadu, Rs.2.78 in Maharashtra, Rs.2.69 in Gujarat, Rs.2.64 in Kerala, Rs.2.25 in Karnataka and Rs.2.08 in Andhra Pradesh. Like per capita incidence of registration fees, the per capita incidence of stamps and court fees in Uttar Pradesh is also low as compared to other States.

15. The following table gives the comparative position of cost of collection of stamps and court fees.:

TABLE 6.—Cost of Collection of Stamps and Court fees in different States 1971-72.

States	Cost of Collection per Rs.100 (Rs.0.00)
1	2
1. Uttar Pradesh .. ..	1.84
2. Andhra Pradesh .. ..	3.29
3. Assam .. ..	3.65

TABLE 7.—Revenue from various items of Stamp Duty (Non-Judicial), 1960-61 to 1973-74

Items	Years								Percentage increase in		
	1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1965-66 over 1960-61	1968-69 over 1965-66	1973-74 over 1968-69
1	2	3	4	5	6	7	8	9	10	11	12
1. Revenue Stamp ..	37 (10.1)	51 (12.9)	57 (9.8)	65 (9.0)	62 (7.3)	80 (7.2)	92 (10.7)	143 (11.0)	37.8	11.8	150.9
2. Hundi Stamp ..	3 (1.5)	2 (0.5)	4 (0.7)	4 (0.6)	7 (0.8)	4 (0.4)	4 (0.5)	10 (0.8)	(—)33.3	100.0	150.0
3. Notarial Stamp ..	7 (3.6)	8 (2.0)	11 (11.9)	15 (2.1)	14 (1.7)	17 (1.5)	17 (2.0)	34 (2.6)	14.3	37.5	209.1
4. General Stamp ..	147 (75.8)	359 (85.4)	541 (93.0)	374 (43.7)	783 (92.6)	977 (88.6)	678 (78.9)	1116 (85.5)	130.6	159.6	106.3
5. Miscellaneous Stamp	5 (2.6)	10 (2.5)	17 (2.9)	23 (3.2)	23 (2.7)	66 (6.0)	128 (14.9)	24 (1.8)	100.0	70.0	41.2
Total ..	199 (102.6)	410 (103.3)	630 (108.3)	781 (108.0)	889 (105.1)	1144 (103.7)	919 (107.0)	1327 (101.7)	106.0	53.7	110.6
6. Duet Refund ..	5 (2.6)	13 (3.3)	48 (8.3)	62 (8.6)	43 (9.1)	41 (3.7)	60 (7.0)	22 (1.7)	160.0	269.2	(—)54.2
7. Net Revenue ..	194 (100.0)	397 (100.0)	582 (100.0)	719 (100.0)	846 (100.0)	1103 (100.0)	859 (100.0)	1305 (100.0)	104.6	46.6	124.2

N.B.—(1) Figures in brackets relate to percentage share in total revenue.

(2) The information up to 1972-73 relate to actuals and for 1973-74 to preliminary actuals.

1	2
4. Gujarat .. ..	1.51
5. Jammu & Kashmir .. ..	6.12
6. Madhya Pradesh .. ..	1.76
7. Maharashtra .. ..	1.41
8. Orissa .. ..	3.4
9. Rajasthan .. ..	2.92
10. Tamil Nadu .. ..	1.95

The collection cost in Uttar Pradesh is Rs.1.84 per Rs.100 of revenue from stamps and court fees. Three States namely Gujarat, Madhya Pradesh and Maharashtra have lower cost of collection than Uttar Pradesh as shown in the above table.

16. From Annexure 11 which gives revenue from stamp duty as percentage of State income (at current prices), it is apparent that during the period 1960-61 and 1970-71, revenue from stamp duty as percentage of State Income varied from 0.03 per cent to 0.16 per cent in a few States. In some States, the percentage had rather fallen. In Uttar Pradesh, the increase was to the extent of 0.04 per cent during a period of ten years. It was 0.23 per cent in 1960-61, 0.24 per cent in 1969-70 and 0.27 per cent in 1970-71.

17. The following table shows revenue from various items of stamp duty (non-judicial) and percentage increase at the end of Plan periods:—

The above figures reveal that the maximum revenue was derived from general stamps followed by revenue stamps. The revenue from these sources which was Rs.1.94 crores in 1960-61 increased to Rs.8.46 crores in 1970-71. The receipts increased further to Rs.13.05 crores in 1973-74.

18. *Court fees*—In Uttar Pradesh the court fees are levied in accordance with the provisions of Indian Court Fees Act, 1870 as amended in its application to Uttar Pradesh. Sometime back this Act was struck down by the Madras High Court on the ground that the fees were out of proportion to the services rendered. In 1973 A.I.R. 74 the Supreme Court has held Court Fees as a fee and not a tax. The prevailing schedule of rates of Court fees in Uttar Pradesh is given in Annexure 7.

19. In Table 8 revenue from Stamp duty (judicial) is given in respect of different important items for certain years from 1960-61 to 1973-74. The table also depicts increases in revenue from different items over the Plan periods. There are two main sources of revenue from stamp duty (judicial) viz., court fee stamps and copy stamps. The former accounted for 85 to 88 per cent while the latter contributed between 12—15 per cent. The contribution from miscellaneous sources was negligible. The revenue from stamp duty (judicial) was Rs.2.20 crores in 1960-61. It increased to Rs.3.82 crores in 1970-71 and to Rs.4.34 crores in 1973-74. The increase in revenue from court fees can be attributed to increase in litigation as well as increase in the rates on certain items like adjournment applications, applications under Articles 226 and 227 of the Constitution and Special appeals.

TABLE 8.—Revenue from Stamp Duty (Judicial) 1960-61—1973-74

Items	Years								Percentage increase in		
	1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1965-66 over 1960-61	1968-69 over 1965-66	1973-74 over 1968-69
1	2	3	4	5	6	7	8	9	10	11	12
Court Fees in Stamps ..	187 (85.0)	242 (84.6)	302 (86.5)	311 (85.0)	322 (84.3)	361 (85.9)	373 (87.8)	378 (87.1)	29.4	24.8	25.2
Sale of Copy Stamps ..	34 (15.4)	44 (15.4)	48 (13.8)	56 (15.3)	59 (15.4)	60 (14.3)	52 (12.2)	56 (12.9)	29.4	9.1	16.7
Miscellaneous Items ..	0	0	0	0	1 (0.3)	0	1 (0.2)	0	..	..	..
Total ..	221 (100.4)	286 (100.0)	350 (100.3)	367 (100.3)	382 (100.0)	421 (100.2)	426 (100.2)	434 (100.0)	29.4	22.4	24.0
Deduct Refunds ..	1 (0.4)	0	1 (0.3)	1 (0.3)	0	1 (0.2)	1 (0.2)	0	..	..	..
Net Revenue ..	220 (100.0)	286 (100.0)	349 (100.6)	366 (100.0)	382 (100.0)	420 (100.0)	425 (100.0)	434 (100.0)	30.0	22.0	24.4

NOTES—(1) Figures in bracket relate to percentage share in the total revenue.

(2) Figures up to 1972-73 relate to accounts and for 1973-74 to preliminary actuals.

20. *Concessions in stamp duty and registration fees*—In order to ameliorate the likely adverse effects of high stamp duty and registration fees, some concessions have been given by the Government. The Uttar Pradesh Taxation Enquiry Committee (1968-69) recommended that in order to improve the industrial climate in Uttar Pradesh the rate of registration fees and stamp duty on mortgages executed by industrialists in favour of Government or financial institutions for obtaining loans for industrial development may be reduced. The Government has since reduced the duty payable under Article 40(b) on simple mortgage deeds executed by industrialists in favour of Uttar Pradesh Industrial Corporation, Uttar Pradesh Financial Corporation, Small Industrial Corporation and also banks in connection with grant of loans for industrial purposes from Rs.22.50 per thousand to Rs.15.00 per thousand, and the registration fees from Rs.21.00 to Rs.11.00 on the first one thousand and Rs.5.00 to Rs.2.50 on subsequent thousands with effect from 1-10-1969.

21. A concession has also been extended to the farmers in respect of the documents to be executed by farmers in connection with grant of loan to them for agricultural purposes by the banking companies under the banking Regulation Act, 1949, corresponding new banks constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970, State Bank of India, Uttar Pradesh State Agro Industrial Corporation Limited, Uttar Pradesh State Co-operative Land Development Bank Limited, and Co-operative Banks in the district registered or deemed to be registered under any law relating to Co-operative Societies, where the amount specified therein does not exceed Rs.10,000. These concessions have a welcome effect in setting a proper climate for agricultural and industrial development in the State. We recommend that in light of rise in prices the limit may be suitably raised.

22. *Problem of evasion*—Evasion of registration fees, court fees and stamp duty is a major

problem. Since the advantages of registration are over-whelming, much of evasion consists in under-valuation of property. The Taxation Enquiry Committee, Uttar Pradesh, 1968-69 had made two valuable suggestions in this regard, viz., that the law might be amended substituting 'Market Value' for 'Consideration' as the basis of levy for stamp duty, and that provision might be made for reference to the Collector by the Registering Officer for determination of market value, in cases where he suspected under-valuation. The State Government has implemented both these recommendations, but the loop-hole still remains. The Collector after receiving the reference from the Sub-Registrar depends upon the revenue staff, whose methods of assessing the market value leave much to be desired. It is desirable that the persons concerned with assessment are properly trained in the job.

23. According to an estimate worked out by the Inspector General of Stamp and Registrations, Uttar Pradesh there is an evasion of about Rs.2 crores per year in stamp duty alone on account of under-valuation. When a ceiling on rural and urban properties was under consideration, the properties in rural and urban areas were transferred by under-valuing them to make ceiling ineffective. According to Inspector General of Stamps and Registration, about 10 per cent of the transfers during 1970 and 1971 were made to avoid ceiling. There was, therefore, substantial evasion in the registration or stamp duty during these years. Restrictions were subsequently placed on all transfers by the Uttar Pradesh Ceiling on property (Temporary restrictions on Transfers) Ordinance, 1972 from July 11, 1972. The restrictions were, however, relaxed on transfers of rural land from January 1, 1973 and the restrictions remained in force only on transfers in the urban area.

24. In order to check evasion from under-valuation of the property, a proper co-ordination between the Income Tax Department and State Registration Department is necessary. At present, the Registration offices in various districts send periodical information to the Income Tax Office regarding all transactions relating to registration of the property of Rs.10,000 or more. But there is no such flow of information from the Income Tax Department regarding the valuation of landed property for the purpose of Wealth Tax. This should be provided for. Further if the Income Tax Department estimates a property at higher than its registered value for capital gains tax the case should be immediately brought to the notice of the Registration Office for realisation of the deficiencies. Any legal impediments in the exchange of such information should be removed.

25. The last Taxation Enquiry Committee examined section 155 of the Uttar Pradesh Zamindari Abolition and Land Reforms Act which prohibits a Bhumidhar from mortgaging a land belonging to him, with possession; the Jirdar is also prohibited. Many cases which may be described as cases of mortgages with possession actually do take place against legal provisions and they are not registered. Such illegal transfers must be checked by strict enforcement of provisions of law.

26. A sum of about Rs.50 lakhs per annum results in leakage from the court fees. Reasons for evasion in court fees are (i) re-use of used court fee stamps, (ii) use of forged court fee stamps and (iii) under valuation. Efforts may be made to curb these mal-practices.

27. There is some scope of upward revision in the fixed rates charged for (i) issue of copies, (ii) inspection of records, (iii) registration of power of attorney, adoption deeds, wills etc. which have not been changed since long. At present in addition to civil justice, court fees are charged for various applications presented before various executive authorities also, viz., applications to the District Magistrate; applications under Chapter IV of the Motor Vehicles Act, 1939; applications before the Sales Tax authorities. If expenditure of the State on all such authorities is also taken into account, it may perhaps appear that there is also scope for increasing rates of fixed court fees chargeable for petitions etc.

#### Summary of Recommendations

1. The levy of registration fees has to be correlated with the expenses incurred by Government in rendering the service. The reported cost of collection of registration fees in Uttar Pradesh is low, but it does not take account of many services rendered by other Departments. We have, however, no data to show that the cost of services rendered is more than the receipts from registration. We, therefore, do not recommend any change in registration fees.

(Para 3 and 9).

2. The rates of stamp duty in Uttar Pradesh as compared to other States are fairly high and have been raised very recently. We, therefore, do not suggest any upward revision in their rates.

(Para 12).

3. A concession has been extended to the farmers in respect of the documents to be executed by them in connection with grant of loan to them for agricultural purposes by the Banking Companies, and other financial institutions, where the amount specified therein does not exceed Rs.10,000. These concessions have a welcome effect on agricultural development. We recommend that in the light of rise in prices the limit may be suitably raised.

(Para 21).

4. Evasion of registration fees and stamp duty is a major problem. Since the advantages of registration are overwhelming, much of the evasion consists in undervaluation of property. The assessment of market value leaves much to be desired. It is necessary that the persons concerned with assessment are properly trained in the job.

(Para 22).

5. In order to check evasion from under-valuation of the property, a proper co-ordination between the Income Tax Department and State Registration Department is necessary. At present, the Registration Offices in various districts send periodical information to the Income Tax Office regarding all transactions relating to registration of the property of Rs.10,000 or more. But there is no such flow of information from the Income Tax Department regarding the valuation of landed property for the purpose of Wealth Tax. This should be provided for. Further

if the Income Tax Department estimates a property at higher than its registered value for capital gains tax the case should be immediately brought to the notice of the Registration Office for realisation of the deficiencies. Any legal impediments in the exchange of such information should be removed.

(Para 24).

6. The evasion in the Court Fees also take place due to re-use of used court fee stamps, use of forged court fee stamps, and under-valuation. Strict watch should be kept to check these malpractices.

(Para 26).

7. There is some scope of upward revision in the fixed rates on the issue of copies, inspection of records, registration of power of attorney, adoption deeds, wills, etc. The rates on these documents have not been changed since long.

(Para 27).

*List of Annexures*

- |          |     |   |
|----------|-----|---|
| Annexure | 1.  | Comparative Schedule of Registration fees in different States.                            |
| "        | 2.  | Prevailing Schedule of rates of Registration fees in U. P.                                |
| "        | 3.  | Receipts from Registration fee in different States, 1960-61—1973-74.                      |
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| "        | 5.  | Registration fees as percentage of State income 1960-61—1970-71.                          |
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| "        | 8.  | Comparative Schedule of Stamps duty in different States.                                  |
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| "        | 11. | Stamp duty as percentage of State income in different States, 1960-61—1970-71.            |

ANNEXURE 1

Comparative Schedule for Registration fees in different States

(Figures in Rupees)

Items/State	Uttar Pradesh	Andhra Pradesh	Haryana	Himachal Pradesh	Karnataka	Madhya Pradesh	Maharashtra	Orissa	Punjab	Tamil Nadu	West Bengal
1	2	3	4	5	6	7	8	9	10	11	12
<b>1. Non-testamentary document relating to immovable property—</b>											
(a) For all optionally registrable documents except leases.	As in (b)	NA	3.00	3.00	NA	NA	NA	NA	3.00	NA	NA
(b) For all compulsory registrable documents (other than leases of immovable property)—											
(i) If the value of consideration in money does not exceed Rs.50.	1.50	0.40 to 0.80	1.50	1.50	0.75	2.00	1.25 (up to Rs.125).	2.00	1.50	2.00	1.50
(ii) Exceeds Rs.50 but does not exceed Rs.100.	3.00	1.20 to 1.50	3.00	3.00	1.50				3.00	2.00	
(iii) Exceeds Rs.100 but does not exceed Rs.200.	5.00	3.00 (Upto Rs.250).	5.00	5.00	2.00	3.00	2.50 (Upto Rs.250).		5.00	3.25	2.00 (up to Rs.250).
(iv) Exceeds Rs.200 but does not exceed Rs.300.	7.00	5.00 (upto Rs.500)	7.00	7.00	3.00	4.00	5.00 (up to Rs.500)	5.00	7.00	4.00	6.00 (up to Rs.500).
(v) Exceeds Rs.300 but does not exceed Rs.400.	9.00		9.00	9.00	4.00	5.00			9.00	4.75	
(vi) Exceeds Rs.400 but does not exceed Rs.500.	11.00		11.00	11.00	5.00	6.00			11.00	5.50	
(vii) Exceeds Rs.500 but does not exceed Rs.600.	13.00	8.00 (upto Rs.750)	13.00	13.00	6.00	7.00	7.50 (up to Rs.750)	8.00 (up to Rs.750)	13.00	6.25	7.50 (up to Rs.1000)
(viii) Exceeds Rs.600 but does not exceed Rs.700.	15.00		15.00	15.00	7.00	8.00			15.00	8.50 (up to Rs.750)	
(ix) Exceeds Rs.700 but does not exceed Rs.800.	17.00		17.00	17.00	8.00	9.00			17.00		
(x) Exceeds Rs.800 but does not exceed Rs.900.	19.00	10.00 (upto Rs.1,000).	19.00	19.00	9.00	10.00 (upto Rs.1,000).	10.00 (upto Rs.1,000).	10.00 (up to Rs.1,000)	19.00	11.00 (upto Rs.1,000).	
(xi) Exceeds Rs.900 but does not exceed Rs.1,000.	21.00		21.00	21.00	11.00		12.00 (upto Rs.1,250).		21.00		

(xii) Exceeds Rs.1,000 but does not exceed Rs.1,500.	26.00	15.00	26.00	26.00	11.50	15.00	15.00 (up to Rs.1,500)*	15.00	26.00	} 18.50	} 13.50
(xiii) Exceeds Rs.1,500 but does not exceed Rs.2,000.	31.00	20.00	31.00	31.00	13.00	19.00	17.50 (up to Rs.1,750)*	20.00	31.00		
(xiv) Exceeds Rs.2,000 but does not exceed Rs.2,500.	36.00	25.00	36.00	36.00	14.50	23.00	25.00	25.00	36.00	} 26.00	} 19.50
(xv) Exceeds Rs.2,500 but does not exceed Rs.3,000.	41.00	30.00	41.00	41.00	16.00	27.00	30.00	30.00	41.00		
(xvi) Exceeds Rs.3,000 but does not exceed Rs.3,500.	46.00	35.00	46.00	46.00	18.00	31.00	35.00	35.00	46.00	} 33.50	} 25.50
(xvii) Exceeds Rs.3,500 but does not exceed Rs.4,000.	51.00	40.00	51.00	51.00	20.00	35.00	40.00	40.00	51.00		
(xviii) Exceeds Rs.4,000 but does not exceed Rs.4,500.	56.00	45.00	56.00	56.00	22.50	40.00	45.00	45.00	56.00	} 41.00	} 31.50
(xix) Exceeds Rs.4,500 but does not exceed Rs.5,000.	61.00	50.00	61.00	61.00	25.00	45.00	50.00	50.00	61.00		
(xx) For every Rs.500 or part thereof in excess of Rs.5,000.	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.50	6.00
		For every Rs.1,000 or part thereof upto Rs.10,000 and Rs.2.50 for every Rs.500 or part thereof in excess of Rs.10,000.			For every Rs.1,000 or part thereof in excess of Rs.5,000.	For every Rs.500 or part thereof upto Rs.20,000 and Rs.3.00 for every Rs.500 or part thereof in excess of Rs.20,000.	For every Rs.1,000 or part thereof in excess of Rs.5,000.	For every Rs.500 or part thereof upto Rs.10,000 and Rs.2.50 for every Rs.500 or part thereof in excess of Rs.10,000.		For every Rs.1,000 or part thereof upto Rs.10,000 and Rs.5.00 for every Rs.1,000 or part thereof in excess of Rs.10,000.	For every Rs.1,000 or part thereof.
(xxi) If the value or consideration be only partly expressed (in addition to the <i>ad valorem</i> fee as above on the value of consideration money expressed.	10.00	*	10.00	10.00	5.00	100.00 (when no value or consideration is given although it was capable of being expressed.	10.00	K.	10.00	N.A.	N.A.
(xxii) If the value or consideration be not at all expressed a fixed fee.	40.00	*	40.00	40.00	50.00 shall be same as for lease surrendered if the same does not exceed Rs.7.50 otherwise the fee will be Rs.7.50		**	41.60	40.00	N.A.	30.00

\*Rs.20.00 (up to Rs.2,000).

Items/States	Uttar Pradesh	Andhra Pradesh	Haryana	Himachal Pradesh	Karnataka	Madhya Pradesh	Maharashtra	Orissa	Punjab	Tamil Nadu	West Bengal
1	2	3	4	5	6	7	8	9	10	11	12
(a) For lease of immovable property and surrender of lease.	N.A.	N.A.	%	%	3/4th of the value of stamp duty payable on the lease subject to a maximum of Rs. and if the lease is exempt from stamp duty a fee of Rs.3-00	N.A.	N.A.	%	N.A.	N.A.	
<b>B. Wills and authorities to adopt</b>											
(1) Authorities to adopt.	40-00	30-00	40-00	40-00	20-00	15-00	10-00	20-00	40-00	41-00	12-00
(2) For the registration of Wills :											
(a) When the valuation of property bequeathed does not exceed Rs.1,000.	12-00										
(b) When the valuation exceeds Rs.1,000.	40-00 %%	30-00	12-00 %%	12-00 %%	20-00	15-00	10-00	20-00 £	12-00 %%	41-00	12-00
(c) When the value of the property bequeathed is not expressed	50-00		50-00	50-00					50-00		

(i) For deposit of a sealed cover under section 42.	10-00	20-00	10-00	10-00	20-00	N.A.	10-00	10-00	10-00	N.A.	6-00
(ii) For withdrawal of a sealed cover under section 44.	10-00	4-00	10-00	10-00	5-00	N.A.	10-00	10-00	10-00	N.A.	6-00
(iii) For opening a deposited sealed cover under section 45.	10-00	10-00	10-00	10-00	10-00	N.A.	10-00	10-00	10-00	N.A.	6-00
<b>8. Documents under clauses (d) and (f) section 18 of the Indian Registration Act, 1908.</b>											
(i) For the registration of a special power of attorney.	5-00	5-00	5-00	5-00	7-50	4-00	10-00	6-00	5-00	5-00	N.A.
(ii) For the registration of a general power-of-attorney.	15-00		15-00	15-00		8-00			15-00		N.A.
(iii) For the registration of an adoption deed.	30-00	N.A.	30-00	30-00	20-00	15-00	10-00	10-00	30-00	N.A.	N.A.
(iv) For the registration of any other document which can not be brought under the prescribed <i>ad valorem</i> scale, i.e. which is incapable of valuation.	10-00	N.A.	10-00	10-00	7-50	4-00	10-00	25-00	10-00	N.A.	N.A.
<b>* For the authentication of a power-of-attorney under section 33—</b>											
(a) If such power is general .. .. .	N.A.	4-00	5-00	5-00	3-00	N.A.	3-00	10-00	5-00	N.A.	3-00
(b) If special .. .. .	N.A.	1-00	2-50	2-50	1-50	N.A.	1-50	3-75	2-50	N.A.	4-00

\*The fee leviable shall be rupees twenty-five in cases where the transaction is not susceptible of money valuation provided that in cases where the value of only a portion Property or consideration is given and that value exceed Rs.2,500, the fee will be levied on the value so expressed. In the case of documents susceptible of money valuation, such value shall be ascertained and the fee shall be levied on the value so expressed.

K—In cases where the value of only a part of the property or consideration is given and that value exceeds Rs.4,000 the fee shall be levied on the value so expressed.

% At the rates given in (b) above on the amount of rent on which stamp duty has been assessed and if the lease be exempted from stamp duty Rs. 4-00.

%%—*Ad valorem* fee, prescribed shall be levied subject to a maximum of Rs.40-00.

£—Provided that in the case of wills in which the value of the property dealt with is mentioned and that value does not exceed Rs.4,000, the registration fee shall be as per *Ad valorem* scale as in Article (1).

\*\*If such amount or value is not expressed at all a fixed fee as under—

(1) In respect of immovable properties situated in Greater Bombay .. .. . 200

(2) In respect of immovable properties situated within the limits of the Municipal Corporation of Poona, Nagpur, Sholapur and the Cantonment of Poona and Kirkee .. .. . 100

(3) In respect of immovable properties situated within the municipal limits of Ahmednagar (including Cantonment of Ahmednagar), Kopergaon, Shirampur, Akola (in Akola District), Akot, Karanja, Washim, Achalpur, Amravati, Aurangabad, Jalau, Bhandara, Gondia, Bhir, Khamsaon, Chande, Dhulia, Amalner, Chaliegaon, Jalgaon, Ichalkranji, Kolhapur, Nanded, Deolali, (Nasik Road municipal area), Maligaon, Nasiktuljapur, Parbhani, Lonavala, Ratnagiri, Miraj, Sangli, Karad, Mahabaleshwar, Satara, Barsi, Pandharpur, Bhiwandi, Nizanpur, Kalyan, Thana, Wardha, and Yeotmal. .. .. .

(4) In respect of all other properties .. .. . 50

Source : Memoranda and Information on subsidiary point submitted to the Sixth Finance Commission of the State Government.

ANNEXURE 2  
PREVAILING SCHEDULE OF RATES OF  
REGISTRATION FEES IN U. P.

Under section 78 of Indian Registration Act, 1908, the State Government are empowered to prescribe fees for various matters governed by the Act. The rates of registration fees were revised on August 1, 1957 and came into effect from that date. The rates of registration fees at present in force are as below:

*Article I*

I. All non-testamentary instruments relating to Books I and IV including sale certificates presented for registration in original:

	Rs.
1. (a) When the value or consideration does not exceed Rs.50 ...	1.50
(b) When the value or consideration exceeds Rs. 50 but does not exceed Rs.100 ...	3.00
(c) When the value or consideration exceeds Rs.100 but does not exceed Rs.1,000	
For the first Rs.100 ...	3.00
For every Rs.100 or part thereof exceeding Rs.100 ...	2.00
(d) When the value or consideration exceeds Rs.1,000 for the first Rs.1,000 ...	21.00
For every Rs.500 or part thereof exceeding Rs.1,000 ...	5.00
(e) For the value or consideration is only partly expressed an additional fee of ...	10.00
(f) When the value or consideration is not expressed ...	40.00
(g) For filing copy of order received under sub-section (1) or (3) of section 89 of the Indian Registration Act, 1908 a fixed fee of Rs.4.00 shall be deposited to treasury under the head "XV—Registration Fees" by the person to whom loan is granted and the treasury chalan filed before the officer granting the loan for being forwarded to the Registering Officer along with the said copy of order.	
(h) For filing a copy of a certificate of sale under sub-section (2) or (4) of section 89 of the Indian Registration Act, 1908 a fee equal to one half of the Stamp Duty paid on the original certificate of sale subject to a minimum of Rs.4.00.	
II. (1) Written authorities to adopt not conferred by wills ...	40.00
(2) Wills—	
(a) For deposit of sealed cover under section 42 of the Indian Registration Act, 1908 ...	10.00
(b) For withdrawal of sealed cover under section 44 of the Indian Registration Act, 1908 ...	10.00
(c) For opening a deposited sealed cover under section 45 of the Indian Registration Act, 1908 ...	10.00
(d) For the Registration of wills:	
1. When the valuation of the property bequeathed does not exceed Rs.1,000 ...	12.00
2. When the valuation exceeds Rs.1,000 <i>ad valorem</i> fee prescribed in this article shall be levied subject to a maximum of ...	40.00
3. When the value of the property bequeathed is not expressed ...	50.00
III. Safe Custody:	
(a) For safe custody of any non-testamentary document in the iron safe of a District Registrar ...	5.00
(b) For withdrawal of any such document as noted above ...	5.00

IV. Powers of Attorney, etc.—For the registration of a special power of Attorney ... 5.00  
For the registration of General Power of Attorney ... 15.00

For the registration of any other document which cannot be brought under the *ad valorem* scale prescribed by the preceding clauses of this table, i.e. which is incapable of valuation ... 10.00

For the registration of an adoption deed ... 30.00

V. (a) For an appeal under section 72 or an application under section 73 and enquiry under section 74 of the Indian Registration Act, 1908 or for an enquiry made by a Registering Officer about the fact of execution, etc. when any document will or authority to adopt is presented after the death of the executant or the testator ... 10.00

(b) For an application filed under section 25, section 34 or under section 36 of the Indian Registration Act, 1908 ... 1.00

(c) A fixed fee of fifty paise shall be levied for every application (save an application for copy) filed before a Registering Officer relating to any official matter or registration business or proceeding. But if he sits as a Court the provisions of the Court Fees Act, 1970 shall apply ... 0.50

1. In the case of a lease/or surrender of lease the value of the document for charging registration fee shall be—

1. The total rent for the whole term when the lease is for one year or less.

2. The average annual rent when the lease is for a definite period exceeding 1 year.

3. Three years rental when the lease is not for any definite term or is for a term exceeding 20 years.

4. One-fifth of the aggregate rent payable for the first fifty years when the lease is perpetual or purposes to confer hereditary rights on a tenant or is for a term exceeding 90 years:

Provided that where the lease is granted for a fine or premium or for money advanced in addition to the rent reserved that amount shall also be included in the value;

Provided further that when the subject-matter of the document is capable of valuation and relates to Book I, but the parties refuse to express the value the Registering Officer shall, subject to the control and supervision of the District Registrar, ascertain the approximate value of the property dealt with from the records maintained in tehsil, local bodies or in his own office and levy proper fee on the value so ascertained.

Provision for checking under valuation of properties for evasion of Registration fee and Stamp Duty; Insertion of a new section 47-A in Act II of 1899.

"47-A. Instruments of conveyance, etc.—If undervalued have to be dealt with (i) if the market value of any property which is the subject of any instrument of conveyance, exchange, gift, settlement, award or trust, as set forth in such instrument is less than that determined in accordance with any rules made under this Act, the Registrar shall refer the same to the Collector for determination of the market value of such property and the proper duty payable thereon.

2. Without prejudice to the provisions of sub-section (1) if such Registering Officer while registering any instrument of conveyance, exchange, gift, settlement, award or trust, has reason to believe that the market value of the property which is the subject of conveyance, exchange, gift, settlement, award or trust, has not been truly set forth in the instruments he may, after registering such instrument, refer the same to the Collector for determination of the market value of said property and the proper duty payable thereon.

3. On receipt of a reference under sub-section (1) or sub-section (2) the Collector shall after giving the parties reasonable opportunity of being heard and after holding an inquiry in such manner as may be prescribed by rules made under this Act, determine under this Act, the market value of the property which is the subject of convey-

ance, exchange gift, settlement, award or trust and the duty as aforesaid. The difference, if any, in the amount of duty shall be payable by the person liable to pay the duty.

4. The Collector may, *suo motu*, or on a reference from the Chief Inspector of Stamps, Uttar Pradesh, within two years from the date of registration of any instrument of conveyance, exchange, gift, settlement, award or trust not already referred to him under sub-section (1) or sub-section (2) call for and examine the instrument for the purpose of satisfying himself as to the correctness of the

market value of the property which is the subject of conveyance, exchange, gift, settlement, award or trust and the duty payable thereon and if after such examination he has reason to believe that the market value to such property has not been truly set forth in the instrument, he may determine the market value of such property and duty payable thereon in accordance with the procedure provided for in sub-section (3). The difference, if any, in the amount of duty, shall be payable by the person liable to pay the duty.

## ANNEXURE 3

*Receipts from Registration Fee in Different States, 1960-61 to 1973-74*

Serial no.	States	Revenue from Registration Fee (Rs. in lakhs)							
		1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73 R.E.	1973-74 B.E.
1	2	3	4	5	6	7	8	9	10
1	Uttar Pradesh	77	118	162	233	231	275	193	253
2	Andhra Pradesh	99	160	189	197	208	314	200	190
3	Assam*	9	12	19	19	20	20	22	23
4	Bihar	78	136	183	206	284	311	360	360
5	Gujarat	14	22	35	39	57	69	72	75
6	Jammu & Kashmir	3	6	11	13	13	11	15	15
7	Karnataka	33	59	75	80	88	96	140	140
8	Kerala	47	63	189	101	123	133	141	149
9	Madhya Pradesh	25	47	61	69	73	82	91	99
10	Maharashtra	41	80	105	115	118	110	123	131
11	Orissa	18	39	50	55	56	56	58	58
12	Punjab & Haryana	41	67	184	213	230	237	270	276
13	Rajasthan	11	19	30	34	40	40	48	48
14	Tamil Nadu	107	181	260	276	336	337	300	315
15	West Bengal	71	146	180	156	170	147	159	159

Serial no.	States	Percentage Increase over 1960-61 in				Percentage Increase in		
		1965-66	1968-69	1971-72	1973-74	1968-69 over 1965-66	1971-72 over 1968-69	1973-74 over 1968-69
1	2	11	12	13	14	15	16	17
1	Uttar Pradesh	53.2	110.4	257.1	228.6	37.3	60.8	59.2
2	Andhra Pradesh	61.6	90.9	217.2	91.9	18.1	66.1	0.5
3	Assam*	33.3	111.1	122.2	155.6	58.3	5.3	21.1
4	Bihar	74.4	134.6	298.7	361.5	34.6	69.9	96.7
5	Gujarat	57.1	150.0	392.9	435.7	59.1	97.1	114.3
6	Jammu & Kashmir	100.0	266.7	266.7	400.0	83.3	0.0	36.4
7	Karnataka	78.8	127.3	190.9	324.2	27.1	28.0	86.7
8	Kerala	34.0	302.1	183.0	217.0	200.0	(-)-29.6	(-)-21.2
9	Madhya Pradesh	88.0	144.0	128.0	296.0	29.8	34.4	62.3
10	Maharashtra	95.1	156.1	168.3	219.5	31.2	4.8	24.8
11	Orissa	116.7	177.8	211.1	222.2	28.2	12.0	16.0
12	Punjab & Haryana	63.4	348.8	478.0	573.2	174.6	28.8	50.0
13	Rajasthan	72.7	172.7	263.6	336.4	57.9	33.3	66.0
14	Tamil Nadu	69.2	143.0	215.0	194.4	43.6	29.6	21.2
15	West Bengal	105.6	153.5	167.0	223.9	23.3	(-)-18.3	(-)-11.7

\*Includes Meghalaya and Nagaland.  
Source—State Budgets.

ANNEXURE 4

Per Capita Incidence of Registration Fee in different States, 1960-61—1972-73

Serial no.	States	1960-61			1965-66			1971-72			1972-73 (R. E.)		
		Tax Revenue (Rs. in lakhs)	Mid year population (lakhs)	Per Capita Incidence (Rs.)	Tax Revenue (Rs. in lakhs)	Mid year population (lakhs)	Per Capita Incidence (Rs.)	Tax Revenue (Rs. in lakhs)	Mid year population (lakhs)	Per Capita Incidence (Rs.)	Tax Revenue (Rs. in lakhs)	Mid year population (lakhs)	Per Capita Incidence (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Uttar Pradesh	77	732.74	0.10	118	800.64	0.16	275	891.85	0.31	193	907.40	0.21
2	Andhra Pradesh	99	857.68	0.28	160	392.25	0.41	314	439.14	0.72	200	447.49	0.45
3	Assam*	3	121.89	0.07	12	140.15	0.09	20	167.31	0.12	22	172.31	0.13
4	Bihar	78	481.08	0.17	136	507.19	0.27	311	568.96	0.55	360	579.96	0.62
5	Jammu & Kashmir	3	35.48	0.08	6	40.07	0.15	11	46.77	0.24	15	47.99	0.31
6	Gujarat	14	204.29	0.07	22	231.87	0.09	69	270.40	0.26	72	277.40	0.26
7	Karnataka	33	233.96	0.14	59	280.30	0.23	96	296.16	0.32	140	302.60	0.46
8	Kerala	47	167.49	0.28	63	187.95	0.34	133	215.95	0.62	141	221.00	0.64
9	Madhya Pradesh	25	320.81	0.08	47	363.03	0.13	82	421.79	0.19	91	432.47	0.21
10	Maharashtra	41	392.07	0.10	80	441.65	0.18	110	510.23	0.22	123	522.66	0.24
11	Orissa	18	174.17	0.10	39	194.26	0.20	56	221.90	0.25	58	226.88	0.26
12	Punjab & Haryana	41	201.13	0.20	67	217.37	0.31	237	237.63	1.00	270	241.18	1.12
13	Rajasthan	11	199.62	0.05	19	225.36	0.08	40	260.81	0.15	48	267.24	0.16
14	Tamilnadu	107	335.30	0.32	181	369.14	0.49	337	416.10	0.81	300	424.49	0.71
15	West Bengal	71	345.16	0.21	146	389.17	0.38	147	448.39	0.33	159	459.11	0.35

\*Includes Meghalaya and Nagaland.

Sources—1. Tax Revenue—State Budgets.

2. Population—Projected.

ANNEXURE 5

Registration Fees as percentage of State Income 1960-61—1970-71 (Rs. in lakh)

Serial no.	States	1960-61			1965-66			1969-70			1970-71		
		State Income	Tax Revenue	Tax as percentage of State Income	State Income	Tax Revenue	Tax as percentage of State Income	State Income	Tax Revenue	Tax as percentage of State Income	State Income	Tax Revenue	Tax as percentage of State Income
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Uttar Pradesh ..	179931	77	0.04	298595	118	0.04	448141*	238	0.05	455103*	281	0.05
2	Andhra Pradesh	98319	90	0.10	152077	160	0.11	216362*	197	0.09	234588*	208	0.09
3	Assam @ ..	36350	9	0.02	56090	12	0.02	81660*	19	0.02	N. A.	20	..
4	Bihar ..	97377	78	0.08	164666	136	0.08	N. A.	206	..	N. A.	284	..
5	Gujarat ..	73769	14	0.02	114600	22	0.02	175000*	39	0.02	208400*	57	0.03
6	Haryana ..	24503	N. A.	..	38900	N.A.	..	77970*	63	0.08	828336*	65	0.08
7	Karnataka ..	66740	33	0.05	101181	59	0.06	142622*	80	0.06	156640*	88	0.06
8	Kerala ..	44378	47	0.11	78316	63	0.08	113320*	101	0.09	124437*	123	0.10
9	Madhya Pradesh	92390	25	0.03	125870	47	0.04	214030*	69	0.03	227030*	73	0.03
10	Maharashtra ..	159742	41	0.03	235448	60	0.03	365637*	115	0.03	384670*	118	0.03
11	Oissa ..	36450	18	0.05	63307*	39	0.06	99144*	55	0.06	N. A.	56	..
12	Punjab ..	41107	41	0.10	71506	67	0.09	136818*	150	0.11	148482*	165	0.11
13	Rajasthan ..	62647	11	0.02	84147	19	0.02	121039	34	0.03	148813*	40	0.03
14	Tamilnadu	111088	107	0.10	149178	181	0.12	211308	276	0.13	237330*	336	0.14
15	West Bengal ..	110693	71	0.06	161029	146	0.09	220110	156	0.07	235700*	170	0.07

\*Provisional

N. A.—Not available.

@Includes Meghalaya and Nagaland

Source—Tax Revenue—State Budgets.

State Income—Directorate of Economics and Statistics, U. P.

ANNEXURE 6  
PREVAILING SCHEDULE OF RATES OF STAMP DUTY IN U. P.

Sl. No.	Description of Instrument.	Prevailing Rates
1	2	3
1.	ACKNOWLEDGMENT of a debt exceeding twenty rupees in amount or value, written or signed by, or on behalf of, a debtor in order to supply evidence of such debt in any book (other than a banker's pass-book) or on a separate piece of paper when such book or paper is left in the creditor's possession provided that such acknowledgment does not contain any promise to pay the debt or any stipulation to pay interest or to deliver any goods or other property.	Twenty-five naye Paise.
2.	ADMINISTRATION BOND including a bond given under sections 291, 375 and 376 of the Indian Succession Act, 1925, or section 6 of the Government Savings Banks Act, 1873.	Subject to a maximum of one hundred and fifty rupees, the same duty as on a Bond (No. 15).
3.	ADOPTION DEED, that is to say any instrument (other than a will) recording an adoption or conferring or purporting to confer an authority to adopt. ADVOCATE—See Entry as an Advocate. (No. 30).	Fifty rupees.
4.	AFFIDAVIT including an affirmation or declaration in the case of persons by law allowed to affirm or declared instead of swearing. (a) For the immediate purpose of being filed or used in any court or before an officer of any court. (b) In any other case.	Four rupees and fifty naye paise. Two rupees. Four rupees and fifty paise.
	<i>Exemptions</i>	
	Affidavit or declaration in writing when made— (a) As a condition of enrolment under the Indian Army Act, 1911 or the Indian Air Force Act, 1932. (b) (Deleted). (c) For the sole purpose of enabling any person to receive any pension or charitable allowance.	
5.	Agreement or Memorandum of agreement— (a) if relating to the sale of a bill of exchange. (b) if relating to the sale of a Government security or share in an incorporated company or other body corporate; (c) if not otherwise provided for;	Subject to a maximum of forty-five rupees; thirty naye paise for every Rs.10,000 or part thereof of the value of the security or share. Five rupees.
	<i>Exemptions</i>	
	Agreement or memorandum of agreement— (a) (Deleted). (b) made in the form of tenders to the Central Government for, or relating to, any loan. Agreement to lease—See Lease No. 35.	
6.	Agreement relating to deposit of title deeds, pawn or pledge; that is to say, any instrument evidencing an agreement relating to— (i) the deposit of title deeds of instruments constituting or being evidence of the title to any property whatever (Other than a marketable security); or (ii) the pawn or pledge of movable property, where such deposit, pawn or pledge has made by way of security for the repayment of money advanced or to be advanced by way of loan or an existing or future debt— (a) if such loan or debt is repayable on demand or more than three months from the date of the instrument evidencing the agreement	
		Rs. P.
	When the amount of the loan or debt does not exceed 200	1.00
	When it exceeds	
	Rs.200 but does not exceed Rs.400	2.00
	—do— 400	3.00
	—do— 600	4.00
	—do— 800	5.00
	—do— 1,000	6.00
	—do— 1,200	8.00
	—do— 1,600	12.50
	—do— 2,500	25.00
	—do— 5,000	37.50
	—do— 7,500	50.00
	—do— 10,000	75.00
	—do— 15,000	100.00
	—do— 20,000	125.00
	—do— 25,000	150.00
	—do— 30,000	50.00
	and for every additional Rs.10,000 or part thereof in excess of Rs.30,000.	50.00
	(b) if such loan or debt is repayable not more than three months from the date of such instrument.	Half the duty payable on a loan or debt under clause (a) for the amount secured.

1	2	3
	<i>Exemption</i>	
	Instrument of pawn or pledge of agricultural produce if unattested.	
7.	Appointment in execution of a power, whether of trustees or of property, movable or immovable, when made by any writing not being a will—	
	(a) Where the value of the property does not exceed Rs.1,000;	Twenty-eight rupees.
	(b) in any other case.	Fifty-six rupees.
8.	Appraisalment or Valuation made otherwise than under an order of the court in the course of suit—	
	(a) Where the amount does not exceed Rs.1,000;	The same duty as a Bond (No. 15) for such amount.
	(b) in any other case.	Thirty-seven rupees and fifty Paise.
	<i>Exemptions</i>	
	(a) Appraisalment or valuation made for the information of one party only and not being in any manner obligatory between parties either by agreement or operation of law.	
	(b) Appraisalment or crops for the purpose of ascertaining the amount to be given to a landlord as rent.	
9.	Apprenticeship—Deed, including every writing relating to the service or tuition of any apprentice, clerk or servant placed with any master to learn any profession, trade or employment not being Articles of Clerkship (No. 11).	Twelve rupees.
	<i>Exemption</i>	
	Instrument of apprenticeship executed by a magistrate under the Apprentices Act, 1850 or by which a person is apprenticed by, or at the charge of, any public charity.	
10.	Articles of Association of a Company.	Two hundred and twenty-five rupees.
	<i>Exemption</i>	
	Articles of any Association not formed for profit and registered under section 26 of the Indian Companies Act, 1913. See also Memorandum of Association of a Company (No. 39).	
11.	Articles of Clerkship or contract where by any person first becomes bound to serve as a clerk in order to secure his admission as an attorney in any High Court.	Three hundred and seventy-five rupees.
	Assignment—See Conveyance (No. 23) Transfer (No. 62) and Transfer of Lease (No. 63), as the case may be.	
	Attorney—See Entry as an Attorney (No. 30) and power of attorney (No. 48).	
	Authority—to adopt—See Adoption Deed (No. 3).	
12.	Award, that is to say, any decision in writing by an arbitrator or umpire not being an award directing a partition, on a reference made otherwise than by an order of the court in the course of a suit—	
	(a) Where the amount or value of the property to which the award relates does not exceed Rs.1,000;	The same duty as a Bond (No. 15) for such amount.
	(b) if it exceeds Rs.1,000; for every additional Rs.1,000 or part thereof.	One rupee and fifty naye paise.
	(c) Where the subject-matter of award is incapable of valuation.	Thirty-seven rupees and fifty paise.
	<i>Exemption</i>	
	Award under the Bombay District Municipal Act, 1901, section 160 or the Bombay Hereditary Officers Act, 1874 section 18, or the U. P. Municipalities Act, 1916, section 324(1) or the U. P. District Boards Act, 1922, section 190(1).	
15.	Bond, as defined by section 2(5) not being a debenture (no. 27) and not being otherwise provided for by this Act, or by the Court Fees Act, 1870— Where the amount or value secured does not exceed Rs.10.	Forty five paise.
	Where it exceeds Rs. 10 but does not exceed Rs. 50.	Rs. P. 1.00
	Where it exceeds Rs. 50 but does not exceed Rs. 100.	3.75
	Where it exceeds Rs. 100 but does not exceed Rs. 200.	7.50
	Where it exceeds Rs. 200 but does not exceed Rs. 300.	11.00
	Where it exceeds Rs. 300 but does not exceed Rs. 400.	15.00
	Where it exceeds Rs. 400 but does not exceed Rs. 500.	18.75
	Where it exceeds Rs. 500 but does not exceed Rs. 600.	22.50
	Where it exceeds Rs. 600 but does not exceed Rs. 700.	26.25
	Where it exceeds Rs. 700 but does not exceed Rs. 800.	30.00
	Where it exceeds Rs. 800 but does not exceed Rs. 900.	33.75
	Where it exceeds Rs. 900 but does not exceed Rs. 1,000.	37.50
	and for every Rs. 500 but does not exceed Rs. 1,000.	18.75
	See administration Bond (No. 2) Bottomry Bond (No. 16), customs Bond (No. 26), Indemnity Bond (No. 31), Respondentia Bond (No. 56) Security Bond (No. 57).	
	<i>Exemptions</i>	
	Bond, when executed by—	
	(a) headman nominated under rules framed in accordance with the Bengal Irrigation Act, 1876, section 99, for the due performance of their duties under that Act.	
	(b) any person for the purpose of guaranteeing that the local income derived from private subscriptions to a charitable dispensary or hospital or any other object or public utility shall not be less than a specified sum per mensem.	

1	2	3
16.	Bottomry Bond, that it to say, any instrument whereby the master of a sea-going ship borrows money on the security of the ship to enable him to preserve the ship or prosecute her voyage.	The same duty as a Bond (No. 15) for a sum equal to the amount or value security.
17.	Cancellation—Instrument of including any instrument by which any instrument previously executed is cancelled if attested and not otherwise provided for. See also Release (No. 55), Revocation of Settlement (No. 58-B), Surrender of Lease (No. 61), Revocation of Trust (No. 64-B).	Eighteen rupees.
17-A.	Certificate of enrolment under sec. 22 of the Advocates Act, 1961, issued by the State Bar Council of Uttar Pradesh.	Two hundred fifty rupees.
17-B.	Certificate of practice, as notary under sub-section (1) of section 5 of the Notaries Act, 1952, or Endorsement or renewal or such certificate under sub-section (2) of the said section.	Five hundred rupees.
	<i>Exemption</i>	
	Entry as an Advocate, on the State roll of Uttar Pradesh when he has previously been enrolled as an advocate on a State roll or the common roll on payment of Stamp Duty or has previously been enrolled as an advocate, Vakil or Attorney in a High Court.	
18.	Certificate of sale (in respect of each property put up as a separate lot and sold), granted to the purchaser or property sold by public auction by a Civil or Revenue Court, or Collector or other Revenue Officer— (a) Where the purchase money does not exceed Rs. 10 ; (b) Where the purchase money exceeds Rs. 10 but does not exceed Rs. 25. (c) in any other case.	Thirty-five naye paise. Seventy-five naye paise. The same duty as a conveyance (No. 23), for a consideration equal to the amount of the purchase money only.
19.	Certificate or other Document, evidencing the right or title of the holder thereof or any other person, either to any share, script or stock in or of any incorporated company or other body corporate, or to become proprietor of shares, script or stock in or of any such company or body. See also Letter of Allotment of shares (No. 36).	Thirty naye paise.
22.	Charter Party, that is to say, any instrument (except an agreement for the hire of a tugsteamer) whereby a vessel or some specified principal, part thereof is let for the specified purpose of the character, whether it includes a penalty clause or not.	Four rupees and fifty naye paise.
22.	Composition-deed, that is to say, any instrument executed by a debtor, whereby he conveys his property for the benefit of his creditors, or whereby payment of a composition or dividend on their debts is secured to their creditors, or whereby provision is made for the continuance of the debtor's business, under the supervision of inspectors or under letters of licence, for the benefit of his creditors.	Thirty rupees.
28.	CONVEYANCE as defined by section 2(10) not being transferred charged or exempted under No. 62. Where the amount or value of the consideration for such conveyance as set forth therein or the market value of the property which is the subject of such conveyance whichever is greater does not exceed Rs. 50. Where it exceeds Rs. 50 but does not exceed Rs. 100. Where it exceeds Rs. 100 but does not exceed Rs. 200. Where it exceeds Rs. 200 but does not exceed Rs. 300. Where it exceeds Rs. 300 but does not exceed Rs. 400. Where it exceeds Rs. 400 but does not exceed Rs. 500. Where it exceeds Rs. 500 but does not exceed Rs. 600. Where it exceeds Rs. 600 but does not exceed Rs. 700. Where it exceeds Rs. 700 but does not exceed Rs. 800. Where it exceeds Rs. 800 but does not exceed Rs. 900. Where it exceeds Rs. 900 but does not exceed Rs. 1,000. and for every Rs. 500 or part thereof in excess of Rs. 1,000.	Rs. P. 2.00 7.50 15.00 22.50 30.00 37.50 45.00 52.50 60.00 67.50 75.00 82.50
	<i>Exemption</i>	
	Assignment of copyright in musical works by resident of, or first published in India.	
	Co-Partnership Deed— [See Partnership (No. 46)].	
24.	Copy or Extract certified to be a true copy or extract by or by order of any public officer and not chargeable under the law for the time being in force relating to court fees— (i) If the original was not chargeable with duty or if the duty with which it was chargeable does not exceed three rupees.  (ii) In any other case not falling within the provisions of section 6-A.	Two rupees and twenty-five naye paise when the copy or extract is of an agricultural lease or of a mortgaged deed or sale deed of agricultural land; in any other case, three rupees.  Three rupees, when the copy or extract is of an agricultural lease or of a mortgage deed or sale-deed of agricultural land and the value of the subject-matter of the original does not exceed one thousand rupees; in any other case five rupees.

1

2

2

3

*Exemptions*

- (a) Copy of any paper which a public Officer is expressly required by law to make or furnish for record in any public office or for any public purpose.
- (b) Copy of, or extract from, any register relating to births, baptisms, namings, dedications, marriages, divorces, deaths or burials.
25. Counterpart or duplicate of any instrument chargeable with duty and in respect of which the proper duty has been paid.—
- (a) if the duty which the original instrument is chargeable does not exceed five rupees.
- (b) in any other case not falling within the provisions of section 6-A.

*Exemptions*

Counterpart of any granted to a cultivator when such lease is exempted from duty.

- 25-A. Counterpart or duplicate including counterfoil or carbon copy of a bill or cash memo for an amount exceeding five rupees required to be maintained under any law relating to tax on the rate or purchase of goods for the time being in force.
26. Customs.—Bond.

- \* \* \*
28. Delivery Order in respect of goods that is to say, any instrument entitling any person therein named or his assignees, or the holder thereof, to the delivery of any goods lying in any dock or part or in any ware-house in which goods are stored or deposited on rent or hire, or upon any wharf, such instrument being signed by or on behalf of the owner of such goods upon the sale or—transfer of the property therein, when such goods exceed in value twenty rupees. Deposit of Title Deeds—(See Agreement, relating to Deposit of Title—Deeds, Pawn or Pledge (No. 6). Dissolution of Partnership—See Partnership (No. 46).
29. Divorce—Instrument of, that is to say, any instrument by which any person effects the dissolution of his marriage.  
Dower—Instrument of—See Settlement (No. 58).  
Duplicate—See Counterpart (No. 25).
- \* \* \*

31. Exchange of property—Instrument of.  
Extract—See copy (No. 24).

32. Further Charge—Instrument of, that is to say, any instrument imposing a further charge on mortgaged property.
- (a) when the original mortgage is one of the description referred to in clause (a) of Article No. 40 (that is, with possession);
- (b) when such mortgage is one of the description referred to in clause (b) of Article no. 40 (that is, without possession)—
- (i) if at the time of execution of the instrument of further charge possession of the property is given or agreed to be given, under such instrument.

(ii) if possession is not so given.

33. Gift Instrument of, not being a Settlement (No. 58), or will or Transfer (No. 62).  
Hiring Agreement or Agreement for service. See Agreement (No. 5).

34. Indemnity Bond.  
Inspectorship—Deed. See Composition Deed (No. 22).  
Insurance—See Policy of Insurance (No. 47).

- 34-A. Instrument correcting a purely clerical error in an instrument chargeable with duty and in respect of which the proper duty has been paid.
- (a) if the duty with which the original instrument is chargeable does not exceed ten rupees.
- (b) in any other case.
35. Lease, including an under-lease or sub-lease and any agreement to let or sub-let—
- (a) where by such lease rent is fixed and no premium is paid or delivered.—

The same duty as is payable on the original.  
Five rupees.

Ten paise.

Subject to a maximum of one hundred rupees the same duty as on a Bond (No. 15).

Twenty-five naye paise.

Eight rupees.

The same duty as a conveyance (No. 23) for a consideration equal to the value of the property of greatest value as set forth in such instrument.

The same duty as a conveyance No. 23) for a consideration equal to the amount of the further charge secured by such instrument.

The same duty as a conveyance (No. 23) for a consideration equal to the total amount of the charge (including the original mortgage and any further charge already made), less the duty already paid on such original mortgage and further charge.

The same duty as a Bond (No. 15), for the amount of the further charge secured by such instrument.

The same duty as a conveyance (No. 23) for a consideration equal to the value of the property.

The same duty as a security Bond (No. 57) for the same amount.

One half of the duty payable on the original.

Five rupees.

- (i) Where the lease purports to be for a term not exceeding one year;
- (ii) where the lease purports to be for a term exceeding one year but not exceeding five years;
- (iii) where the lease purports to be for a term exceeding five years, but not exceeding ten years;
- (iv) where the lease purports to be for a term exceeding ten years, but not exceeding twenty years;
- (v) where the lease purports to be for a term exceeding twenty years, but not exceeding thirty years;
- (vi) where the lease purports to be for a term exceeding thirty years, but not exceeding one hundred years;
- (vii) where the lease purports to be for a term exceeding one hundred years or in perpetuity;
- (viii) where the lease does not purport to be for any definite term;
- (b) where the lease is granted for a fine or premium or for money advanced and where no rent is reserved;
- (c) where the lease is granted for a fine or premium or for money advanced in addition to rent reserved.

The same duty as Bond (No. 15) for the whole amount payable or deliverable under such lease.

The same duty as a conveyance (No. 23) for a consideration equal to the amount or value of the average annual rent reserved.

The same duty as a conveyance (No. 23) for a consideration equal to one and a half times the amount or value of the average annual rent reserved.

The same duty as a conveyance (No. 23) for a consideration equal to twice the amount or value of the average annual rent reserved.

The same duty as a conveyance (No. 23) for a consideration equal to three times the amount or value of the average annual rent reserved.

The same duty as a conveyance (No. 23) for a consideration equal to four times the amount or value of the average annual rent reserved.

The same duty as a conveyance (No. 23), for a consideration equal to one-fifth of the whole amount of rent which would be paid, or delivered in respect of the first fifty years of the lease.

The same duty as a conveyance (No. 23), for a consideration equal to three times the amount or value of the average annual rent which would be paid or delivered for the first ten years if the lease continued so long.

The same duty as a conveyance (23) for a consideration equal to the amount or value of such fine or premium or advance as set forth in the lease.

The same duty as a conveyance (No. 23) for a consideration equal to the amount or value or such fine or premium or advanced as set forth in the lease, in addition to the duty which would have been payable on such lease, if no fine or premium or advance had been paid or delivered.

Provided that in any case when an agreement to lease is stamped with the *ad valorem* stamp required for lease and a lease in pursuance of each agreement is subsequently executed the duty on such lease shall not exceed five rupees.

#### Exemption

Lease, executed in the case of a cultivator and for the purpose of cultivation (including a lease of trees for the production of food or drink) without the payment or delivery of any fine or premium, when a definite term is expressed and such term does not exceed one year or when the average annual rent reserved does not exceed one hundred rupees. In this exemption a lease for the purpose of cultivation shall include a lease of land for cultivation together with a homestead or tanks.

#### Explanations

- (1) When a lessee undertakes to pay any recurring charge, such as Government revenue, the landlord's share of cesses or the owner's share of municipal rates or taxes which is by law recoverable from the lessor, the amount so agreed to be paid by the lessee shall be deemed to be part of the rent.
- (2) A lease from month to month or year to year without any fixed period with a provision allowing the lessee to hold over thereafter for an indefinite term shall be deemed for the purposes of this Article to be a lease not purporting to be for any definite term.
- (3) Rent paid in advance shall be deemed to be money advanced within the meaning of this Article unless it is specifically provided in the lease that rent paid in advance will be set off towards the last instalment or instalments or rent.

1	2	3
36.	Letter of allotment of shares in any company or proposed company, or in respect of any loan to be raised by any company or proposed company. See also Certificate or other Document (No. 19).	Thirty Naye Paise.
38.	Letter of Licence, that is to say, any agreement between a debtor and his creditors, that the latter shall, for a specified time, suspend their claims and allow the debtor to carry on business at his own descretion.	Thirty rupees.
39.	Memorandum of association of a company— (a) if accompanied by Articles of Association under section 26 of the Companies Act, 1956; (b) if not so accompanied;	One hundred rupees.  Three hundred and twenty-five rupees.
<i>Exemption.</i>		
Memorandum of any Association not formed for profit and registered under section 25 of the Companies Act, 1956.		
40.	Mortgage—Deed, not being an agreement relating to Deposit of Title deeds, Pawn or pledge (No. 6), Bottomry Bond (No. 16) Mortgage of a Crop. (No. 41) Respondentia Bond (No. 56) or Security Bond (No. 57)— (a) when possession of the property or any part of the property comprised in such deed is given by the mortgagee or agreed to be given;  (b) when possession is not given or agreed to be given as aforesaid.	The same duty as a conveyance (No. 23) for a consideration equal to the amount secured by such deed.  The same duty as a Bond (No. 15) for the amount secured by such deed.
<i>Explanation</i>		
A mortgagor who gives to the mortgagee a power of attorney to collect rents or a lease of the property mortgaged or part thereof, is deemed to give possession within the meaning of this Article.		
(c) when a collateral or auxiliary or additional or substituted security or by way of further assurance for the abovementioned purpose where the principal or primary security is duly stamped for every sum secured not exceeding Rs.1,000. And for every Rs.1,000 or part thereof secured in excess of Rs.1,000.		
<i>Exemptions.</i>		
(1) Instruments executed by persons taking advances under the Land Improvement Loans Act, 1883, or the Agriculturists Loans Act, 1884, or by their sureties as security for the repayment of such advances.		
(2) Letter of hypothecation accompanying a Bill of Exchange.		
41.	Mortgage of a Crop, including any instrument evidencing an agreement to secure the repayment of a loan made upon any mortgage of a crop, whether the crop is or is not in existence at the time of the mortgage— (a) when the loan is repayable not more than three months from the date of the instrument— for every sum secured not exceeding Rs.200 and for every Rs.200 or part thereof secured in excess of Rs.200; (b) when the loan is repayable more than three months but not more than eighteen months, from the date of the instrument. For every sum secured not exceeding Rs.100. And for every Rs.100 or part thereof secured in excess of Rs.100.	Two rupees and twenty-five naye paise.  Two rupees and twenty-five naye paise.
42.	Notarial Act, that is to say, any instrument, endorsement note, attestation, certificate or entry not being a Protest (No. 50) made or signed by a Notary Public in the execution of the duties of his office, or by any other person lawfully acting as a Notary Public. See also Protest of Bill or Note (No. 50).	Thirty-five naye paise. Thirty-five naye paise.
43.	Note or Memorandum sent by a Broker or Agent to his principal intimating the purchase or sale on account of such principle— (a) of any goods exceeding in value twenty rupees; (b) of any stock or marketable security exceeding in value twenty rupees.	Sixty naye paise. Sixty naye paise.  Three rupees and fifty naye paise.
44.	Note of Protest by the Master of a Ship. See also Protest by the Master of a Ship (No. 51). Order for the Payment of Money. See Bill of Exchange (No. 13).	Sixty naye paise. Subject to a maximum of forty-five rupees; sixty naye paise for every Rs.10,000 or part thereof of the value of the stock or security. One rupee and fifty naye paise.
45.	Partition—Instrument of as defined by section 2(15).	The same duty as a Bond (No. 15) for the amount of the value of the separated share or shares of the property. N. B.—The largest share remaining after the property is partitioned (or if there are two or more shares of equal value and not smaller than any of the other shares (that one of such equal shares) shall be deemed to be that which the other shares are separated.

46. Partnership—

A—Instrument of—

- (a) where the capital of the partnership does not exceed Rs.4,000;
- (b) in any other case.

B Dissolution of—

Pawn or pledge—See agreement relating to deposit of Title Deeds, Pawn or Pledge (No. 6).

\* \* \*

48. Power of Attorney (as defined in section 2(21) not being a proxy (No. 52)—

- (a) when executed for the sole purpose of procuring the registration of one or more documents in relation to a single transaction or for admitting execution of one or more such documents;
- (b) when authorising one person or more to act in a single transaction other than the case mentioned in clause (a);
- (c) when authorising not more than five persons to act jointly and severally in more than one transaction or generally;
- (d) when authorising more than five but not more than ten persons to act jointly and severally or generally;
- (e) when given for consideration and authorising the attorney to sell any immovable property.
- (f) in any other case.

*Explanation.*

For the purposes of this Article more persons than one when belonging to the same firm shall be deemed to be one person.

\* \* \*

50. Protest of Bill or note, that is to say, any declaration in writing made by a Notary Public; or other person lawfully acting as such, attesting the dishonour of a Bill of Exchange or promissory note.

Provided always that—

- (a) when an instrument (of partition) containing an agreement to divide property in severalty is executed and a partition is effected in pursuance of such agreement the duty chargeable upon the instrument effecting such partition or upon the instrument recording, by way of declaration or otherwise, the terms of such partition shall be reduced by the amount of duty paid in respect of the first instrument but shall not be less than two rupees and five rupees.
- (b) where land is held on revenue settlement, the value for the purpose of this article shall be deemed to be
  - (i) twenty times the annual revenue; and
  - (ii) ten times the net profit that have arisen from the land during the year next before the date of partition, where the land is wholly or partly exempt from payment of revenue;
- (c) where a final order for effecting a partition passed by any Revenue authority or any Civil Court, or an award by an Arbitrator directing a partition, is stamped with the stamp required for any instrument of partition, and an instrument of partition, in pursuance of such order or award is subsequently executed, the duty on such instrument shall not exceed five rupees.

The same duty as a Bond (No. 15).

One hundred and fifty rupees.

Thirty-seven rupees and fifty naye paise.

Two rupees and fifty naye paise.

Five rupees.

Twenty rupees.

Forty rupees.

The same duty as a Conveyance (No. 23) for the amount of the consideration.

Five rupees for each person authorised.

*N. B.*—The term “registration” includes every operation incidental to registration under the Indian Registration Act (Act XVI of 1908).

Three rupees.

1	2	3
<p>51. Protest by the Master of a ship, that is to say any declaration of the particulars of her voyage drawn up by him with a view to the adjustment of losses or the calculation of averages, and every declaration in writing made by him against the charters or the consignees for not loading or unloading the ship, when such declaration is attested or certified by a Notary Public or other persons lawfully acting as such.</p> <p>See also Note of Protest by the Master of Ship (No. 44).</p>	<p>Three rupees.</p>	
<p>54. Re-Conveyance of Mortgaged Property—</p> <p>(a) if the consideration for which the property was mortgaged does not exceed Rs.1,000;</p> <p>(b) in any other case.</p>	<p>The same duty as a conveyance (No. 23) for the amount of such consideration as set forth in the Re-conveyance.</p> <p>Seventy-five rupees.</p>	
<p>55. Release, that is to say, any instrument not being such a release as is provided for by section 23(A) whereby a person renounces a claim upon another person or against any specified property—</p> <p>(a) if the amount or value of the claim does not exceed Rs.2,500;</p> <p>(b) In any other case.</p>	<p>The same duty as a Bond (No. 15) for such amount or value as set forth in the Release.</p> <p>One hundred rupees.</p>	
<p>56. Respondentia Bond that is to say, any instrument securing a loan on the cargo laden or to be laden on board a ship and making repayment contingent on the arrival of the cargo at the port of destination.</p> <p>Revocation of any Trust or Settlement</p> <p>See Settlement (No. 58); Trust (No. 64).</p>	<p>The same duty as a Bond (No. 15) for the amount of the loan secured.</p>	
<p>57. Security Bond or Mortgage-Deed executed by way of security for the due execution of an office, or to account for money or other property received by virtue thereof or executed by a surety to secure the due performance of a contract or the discharge of a liability—</p> <p>(a) when the amount secured does not exceed Rs.1,000</p> <p>(b) in any other case.</p>	<p>The same duty as a Bond (No. 15) of the amount secured.</p> <p>Thirty-seven rupees and seventy-five naye paise.</p>	
<p><i>Exemptions.</i></p>		
<p>Bond or other instrument, when executed—</p>		
<p>(a) by headmen nominated under rules framed in accordance with the Bengal Irrigation Act, 1876, section 99, for the due performance of their duties under that Act;</p> <p>(b) by any person for purpose of guaranteeing that the local income derived from private subscriptions to a charitable dispensary or hospital or any other object of public utility shall not be less than specified sum per-ensem;</p> <p>(c) under no. 3-A of the rules made by the State Government under section 70 of the Bombay Irrigation Act, 1879;</p> <p>(d) executed by persons taking advances under the Land Improvement Loan Act, 1883 or the Agriculturists' Loans Act, 1884, or by their sureties, as security for the repayment of such advances;</p> <p>(e) executed by Officers or the Government or their sureties to secure the due execution of an office, or the due accounting for money or other property received by virtue thereof.</p>		
<p>58. Settlement—A instrument of—(including deed of dower)</p>	<p>The same duty as a Bond (No. 15) for a sum equal to the amount or value of the property settled provided that, where an agreement to settle is stamped with the stamp required for an instrument of settlement and instrument of settlement in pursuance of such agreement is subsequently executed, the duty on such instrument shall not exceed five rupees.</p>	
<p><i>Exemption.</i></p>		
<p>Deed of dower executed on the occasion of a marriage between Muham-madans.</p>		
<p>B—Revocation of—</p>		
<p>See also Trust (No. 64).</p>		
<p>59. Share warrants to bearer issued under the Indian Companies Act, 1913.</p>	<p>The same duty as a Bond (No. 15) for a sum equal to the amount or value of the property concerned, but not exceeding thirty-six rupees.</p>	
		<p>The same duty as a Debenture transferable by delivery (No. 27) (b) for a face amount equal to the nominal amount of the shares specified in the warrant.</p>

1

2

3

*Exemptions*

Share warrant when issued by a Company in pursuance of the Indian Companies Act, 1913 section 43, to have effect only upon payment as composition for that duty to the Collector of Stamp revenue of—

- (a) one and a half per centum of the whole subscribed capital of the company, or  
 (b) if any company which has paid the said duty or composition in full, subsequently issues an addition to its subscribed capital one and a half per centum of the additional capital so issued.

Scrip—See Certificate (No. 19).

60. Shipping order for or relating to the conveyance of goods on board of any vessel.  
 61. Surrender of lease—  
 (a) when the duty with which the lease is chargeable does not exceed thirty-seven rupees and seventy-five naye paise.  
 (b) in any other case.

Twenty-five naye paise.

The duty with which such lease is chargeable.

Thirty-seven rupees and seventy-five naye paise.

*Exemption*

Surrender of lease, when such lease is exempted from duty

62. Transfer (whether with or without consideration)—

(a) See Schedule I-A.

(b) of debentures, being marketable securities whether the debenture is liable to duty or not except debentures provided for by section 8;

when the value of the share or the face amount of the debenture does not exceed Rs.100;

	Rs.
	1.50
Where it exceeds Rs. 100 but does not exceed Rs. 200	3.00
Where it exceeds Rs. 200 but does not exceed Rs. 300	4.50
Where it exceeds Rs. 300 but does not exceed Rs. 400	6.00
Where it exceeds Rs. 400 but does not exceed Rs. 500	7.50
Where it exceeds Rs. 500 but does not exceed Rs. 600	9.00
Where it exceeds Rs. 600 but does not exceed Rs. 700	11.25
Where it exceeds Rs. 700 but does not exceed Rs. 800	13.50
Where it exceeds Rs. 800 but does not exceeds Rs. 900	15.75
Where it exceeds Rs. 900 but does not exceeds Rs. 1,000	18.00
And for every Rs. 500 or part thereof in excess of Rs. 1,000	9.00

(c) of any interest secured by a bond, mortgage deed or policy of insurance—

(i) if the duty on such bond, mortgage deed or policy does not exceed thirty-seven rupees and seventy-five paise;

(ii) in any other case.

The duty with which such bond, mortgage deed or policy of insurance is chargeable.

Rupees thirty-seven and seventy-five paise.

Provided that if by any one instrument the interest secured by several bonds, mortgage deed or policies of insurance is transferred the duty payable in respect of such instrument shall be the aggregate of the duties which would have been payable if separate instruments of transfer were executed in respect of each such bond, mortgage deed or policy of insurance.

(d) of any property under the Administrator Generals Act, 1913, section 25;

Thirty-three rupees and seventy-five naye paise.

(e) of any trust property without consideration from one trustee to another trustee or from a trustee to a beneficiary.

Seventeen rupees, or such smaller amount as may be chargeable under clauses (b) and (c) of this article.

*Exemptions*

Transfers by endorsement—

- (a) of a bill of exchange, cheque or promissory note;  
 (b) of a bill of lading, delivery order, warrant for goods or other mercantile document of title to goods;  
 (c) of policy of insurance;  
 (d) of securities of the Central Government or the State Government.

See also section 8.

63. Transfer of lease by way of assignment, and not by way of under-lease.

The same duty as a conveyance (No. 23) for a consideration equal to the amount of the consideration for the transfer.

1	2	3
<i>Exemptions</i>		
	Transfer of any lease exempt from duty—	
64.	Trust—	
	A—Declaration of—of or concerning, any property when made by any writing not being a will—	
	(a) where the amount or value does not exceed Rs.10,000;	The same duty as Bond (No. 15). On ten thousand rupees, the duty payable under clause (a) and on the remainder, two rupees for every additional one thousand rupees or part thereof.
	(b) where such amount exceeds Rs.10,000	
	B—Revocation of—of or concerning, any property when made by any instrument other than a will.	The same duty as Bond (No. 15) for a sum equal to the amount or value of the property concerned but not exceeding seventy-five rupees.
	See also Settlement (No. 58). Valuation—See Appraisalment (No. 8). Vakil—See Entry as a Vakil (No. 30).	
65.	Warrant for goods, that is to say, any instrument evidencing the title of any person therein named, or his assigns, or the holder thereof, to the property in any goods lying in or upon any dock, warehouse or wharf, such instrument being signed or certified by or on behalf of the person in which custody such goods may be.	One rupee and fifteen naye paise.

## ANNEXURE 7

*Prevailing rates of Court Fees in U. P.*

In Uttar Pradesh, the court-fees are levied in accordance with the provisions of the Indian Court Fees Act, 1870, as amended in its application to U. P. No changes have been made in the *ad valorem* rates of court-fees in respect of the articles mentioned in Schedule I of the Court Fees Act. The prevailing rates of court-fees in respect of the articles mentioned in Schedule II of the Act are given below:

## SCHEDULE II

*Fixed fees*

Sl. no.	Description of Instrument	Prevailing rates
1.	Application or petition ...	
	(a) When presented to any officer of the Cus-Magistrate by any person having dealings with the Government, and when the subject-matter of such application relates exclusively to those dealings;	
	Or when presented to any officer of land revenue by any person holding temporary or Excise Department or to any rily settled land under direct engagement with Government, and when the subject-matter of the application or petition relate exclusively to such engagement;	
	Or when presented to the District Magistrate or any other officer for the correction of an electoral roll;	Fifty paise
	Or when presented to any Civil Court other than a principal Civil Court of original Jurisdiction;	
	Or to any court of Small Causes constituted under Act no. XI of 1865 or under Act no. XVI of 1865, section 20 or to a Collector or other officer of revenue in relation to any suit or case in which the amount or value of the subject-matter is less than fifty rupees,	
	Or when presented to any Civil, Criminal or Revenue Court, or to any Board or Executive Officer for the purpose of obtaining a copy of translation of any judgment, decree or order passed by such Court, Board or officer, or of any other document on record in such Court or office.	
	(b) When containing a complaint or charge of any offence and presented to any Criminal Court;	
	Or when presented to a collector containing a request from a local body such as the Municipal Board or the Notified Area Committee for the realization of any dues by issue of warrant or any other distress; or when presented to a District Magistrate for permission to have display of fire works or for a police escort;	One rupee and fifty paise

Sl. no.	Description of instrument	Prevailing rates
1.	Application or petition (concl'd.)	One rupee and fifty paise—(concl'd.)
	<p>Or when presented to a District Magistrate in the form of a programme or in any other form for the exhibition of a film at a shorter notice than that permitted by the conditions of the licence issued to cinema companies for exhibition films;</p> <p>Or when presented to a District Magistrate or Collector or any officer subordinate to him, under the Village Panchayat Act,</p>	
	<p>The Stage Carriage Act, the Indian Cinematograph Act, or any other enactment for the time being in force unless specially exempted from payment of court-fee;</p>	
	<p>Or when presented to a Civil, Criminal or Revenue Court, or to a Collector or any Revenue officer having jurisdiction equal or subordinate to a Collector, or to any Magistrate in his executive capacity and not otherwise provided for by this Act;</p>	
	<p>Or to deposit in Court Revenue or rent.</p>	
	<p>Or for determination by a court of the amount of compensation to be paid by a Landlord to his tenant.</p>	
	<p>(c) When presented to a Chief Commissioner or other Chief Controlling Revenue or Executive Authority or to a Commissioner or Revenue or Circuit or to any Chief Officer charged with the executive administration of a Division and not otherwise provided for by this Act.</p>	Three rupees
	<p>(d) When presented to the Board of Revenue for revision of a judgment or order.</p>	Five rupees
	<p>(e) When presented to High Court—</p>	
	<p>(1) Under the Companies Act, 1956, for the winding up of a company.</p>	One hundred rupees
	<p>** (2) Under article 226 or article 227 of the Constitution, or by way of special appeal against a judgment or order including a judgment or order passed on a petition filed before the commencement of the Court Fees (Uttar Pradesh Amendment) Act, 1970 passed by a single judge of the High Court thereon. Provided that:</p>	
	<p>(i) No court fee shall be payable under clause (e) on an application or petition under section 491 of the Code of Criminal Procedure, 1898, or under Article 226 of the Constitution for writs in the nature of <i>habeas corpus</i> or in relating thereto;</p>	
	<p>(ii) The court-fee payable on an application or petition for adjournment of hearing of any case shall be double the court-fee payable on an ordinary application or petition under clause (b), clause (c), clause (d) or sub-clause (5) of clause (e) as the case may be.</p>	
	<p>(3) for probate or letter of administration to have effect throughout India;</p>	Twenty-five rupees
	<p>(4) Under section 115 of the Code of Civil Procedure, 1908, for revision or/and order; and</p>	Ten rupees
	<p>(5) In any other case not otherwise provided for.</p>	Five rupees
	<p>(f) When presented under Chapter IV of the Motor Vehicles Act, 1939:</p>	
	<p>(i) to a Regional Transport Authority or its Chairman or Secretary.</p>	Five rupees
	<p>(ii) To the State Transport Authority or its Chairman or Secretary.</p>	Ten rupees

\* For further amendment see *U. P. Gazette Extraordinary*, dated 5-8-1970.

\*\* The Court Fees (U. P. Amendment) Act, 1970 (with effect from 15-1-1971).

Sl. no.	Description of instrument	Prevailing rates
1-A.	Application to any Civil Court that records may be called for from another court.	When the Court grants the application and is of opinion that the transmission of such records involves the use of the post. One rupee and fifty paise in addition to any fee levied on the application under clause (a), clause (b) or clause (c) or article 1 of this Schedule.
2.	Application for leave to sue as a pauper	Seventy-five paise
3.	Application for leave to appeal as a pauper.	(a) When presented to District Court. One rupee and twenty-five paise. (b) When presented to a Commissioner or a High Court. Two rupees and fifty paise
4.	Plaint or memorandum of appeal in a suit to obtain possession under Act no. XVI of 1898 (or the Mamlatdar's Courts Act, 1876).	Seventy-five paise
5.	Plaint or memorandum of appeal in a suit to establish or disprove a right of occupancy.	Two rupees
6.	Bail-bond or other instrument of obligation given in pursuance of an order made by a court of Magistrate under any section of Code of Criminal Procedure, 1898, and not otherwise provided for by this Act.	One rupee
7.	Undertaking under section 49 of the Indian Divorce Act. 8. Rep. by Act XII of 1891. 9. Rep. by Act XII of 1891.	One rupee
10.	Mukhtarnama, Vakalatnama or any paper signed by an advocate, (Attorney or Pleader) signifying or intimating that he is retained by a party.	When presented for the conduct of any one case (a) to any Civil or Criminal Court other than a High Court. One rupee and fifty paise. Or to any Revenue Court, or to any Collector or Magistrate, or other Executive Officer, except such as are mentioned in clauses (b) and (c) of this number; (b) to a Commissioner of Revenue, Circuit or Customs or to any officer charged with the executive administration of a Division not being the Chief Revenue or Executive Authority. Three rupees (c) To a High Court, Chief Commissioner, Board of Revenue; Five rupees Or other Chief Controlling Revenue or Executive Authority.
11.	Memorandum of appeal when the appeal is not from a decree or an order having the force of a decree and is presented.	(a) To any Civil Court other than a High Court or to any Executive officer other than a Commissioner of the Division or Chief Controlling Revenue or Executive Authority. One rupee and fifty paise (b) To Commissioner of the Division; Three rupees (c) To a High Court or to Chief Controlling Executive or Revenue Authority. Five rupees
11-A	Memorandum of appeal under section 39 of the Arbitration Act, 1940.	(a) Where the appeal is from the order in a case where the value for purposes of jurisdiction does not exceed five thousand rupees; Fifteen rupees (b) In any other case. One hundred rupees
12.	Caveat	When the amount or value of the property in respect of which the Caveat is lodged— (a) does not exceed five thousand rupees Six rupees and twenty-five paise. (b) exceeds five thousand rupees Twelve rupees and fifty paise Six rupees and twenty-five paise.
13.	Application under Act no X of 1859, section 26, or Bengal Act No. VI of 1862, section 9 or Bengal Act no. VIII of 1869, section 37.	Nine rupees and fifty paise.
14.	Petition in a suit under the Native Converts, Marriage Dissolution Act, 1866.	
15.	Rep. by Act V of 1909	
16.	Rep. by Act VI of 1899 s. 18 (i)	
17.	Plaint or memorandum or appeal in each of the following suits. (i) to alter or set aside a summary decision or order (not being one passed under order XXI, rules 60, 61 or 62 of the Code of Civil Procedure) of any of the Civil Courts not established by letters Patent or of any Revenue Court.	Twenty-two rupees

Sl. no.	Description of instrument	Prevailing rates
	(ii) to alter or cancel any entry in a register of the name of proprietors of revenue paying estates;	Twenty-two rupees
	(iii) to obtain a declaratory decree where no consequential relief is prayed in any suit, not otherwise provided for by this Act;	Thirty rupees
	(iv) and (v) deleted by U. P. Act XIX of 1938.	Fifty rupees
	(vi) for relief under section 14 of the Religious Endowments Act, 1933, or under section 91 or section 92 of the Code of Civil Procedure, 1908.	One hundred rupees
	(vii) Every other suit not otherwise provided for by this Act.	Two hundred rupees
	(d) When such value exceeds ten thousand rupees: Provided that in a suit filed before a High Court under its original jurisdiction the fee chargeable in all cases under this article shall be two hundred and fifty rupees.	
18.	(i) Application under section 14 or section 20 of the Arbitration Act, 1940, or an application to set aside an award under the said Act.	Twenty rupees
	(a) when the value of the subject matter of the award does not exceed five thousand rupees.	One hundred rupees
	(b) When such value exceeds five thousand rupees but does not exceed ten thousand rupees, and	Two hundred rupees
	(c) When such value exceeds ten thousand rupees.	Twenty-two rupees
	(ii) Other application under the Arbitration Act, 1940.	Twenty rupees
19.	Agreement in writing stating a question for the opinion of the court under the Code of Civil Procedure, 1908.	Thirty seven rupees and fifty paise.
20.	Every petition under the Indian Divorce Act, except petition under section 14 of the same Act and every memorandum of appeal under section 55 of the same Act.	Thirty-seven rupees and fifty paise.
21.	Memorandum of appeal under the Parsi Marriage and Divorce Act, 1936.	Thirty-seven rupees and fifty paise.
21-A.	Application petition or Memorandum of Appeal under the Special Marriage Act, 1954 or the Hindu Marriage Act, 1955.	Thirty-seven rupees and fifty paise.
22.	Election petition questioning the election of any person.	Two hundred rupees
	(a) As a President, Vice-President or Adhyaksha, Up-adhyaksha, Nagar Pramukh or Up-Nagar Pramukh of a Municipal Board, Zila Parishad or Nagar Mahapalika or any other local body except those mentioned in clause (c).	One hundred and fifty rupees.
	(b) As a Sadasya or Vishishta Sadasya of a Nagar Mahapalika or as a member of a Municipal Board or Zila Parishad or any other local body except those mentioned in clause (d);	Fifty rupees
	(c) As a President or Chairman of a notified or Town Area Committee;	Twenty-five rupees
	(d) As a member of a notified or Town Area Committee.	

**ANNEXURE 8**

*Comparative Schedule for Stamp Duties in Different States—*

Figures in rupees

Item	STATES								
	Uttar Pradesh	Andhra Pradesh	Himachal Pradesh	Karnataka	Madhya Pradesh	Maharashtra	Orissa	Tamil Nadu	West Bengal
1	2	3	4	5	6	7	8	9	10
1. Acknowledgment .. ..	0.25	0.20	0.25	0.15	0.25	0.10@	N. A.	0.15	0.10
2. Administration Bond of Rs.1,000	22.50	16.87	15.00	16.87	22.00	20.00	15.00	16.87	12.00
3. Adoption Deed .. ..	33.75	33.80	37.50	33.75	30.00	30.00@	30.00	33.75	30.00
4. Affidavit .. ..	4.50	4.50	3.00	4.50	4.00	3.50	4.00	4.50	3.00
5. Agreement or Memorandum of an agreement	0.60	0.60	0.40	0.50	0.50	0.50	0.40	0.60	0.40
6. Appointment in execution of power ..	28.00	56.30	37.50	56.25	35.00	25.00 to 45.00*@	50.00	56.25	37.50
7. Appraisalment or valuation :									
(a) Where the amount does not exceed Rs. 1,000.	0.35 to 22.50	0.60 to 22.50	0.30 to 11.25	0.60 to 22.50	0.25 to 22.00	1.00 to 20.00	0.40 to 15.00	0.60 to 22.50	0.75 to 15.00
(b) in any other case ..	22.50	22.50	15.00	22.50	22.50	20.00@	15.00	22.50	15.00
8. Apprenticeship Deed .. ..	12.00	11.30	N.A.	11.25	10.00	15.00@	15.00	11.25	15.00
9. Articles of Association of a company—									
(a) Where the nominal share capital does not exceed one lakh of rupees.			60.00			50.00			75.00
(b) Where the nominal share capital exceeds one lakh of rupees.	150.00	150.00	120.00	150.00	150.00	250.00 to 5000.00	95.00	150.00	150.00
10. Articles of Clerkship .. ..	375.00	N. A.	N. A.	N. A.	333.35	375.00	N. A.	375.00	250.00
11. Award—									
(a) Not exceeding Rs.1,000 ..	0.35 to 22.50	0.60 to 22.50	0.30 to 15.00	0.60 to 22.50	0.25 to 22.00	1.00 to 20.00	0.40 to 15.00	0.60 to 22.50	0.20 to 12.00
(b) If it exceeds Rs.1,000 but does not exceed of Rs.5,000.	28.50	30.00	15.00	30.00	22.50	10.00	10.00	30.00	15.00
(c) For every additional Rs.1,000 and part thereof in excess of Rs.5,000.	1.50 K	1.50 (subject to maximum of Rs.150)	1.15 (subject to a maximum of Rs.112.50.)	1.50	1.50 (subject to maximum of Rs.150)	For every Rs. 500 or part thereof in excess of Rs. 1,000 subject to maximum of Rs.40.00.	1.00 (subject to maximum of Rs.100)	1.50 (subject to maximum of Rs.150)	1.00 (subject to a maximum of Rs.100)

325

@Plus 10 per cent surcharge.

\*Rs.25.00 of trustees Rs. 45.00 property movable or immovable.

K.—When the subject-matter of award is incapable of valuation Rs.22.50.

STATES

Items	STATES									
	Uttar Pradesh	Andhra Pradesh	Himachal Pradesh	Karnataka	Madhya Pradesh	Maharashtra	Orissa	Tamil Nadu	West Bengal	
1	2	3	4	5	6	7	8	9	10	
12. Bond—										
(a) Up to Rs.1,000 .. .. .	0.35	0.40	0.30	0.35	0.25	1.00	0.35	0.40	0.20	
(b) For every Rs.500 or part thereof in excess of Rs.1,000.	to 22.50 11.25	to 22.50 11.30	to 15.00 7.50	to 22.50 11.25	to 22.00 11.00	to 20.00 10.00	to 15.00* 7.50	to 22.50 11.25	to 12.00 6.00	
13. Bottomry Bond—										
(a) Up to Rs.1,000 .. .. .	0.35	0.60	0.30	0.60	0.25	1.00	0.40	0.60	0.75	
(b) For every additional Rs.500 or part thereof in excess of Rs.1,000.	to 22.50 11.25	to 22.50 11.30	to 11.25 5.65	to 22.50 11.25	to 22.00 11.00	to 20.00 10.00	to 15.00 7.50	to 22.50 11.25	to 15.00 7.50	
14. Cancellation .. .. .	18.00	22.50	15.00	22.50	15.00	10.00@	15.00	22.50	10.00	
15. Composition Deed .. .. .	30.00	33.80	30.00	33.75	30.00	30.00@	30.00	33.75	30.00	
16. Conveyance—										
(a) Up to Rs.1,000 .. .. .	1.50	2.30	1.50	2.25	1.00	1.50**	1.50	2.25	1.50	
(b) For every Rs.500 or part thereof in excess of Rs.1,000.	to 45.00	to 45.00	to 30.00	to 45.00	to 40.00	to 30.00	to 30.00	to 45.00	to 30.00k	
17. Copy or extract—										
(a) Originals up to Re. one .. .. .	2.25	2.30	1.15	2.25	2.25	1.50	1.50	2.25	1.50	
(b) Other than section 6-A .. .. .	3.00 3.00 4.50	4.50	3.00	4.50	3.00	3.00	3.00	4.50	3.00	
18. Customs Bond—										
(a) Up to Rs.1,000 .. .. .	0.35	0.60	0.30	0.60	0.25	1.00	0.40	0.60	0.75	
(b) In other case .. .. .	to 22.50 Subject to maximum of Rs.100.	to 22.50 11.30	to 15.00 15.00	to 22.50 30.00	to 22.00 20.00	to 20.00 20.00	to 15.00 10.00	to 22.50 30.00	to 15.00 15.00	
19. Delivery order in respect of goods .. .. .	0.25	0.20	0.25	0.75	0.10	1.00	0.80	0.15	0.10	
20. Divorce .. .. .	8.00	4.50	30.00	7.50	26.65	10.00	4.00	4.50	10.00	
21. Entry as an attorney on the roll of the High Court.	%Article Ommitted.	250.00	750.00	NA	NA	NA	NA	312.50	250.00	

@Plus 10 per cent surcharge.

\*Up to Rs.20,000. Over Rs.20,000 but not exceeding Rs.40,000.

For every Rs.500 or part thereof Rs.20.00 and over Rs.40,000.

For every Rs.500 or part thereof Rs.20.00

\*\*Revised rates per thousand under article 23-Bombay Rs.100.00 Sub-urban 60.00 others Rs.50.00.

K— Plus surcharge at the rate of 1/5th of the basic rates of stamp duty.

£Two rupees and twenty-five paise when the copy or extract is of an agricultural lease or of a mortgage deed of sale deed of agricultural land, in any other case, three rupees, if the original was not chargeable with duty or if the duty with which it was chargeable does not exceed Rs.3.00.

% Three rupees, when the copy or extract is on an agricultural lease or of a mortgage deed or sale of agricultural land and the value of the subject-matter of the original does not exceed Rs.1,000 in any other case Rs.4.50.

%% The Indian Stamp (Uttar Pradesh Amendment) Act, 1970 previously it was Rs.500.

	1	2	3	4	5	6	7	8	9	10
22. Letter of Licence .. .. .		30.00	33.80	30.00	33.75	30.00	15.00	30.00	33.75	22.50
23. Memorandum of Association of a company										
(a) If accompanied by articles of association under section 26 of the Companies Act, 1956.		90.00	90.00	60.00	90.00	190.00	100.00	60.00	90.00	45.00
(b) If not so accompanied—										
(i) Where the nominal share capital does not exceed one lakh of rupees.		240.00	240.00	150.00	240.00	160.00	NA	155.00	240.00	100.00
(ii) When the nominal share capital exceeds one lakh of Rupees.							250.00 to 5000.00			160.00
24. Partition—										
(a) Up to Rs.1000 .. .. .		0.35 to 22.50	0.60 to 22.50	0.30 to 25.00	0.60 to 22.50	0.25 to 22.00	1.00 to 20.00	0.40 to 15.00	0.60 to 22.50	0.20 to 12.00
(b) For every Rs.50 or part thereof in excess of Rs.1000.		11.25	11.30	7.50	11.25	11.00	10.00	7.50	11.25	6.00
25. Partnership—										
(a) Where the capital does not exceed Rs.500. (up to Rs. 4,000)		90.00	15.00	3.75	15.00	44.00*	50.00 (up to Rs. 25,000)	9.50	15.00	10.00
(b) In other case .. .. .		100.00	60.00	22.50	60.00	100.00	100.00	40.00	60.00	30.00
(c) Dissolution of partnership .. .. .		22.50	30.00	15.00	30.00	22.50	30.00	19.00	20.00	15.00
26. Mortgage Deed—										
(a) When the possession of the property or any part of the property comprised in such deed is given by the mortgager or agreed to be given :										
(1) When the amount or value of the consideration does not exceed Rs.50.		1.50	2.30	1.15	2.25	1.00	1.50	1.50	2.25	1.50
(2) Rs.50 to Rs.100 .. .. .		4.50	4.50	2.25	4.10	2.50	3.00	3.00	4.50	3.00
(3) Rs.100 to Rs.200 .. .. .		9.00	9.00	4.50	8.25	5.00	6.00	6.00	9.00	6.00
(4) Rs.200 to Rs.300 .. .. .		13.50	13.50	6.75	12.35	11.00	9.00	8.50	13.50	9.00
(5) Rs.300 to Rs.400 .. .. .		18.00	18.00	9.00	16.50	15.00	12.00	12.00	18.00	12.00
(6) Rs.400 to Rs.500 .. .. .		22.50	22.50	11.25	20.60	20.00	15.00	15.00	22.50	15.00
(7) Rs.500 to Rs.600 .. .. .		27.00	27.00	13.50	27.00	24.00	18.00	17.00	27.00	18.00
(8) Rs.600 to Rs.700 .. .. .		31.50	31.50	15.75	31.50	28.00	21.00	20.00	31.50	21.00
(9) Rs.700 to Rs.800 .. .. .		36.00	36.00	18.00	36.00	31.00	24.00	23.00	36.00	24.00
(10) Rs.800 to Rs.900 .. .. .		40.50	40.50	20.25	40.50	35.00	27.00	30.00	40.50	27.00
(11) Rs.900 to Rs.1000 .. .. .		45.00	45.00	22.50	45.00	40.00	30.00	30.00	45.00	30.00

\* (a) Where the capital does not exceed Rs.2,000.  
Where it exceeds Rs.2,000 but does not exceed Rs.5,000, the stamp duty will be Rs.60.00.

Items	STATES								
	Uttar Pradesh	Andhra Pradesh	Himachal Pradesh	Karnataka	Madhya Pradesh	Maharashtra	Orissa	Tamil Nadu	West Bengal
1	2	3	4	5	6	7	8	9	10
(12) Over Rs.1,000 for every Rs.500 and part thereof.	22.50	22.50	11.25	22.50	20.00	15.00	15.00	22.50	15.00
(b) When possession is not given or agreed to be given as aforesaid.									
(1) When the amount or value of consideration does not exceed Rs.10.00.	0.35	0.00	0.30	0.60	0.25	1.00	0.40	0.60	0.20
(2) Rs.10.00 to Rs.50.00 .. ..	0.75	1.10	0.60	1.10	0.75	1.00	0.80	1.15	0.50
(3) Rs.50.00 to Rs.100.00 .. ..	2.25	2.30	1.15	2.25	1.50	2.00	1.50	2.25	1.00
(4) Rs.100.00 to Rs.200.00 .. ..	4.50	4.50	2.25	4.50	3.00	4.00	3.00	4.50	2.00
(5) Rs.200.00 to Rs.300.00 .. ..	6.75	6.80	3.40	6.75	5.00	6.00	4.25	6.75	3.60
(6) Rs.300.00 to Rs.400.00 .. ..	9.00	9.00	4.50	9.00	8.00	8.00	6.00	9.00	4.80
(7) Rs.400.00 to Rs.500.00 .. ..	11.25	11.30	5.65	11.25	11.00	10.00	7.50	11.25	6.00
(8) Rs.500.00 to Rs.600.00 .. ..	13.50	13.50	9.00	13.50	13.00	12.00	8.50	13.50	7.20
(9) Rs.600.00 to Rs.700.00 .. ..	15.75	15.80	10.50	15.75	16.00	14.00	10.00	15.75	8.40
(10) Rs.700.00 to Rs.800.00 .. ..	18.00	18.00	12.00	18.00	18.00	16.00	12.00	18.00	9.00
(11) Rs.800.00 to Rs.900.00 .. ..	20.25	22.30	13.50	20.25	20.00	18.00	13.00	20.25	10.80
(12) Rs.900.00 to Rs.1000.00 .. ..	22.50	22.50	15.00	22.50	22.00	20.00	15.00	22.50	12.00
(13) Over Rs.1,000.00 for every Rs.500.00 or part thereof.	11.25	11.30	7.50	11.25	11.00	10.00	7.50	11.25	6.00

Source—Memoranda and information on subsidiary points submitted to the Sixth Finance Commission by the State Government.

## ANNEXURE 9

Revenue of Stamps and Court Fees in different States, 1960-61 to 1973-74.

Serial no.	States	Revenue from Stamps and Court Fee (Rs. in Lakhs).							
		1960-61	1965-66	1968-69	1969-70	1970-71	1971-72	1972-73 (R. E.)	1973-74 (B. E.)
1	2	3	4	5	6	7	8	9	10
1	Uttar Pradesh	414	683	931	1085	1228	1523	800	1,300
2	Andhra Pradesh	377	461	729	724	794	913	640	550
3	Assam+	48	72	111	124	124	137	138	144
4	Bihar	311	601	568	610	610	638	860	863
5	Gujarat	176	331	496	566	634	728	800	833
6	Jammu & Kashmir	13	21	35	47	51	49	65	72
7	Karnataka	191	380	490	531	593	667	725	700
8	Kerala	166	374	720	516	540	571	605	612
9	Madhya Pradesh	158	272	423	463	503	567	639	671
10	Maharashtra	540	828	1,081	1,211	1,218	1,420	1,339	1,658
11	Orissa	63	125	163	182	210	264	214	193
12	Punjab & Haryana	276	584	974	1,102	1,238	1,347	1,521	1,661
13	Rajasthan	93	156	237	244	263	308	350	304
14	Tamil Nadu	453	815	1,091	1,277	1,342	1,436	1,485	1,535
15	West Bengal	400	717	734	775	773	805	911	846

## ANNEXURE 9

Revenue of Stamps and Court Fees in different States, 1960-61 to 1973-74.

Serial no.	States	(Percentage increase over 1960-61 in				Percentage Increase in.		
		1965-66	1968-69	1971-72	1973-74	1968-69 over 1965-66	1971-72 over 1968-69	1973-74 over 1968-69
1	2	11	12	13	14	15	16	17
1	Uttar Pradesh	65.0	124.9	267.9	214.0	36.3	63.6	39.6
2	Andhra Pradesh	22.3	93.4	142.2	45.9	58.1	25.2	(-)-24.6
3	Assam+	50.0	131.2	185.4	200.0	54.2	23.4	29.7
4	Bihar	93.2	82.6	105.1	177.5	(-)-5.5	12.3	51.9
5	Gujarat	88.1	181.8	313.6	373.3	49.8	46.8	67.9
6	Jammu & Kashmir	61.5	169.2	276.9	453.8	66.7	40.0	165.7
7	Karnataka	99.0	156.5	249.2	266.5	28.9	36.1	42.9
8	Kerala	125.3	339.2	244.0	268.7	94.9	(-)-21.7	(-)-16.0
9	Madhya Pradesh	72.2	167.7	258.9	324.7	55.5	34.0	58.6
10	Maharashtra	53.3	100.2	163.0	207.0	30.6	31.4	53.4
11	Orissa	98.4	158.7	319.0	206.3	30.4	62.0	18.4
12	Punjab & Haryana	111.6	252.9	388.0	501.8	66.8	38.3	70.5
13	Rajasthan	67.7	154.8	231.2	226.9	51.9	30.0	28.3
14	Tamil Nadu	79.9	140.8	217.0	238.9	33.9	31.6	40.7
15	West Bengal	79.2	83.5	101.2	111.5	2.4	9.7	15.3

+ Includes Meghalaya and Nagaland.

Source—State Budgets.

## ANNEXURE 10

### Per Capita incidence of Stamps and Court Fee in different States, 1960-61 to 1972-73

Serial no.	States	1960-61			1965-66			1971-72			1972-73 (R. E.)		
		Tax Revenue (Rs. in lakhs)	Mid year population (lakhs)	Per capita incidence (Rs.)	Tax Revenue (Rs. in lakhs)	Mid year population (lakhs)	Per capita incidence (Rs.)	Tax Revenue (Rs. in lakhs)	Mid year population (lakhs)	Per capita incidence (Rs.)	Tax Revenue (Rs. in lakhs)	Mid year population (lakhs)	Per capita incidence (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Uttar Pradesh	414	732.74	0.56	683	800.54	0.85	1523	891.35	1.71	800	907.46	0.88
2	Andhra Pradesh	377	357.66	1.05	461	392.25	1.18	913	439.14	2.08	640	447.49	1.43
3	Assam +	48	121.89	0.39	72	140.15	0.51	137	167.31	0.82	138	172.31	0.80
4	Bihar	311	461.08	0.67	601	507.19	1.18	638	568.96	1.12	860	579.96	1.18
5	Gujarat	176	204.29	0.86	331	231.97	1.43	728	270.40	2.69	800	277.40	2.88
6	Jammu & Kashmir	13	35.48	0.37	21	40.07	0.52	49	46.77	1.05	65	47.99	1.35
7	Karnataka	191	233.96	0.81	380	260.30	1.46	667	296.16	2.25	725	302.60	2.40
8	Kerala	166	167.49	0.99	374	187.95	1.99	571	215.95	2.64	605	221.00	2.74
9	Madhya Pradesh	158	320.81	0.49	272	363.03	0.75	567	421.79	1.34	639	432.47	1.48
10	Maharashtra	540	392.07	1.38	828	441.65	1.87	1420	510.23	2.78	1339	522.66	2.56
11	Orissa	63	174.17	0.36	125	194.26	0.64	264	221.90	1.19	214	226.88	0.94
12	Punjab & Haryana	276	201.13	1.37	584	217.37	2.69	1347	237.63	5.67	1521	241.18	6.31
13	Rajasthan	93	199.62	0.99	156	225.36	0.69	308	260.81	1.18	350	267.24	1.31
14	Tamil Nadu	453	335.30	1.35	815	360.14	2.21	1436	416.10	3.45	1485	424.49	3.50
15	West Bengal	400	345.16	1.16	717	389.17	1.84	805	448.39	1.80	911	450.11	1.98

+ Includes Meghalaya and Nagaland.

Source : 1. Tax Revenue—State Budgets.

2. Population—Projected.

ANNEXURE 11

Stamp duty as percentage of income in different States 1960-61—1970-71.

(Rs. in lakhs)

Sl. No.	Name of the State	1960-61			1965-66			1969-70			1970-71		
		State income	Tax Revenue	Tax as percentage of State income	State income	Tax Revenue	Tax as percentage of State income	State income	Tax Revenue	Tax as percentage of State income	State income	Tax Revenue	Tax as percentage of State income
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Uttar Pradesh	179931	414	0.23	296595	683	0.23	448141*	1085	0.24	455403*	1228	0.27
2	Andhra Pradesh	98319	377	0.38	152077	461	0.30	216362*	723	0.33	234588*	794	0.34
3	Assam@	36350	48	0.13	56090	72	0.13	81660*	124	0.15	N.A.	124	..
4	Bihar	97377	311	0.32	164666	601	0.36	N.A.	610	..	N. A.	610	..
5	Gujrat	73769	176	0.24	114600	331	0.29	175000*	566	0.32	208400*	634	0.30
6	Haryana	24503	N. A.	..	38900	N. A.	..	77970*	453	0.58	82836*	472	0.57
7	Karnataka	66740	191	0.29	101181	380	0.38	142622*	531	0.37	156646*	593	0.38
8	Kerala	44378	166	0.37	78315	374	0.48	113320*	516	0.46	124437*	540	0.43
9	Madhya Pradesh	92390	158	0.17	125870	272	0.22	214030*	463	0.22	227630*	503	0.22
0	Maharashtra	159742	540	0.34	235448	828	0.35	365637*	1211	0.33	384576*	1218	0.32
1	Orissa	36450*	63	0.17	63307*	125	0.20	99144*	182	0.18	N. A.	210	..
2	Punjab	41107	276	0.67	71506	584	0.82	136818*	649	0.47	148482*	766	0.52
3	Rajasthan	72647	93	0.15	84147	156	0.19	121039	244	0.20	148813*	263	0.18
4	Tamil Nadu	111088	453	0.41	149178	815	0.55	211308	1277	0.60	237330*	1342	0.57
5	West Bengal	110693	400	0.36	161029	717	0.45	220110	775	0.35	135790*	773	0.33

\*Provisional.

@Includes Meghalaya and Nagaland.

N.A.—Not available.

Source—Tax Revenue—State Budgets.

State Income—Directorate of Economics and Statistics, U. P.

## CHAPTER IX FORESTS

It is now generally accepted that the prosperity and well-being of nations depend upon the way they use their national resources. Forest is a renewable natural resource par excellence. Besides providing a variety of basic raw materials, it protects two other renewable resources on which depend the prosperity of a country—water and soil. To ensure perpetual supply of water and protection of its soils, conservation of forests becomes a prime duty of the community. We shall, however, be concerned here only with the revenue aspects of the problem. Being a renewable resource, forests should be so managed that without endangering the conservation of soil and water, the production potential of the resource is fully utilized. In our country, the increasing population and the slowly improving standards of living have resulted in increasing demands for the products of the forests. Attention is now being centred on intensive rather than extensive forestry. We should not be content merely with whatever produce the accessible forests have so far yielded, but must make searching enquiries into the possibilities of harnessing the full productive capacity of all our forests for increased prosperity.

2. Forestry on scientific lines in this country began with the formulation of a policy of forest development some time in the last century. This policy adumbrated the regulation of rights and restrictions on privileges of users of forests, the need for preservation of the climate and physical conditions of the country and management on commercial lines of forests containing valuable timber. After attaining independence, a national forest policy was enunciated by the Government of India. This envisaged that one-third of the total geographical area of the country should be brought under forests and that they should be distributed evenly throughout the country.

3. In forestry accounting hitherto investment is merely looked upon as essential for preservation or for very long-term development. It is symbolic of this attitude that there is no capital account for forests. Forests, however, are so valuable a resource that in spite of this "non-commercial" attitude, they have yielded a surplus even after deducting investment expenditure from the resources. This is partly, because forest products are generally sold at commercial rates to contractors or business and industry.

4. Table I gives area under forests for different states and their proportion to geographical area.

TABLE I—Area under forests for different states and their proportion to geographical area—1971-72.

State	Sq. Kms.		
	Forest area	Geographical area	Percentage of forest area to geographical area
1	2	3	4
1. Uttar Pradesh ..	50,727	2,94,410	17.23
2. Andhra Pradesh ..	65,120	2,76,760	23.53
3. Assam ..	44,420	1,22,100	36.38
4. Bihar ..	30,590	1,73,880	17.59
5. Gujarat ..	18,000	1,95,980	9.18
6. Himachal Pradesh	21,590	55,700	38.76
7. Kerala ..	12,690	38,860	32.66
8. Madhya Pradesh ..	1,68,130	4,42,840	37.97
9. Maharashtra ..	66,960	3,07,760	21.76
10. Mysore ..	35,100	1,91,770	18.30
11. Orissa ..	67,460	1,55,900	43.27
12. Rajasthan ..	37,600	3,42,210	10.99
13. Tamil Nadu ..	22,100	1,30,070	16.99
All India ..	7,50,330	32,80,480	22.87

Source : India's Forest—1972.

The total forest area (Forest Department and others) in this State in 1971-72 was about 17 per cent of the total geographical area of the State against all India average of 22.9 per cent. This is less than what was contemplated in the national forest policy. Of the 13 States for which we could get the relevant information, only 3—Tamil Nadu, Rajasthan and Gujarat had less proportion of their geographical area under forests. Five states had nearly twice or more than twice the percentage of their total area under forest. The lower percentage of forest area to total geographical area in this State as compared to all India average calls for extension and preservation of forest wealth in the State.

5. The area under different classes of forests in this State (under Forest Department) during different years is given in table II. It is satisfactory to note that area under forests has increased and the increase is under reserved forests.

TABLE II—Forest area under different classes (under Forest Department), 1960-61 to 1971-72.

Sq. Km.					
Serial no.	Years	Reserved	Protected	Unclassed	Total area
1	2	3	4	5	6
1	1960-61	24,506	1,911	8,752	35,169
2	1961-62	24,706	1,909	9,251	35,866
3	1962-63	24,696	1,901	8,430	35,027
4	1963-64	24,727	1,898	8,454	35,079
5	1964-65	24,761	1,886	8,393	35,040
6	1965-66	29,850	1,138	7,448	38,436
7	1966-67	30,433	774	8,111	39,318
8	1967-68	30,885	1,484	7,803	40,172
9	1968-69	31,357	1,631	7,322	40,220
10	1969-70	31,433	115	9,593	41,141
11	1970-71	32,847	113	8,016	40,976
12	1971-72	32,068	113	7,833	41,014

Source : Chief Conservator of Forests.

Besides, an area of 9,713 Square Kilometres is under Panchayats and Civil Forests. Forests in this State are not spread over evenly. The alluvial and extensive Gangetic plane is virtually without forests which are located mostly in the hills, the Tarai belt below the Himalayas and Vindhaya range in the southern part of the State. Against the total forest area of 50,727 Square Kilometres in the State, the hill region of the Himalayas covers 27,335.98 Square Kilometres, Tarai Belt covers 12,120.07 Square Kilometres and Vindhachal range covers 8,407.16 Square Kilometres. The pressure of population in the Gangetic plane is the heaviest in the country and in the absence of forests, the people of the area use cow dung as fuel for cooking food. This has gradually been reducing the soil fertility in the area.

6. There has been large scale destruction of forest area in the State. In the Second World War mass cutting of forests was done to meet war supplies. To bring more land under plough, forest land was cleared of trees. At the time of Zamindari Abolition in Uttar Pradesh, large areas of private forests were mercilessly cut down. Small village forests dotted along rivers became extinct. 16,000 Square Kilometres of tree vegetation has been cleared in the State during last two decades only. Besides, large tracts of forest land have been leased out for setting up various industrial units, public undertakings and carrying out Civil Construction works. Hence not only the existing forest area has to be preserved but also new areas have to be brought under tree cover to counteract the adverse effects of our past neglect.

7. The last Taxation Enquiry Committee, on the basis of Techno-Economic Survey of the State made by the National Council of Applied

Economic Research, had concluded that there was scope for increasing the area under forests. According to the Forest Department most of the area indicated in the Techno-Economic Survey referred to above, lies in the control of Gram Samaj or Revenue authorities. Apart from this, such areas are scattered and exist in small patches of land. It will not be an economically viable proposition to undertake afforestation of these areas. But other plantable waste lands are being gradually afforested. A substantial increase in the forest area in this State in the near future is, however, out of question, and the revenue from forests can only be increased by better management and through gradual replacement of cheap species of wood by better and valuable species of timber.

8. Income from forests constituted 18.4 per cent of the total non-tax revenue during 1972-73 in this State. The contribution varied widely in different states. It was the highest in Madhya Pradesh 41.6 per cent and much better than in Uttar Pradesh, in Assam (28.7 per cent), Kerala (28.6 per cent) and Mysore (21.3 per cent). The contribution was much lower in Bihar (10.3 per cent), West Bengal (5 per cent) and Punjab (2.3 per cent). The revenue from forests of a state will depend on the area covered by forests and the yield per hectare of forests area. Table III gives revenue per hectare of forest area in different states.

TABLE III—Revenue per hectare of forest area in different States 1971.

States	Revenue per hectare (Rs.)
1	2
1. Uttar Pradesh	53.21
2. Andhra Pradesh	14.75
3. Bihar	13.76
4. Himanchal Pradesh	36.39
5. Kerala	162.24
6. Madhya Pradesh	15.38
7. Maharashtra	19.88
8. Tamil Nadu	21.68

Source : Chief Conservator of Forests.

9. The per hectare yield from State forests in this State in 1967-68 was Rs.43.59 and increased to Rs.53.21 in 1971-72. The yield per hectare varies from one forest division to another as the quality of timber varies. Per hectare revenue of this State is second in the country, only next to Kerala. Kerala abounds in teak wood which is a costly timber. In some other countries of the world, where forests are well managed, the return per hectare is much more such as Rs.280 per hectare in Switzerland. This impels us to think that there may be scope for increase in the income from our forests by improving their management.

10. Extraction of timber used to be made in the past through contractors. The last Taxation Enquiry Committee recommended setting up a pilot project for extraction of timber departmentally so that maximum utilizable timber could be extracted. A logging unit was established in Uttar Kashi Forest Division during the Third Five-Year Plan. Encouraged by the results of this experiment, departmental working of forests was started in Mailani Range of south Kheri Forest Division and in Tikri Range of south Gonda Forest Division. All these have shown good results. This departmental working is now proposed to be continued and gradually extended to other divisions also. Separate accounts of the working of these departmental units are not kept. It is not, therefore, possible for us to comment on their performance. We suggest that in order to evaluate the working of these units commercial accounting proce-

dures should be adopted. Introduction of State trading in Tendu leaves (a basic raw material for biri) has resulted in a recurring increase of Rs.140 lakhs per annum in forest revenue. Similar State trading in Resin, Khair, and other products can bring in additional revenue to the Forest Department. There are large tracts of grazing land under the Forest Department, on which grazing is allowed after charging a fee from the beneficiaries. The present rates were fixed more than a decade back. Since then prices of milk, ghee and wool have registered a phenomenal increase. There is thus room for substantial increase in the rates of grazing fees which will fetch more revenue to the Forest Department.

11. The main items of forest produce are timber and firewood. Table IV gives the total production and production per hectare of these during the years 1960-61 to 1971-72:

TABLE IV—Total Production and Production per Hectare of Timber and Firewood, 1960-61 to 1971-72.

Serial no.	Year	Area in lakh Hectares	Production in Lakh Cubic Metres		Per Hectare Produce in Cubic Metres	
			Timber	Firwood	Timber	Firewood
1	2	3	4	5	6	7
1	1960-61	35.17	4.21187	21.18763	0.12	0.60
2	1961-62	35.87	4.63458	18.44136	0.13	0.51
3	1962-63	35.02	6.27325	20.83366	0.18	0.59
4	1963-64	35.08	0.08047	19.29467	0.17	0.55
5	1964-65	35.04	6.47092	18.33967	0.18	0.52
6	1965-66	38.44	7.56608	23.59013	0.20	0.61
7	1966-67	39.32	8.83016	18.27395	0.22	0.46
8	1967-68	40.17	8.93489	23.38044	0.22	0.58
9	1968-69	40.22	9.95728	22.61866	0.25	0.56
10	1969-70	41.14	9.39885	23.71323	0.23	0.58
11	1970-71	40.98	9.91207	24.78045	0.24	0.60
12	1971-72 (Provisional)	41.01	9.84400	20.13057	0.24	0.49

Source : Chief Conservator of Forests.

The above table indicates that there has been a twofold increase in the per hectare production of timber, but a decline in the case of firewood. This can be explained as the result of a deliberate effort to replace the low-valued firewood by the high-valued timber. The area has slightly increased from 35 lakh hectare to 41 lakhs. Because of this increase inspite of substitution, there has hardly been any decline in total firewood production. Timber production has more than doubled.

12. Besides wood and timber, forests also yield a variety of smaller products like resin, match, biri wood, kathha etc. Their production in 1966-67 was valued at Rs.3.84 crores; in 1971-72 it had gone up to Rs.6.99 crores. Resin

is available abundantly in Kumaun and Tehri-Garhwal from the stem of pine (chir) trees. Resin and turpentine are used mostly in the manufacture of soap, paints, varnish and disinfectants. Most of the resin is sold by the Department to the Indian Turpentine and Resin Co. Ltd., Bareilly, and some to the co-operative resin distillation factories. The price of resin is fixed by the Government and the present price (1971-72) is Rs.172.68 per quintal. Recently an emulsion plant has been established for increasing the productivity of resin by avoiding waste in extraction which would ultimately improve revenue.

13. Table V gives the total revenue from and expenditure on the forests in this State during different years.

TABLE V—Total revenue and expenditure on Forests 1960-61 to 1973-74

(Rs. in Lakhs)

Sl. no.	Years	Revenue**	expend- ture on* investment*	Total expendi- ture**	Net receipts. (3-5)
1	2	3	4	5	6
1	1960-61	631	81	310	281
2	1961-62	744	93	349	295
3	1962-63	895	128	396	499
4	1963-64	1,007	165	450	557
5	1964-65	1,161	226	533	628
6	1965-66	1,426	232	587	839
7	1966-67	1,542	229	624	918
8	1967-68	1,751	187	664	1,087
9	1968-69	1,909	214	695	1,214
10	1969-70	2,022	266	736	1,286
11	1970-71	2,148	237	756	1,392
12	1971-72	2,182	302	831	1,351
13	1972-73	2,465	319	952	1,513
14	1973-74	2,737	421	1,093	1,644

1. \*Total expenditure under Five-Year Plan.

2. Source—Chief Conservator of Forests, U. P.

3. \*\*Source—State Budgets.

During the period from 1960-61 to 1973-74, total yearly expenditure on forests in this State has increased to 353 per cent whereas revenue from forests has gone up to 396 per cent. The net receipts during the same period have gone up to 432 per cent. The increased income in recent years is due partly to rising prices of wood and partly to better management. We tried to disaggregate the effects of increase in prices and improvement in production on revenue per hectare. However, as the relevant information was not available, we were unable to do so. Scientific exploitation of forest has not progressed much, barring in areas required for the plantation of fast growing species and species of economic and industrial importance. Soft wood species are at present allotted to industries at fixed rates. By introducing the system of auction more revenue can be fetched from this source.

14. It needs to be brought out here that in the report of the last Taxation Enquiry Committee, the arrears of forest revenue to be recovered were reported at Rs.6.61 crores in March 1967. The position of arrears in subsequent years is given below:

Arrears on	Amount in Rupees.
March 31, 1969	... 5,54,47,424
March 31, 1970	... 5,27,20,045
March 31, 1971	... 6,43,37,551
March 31, 1972	... 9,62,18,027
March 31, 1973	... 11,65,69,289

The arrears have since then gone up to Rs.11.65 crores by March 1973. Most of these are accounting arrears as a large part of the money has already been deposited with the Government as advances or securities. A very substantial part is on account of transactions with the Railways. Then inter-departmental adjustments take considerable time and sizeable arrears accumulate on this account also. Nevertheless, there is need for their early realisation for which concerted efforts are called for.

15. There is a great potential for the development of forest resources in Uttar Pradesh. Annual investments in forest in this State have been very low. It works out to only Rs.8.50 per hectare. If more investment is made in the development of the forest resources, it will be possible to make increased quantity of forest produce available to the public as also for the forest based industries.

## SUMMARY OF RECOMMENDATIONS

- National Forest Policy envisages an area of 33 per cent under forest in each State. Against this, the forest area in this State stood at 17 per cent in 1971-72. There is not much scope for increasing the forest area in this State. Therefore, increased forest revenue can be had only by intensive forestry and better management. (Para 7)
- With a view to have intensive forestry, replacement of cheap species by better and valuable species is the proper answer. (Para. 7)
- As a part of better management, departmental logging units were set up at two places. Their working shows better results. Separate accounts of the working of these departmental units are not kept. It is not, therefore, possible for us to comment on their performance. We suggest that in order to evaluate the working of these units, commercial accounting procedures should be adopted. (Para 10)
- State Trading in 'Tendu' leaves was started in 1972-73 which has yielded good results. State Trading in Resin is called for which can fetch further additional revenue. At present resin is collected through the agency of contractors who quite often extract so much out of a tree that it is damaged permanently, specially in areas where there is loaded contract system. Resin is a monopoly item and there is considerable scope for earning more from this source by proper management and State trading. (Para 10)
- Grazing fees were fixed long ago whereas rates of milk, ghee, wool etc., have gone up many times. There is thus scope for increasing the grazing fees etc., suitably. (Para 10)
- Soft wood species are allotted to industries at fixed rates. By introducing the system of auction more revenue can be fetched from this source. (Para 13)
- The arrears of forest revenue have been going up (from Rs.6.61 crores in 1967 to 11.65 crores in 1973). The mounting arrears are mostly accounting arrears attributed to Railways and inter-departmental adjustments. There is need for liquidating these arrears by adopting a quicker delivery and prompter payment and account adjustment system. (Para 14)
- Annual investments in forest in this State have been very low which need to be stepped up. (Para 15)

CHAPTER X  
NON-TAX REVENUE

Non-tax revenues increased from Rs.64.93 crores in 1960-61 to Rs.146.51 crores in 1973-74 (B.E.) showing a rise of 125.6 per cent (vide Annexure 1). The non-tax revenues mainly comprise receipts from interest on loans and advances, industries, irrigation, road transport and forest. In 1973-74, the receipts from interest constituted 43.0 per cent of the total non-tax revenue as against 8.3 per cent in 1960-61. The share of receipts from forests increased from 10.6 per cent in 1960-61 to 16.5 per cent in 1973-74, and from irrigation from 14.6 per cent to 15.3 per cent. We have dealt with the receipts from and expenditure on them in chapters IX and XII. The major source of interest—that from loans to the State Electricity Board—has also been discussed. We shall in this chapter be concerned with interest from other sources and with the departmental receipts relating to (i) Education, (ii) Geology and Mining, (iii) Weights and Measures, (iv) Labour, (v) Medical and Public Health, (vi) Food and Civil Supplies, (vii) Jails, (viii) Industries, (ix) Agriculture, (x) Animal Husbandry and (xi) Public Works Department.

2. Departmental receipts mainly comprise service charges or regulatory licence fees. These being mainly of a promotional nature, their rates are kept low. Without ignoring the social objectives underlying the service, we would em-

phasise that the cost side of rendering these social services to the community cannot be altogether ignored. During the past decade, the cost of services rendered by the departments has considerably increased and it is imperative to review in this context the rates of licences and fees in force at present with due regard to the objectives underlying these services and the type of beneficiaries therefrom. The relevant information obtained from the concerned departments is not adequate for this purpose. We have, therefore, refrained from making any specific recommendations regarding the enhancement in the rates of fees etc. We have simply given a factual narrative of the types of services rendered, the rates of fees and the present earnings of the departments from them.

3. *Education Department*—At present no tuition fee is being charged from boys up to class VI and girls up to class X. The tuition fee is levied at a uniform rate of Rs.4.50 for class VII to X and at Rs.8.75 for class XI and XII in all institutions run by Government or a local body and, private institutions which receive Government aid. Apart from the tuition fee, the institutions charge development fee, science fee, fan charges (where the facility exists), dearness allowance, library fee etc. The rates of different fees charged in Government Secondary Schools is given in the following table:

TABLE I  
*Schedule rate of different fees charged in Government Secondary Schools*

Types of fee charged	Class-wise rate		Year since when the rate is enforced	Remarks†
	Class	Rate (Rs. 0.00)		
1	2	3	4	5
1. Tuition .. .. .	7-10 11-12	4.50 per month 8.75 per month.	.. July 1947.	
2. Dearness fee .. .. .	7-12 6	1.00 per month 0.75 per month	.. July 1966. .. July 1966.	
3. Development fee .. .. .	7-8 9-10 11-12	0.25 per month 0.50 per month 0.75 per month	.. July 1966. .. July 1966. .. July 1966.	
4. Science fee .. .. .	6-8 9-10 11-12	0.25 per month 0.50 per month 1.00 per month	.. July 1973 .. July 1966 .. July 1947	(This fee is charged from Science students only).
5. Fan fee .. .. .	6-12	1.50 per year	.. July 1947	(Where the facility of fan is available).
6. Reading/Library fee .. .. .	6 7-12	0.75 per year 1.50 per year	.. July 1966. .. July 1966.	

Sources : Director of Education, U. P.

4. Fees other than tuition fee were not charged from students of the Government institutions upto June 1966, whereafter these are being realised from them also. Development fee was introduced in the year 1966.

5. Article 45 of the Constitution envisages that the State shall endeavour to provide, within a period of ten years from the commencement of Constitution, for free and compulsory education for all children until they complete the

age of fourteen years. In pursuance of the provision, free education is now available in this State to boys up to class VI and girls up to class X. The demand for free education is gaining ground and those who plead for it urge that the fees realised at present should in no case be increased as its burden falls mostly on the poorer section of society. In order to assess the needs of education in the post-independence era, the Government appointed in 1961 a committee to consider the financial problems of the Higher Secondary institutions. The development fee was levied on the recommendation of that committee. The revenue derived under this head for the year 1972-73 and 1973-74 are given in the following table:

TABLE 2

Revenue from Tuition and other Fees in educational institutions, 1972-73 and 1973-74.

(Lakh Rs.)

Main item	Year	
	1972-73	1973-74 (R.E.)
<b>A. Primary Education:</b>		
1. Tuition and other fee ..	0.76	0.80
<b>B. Secondary Education</b> ..	333.88	415.72
1. Tuition fee etc. ..	97.37	98.00
2. Examination fee of the Board	235.72	305.00
3. Departmental Examination ..	..	11.72
4. Other receipts ..	0.79	1.00
<b>C. Special Education</b> ..	5.23	5.25
<b>D. University and Higher Education</b>	4.77	7.50
<b>E. Other receipts</b> ..	91.88	137.36
Deduct (refund amount) ..	(- )2.59	(- )2.60
<b>GRAND TOTAL</b> ..	433.93	564.03

Source : Director of Education, U. P.

The above table shows that examination fees are the main source of revenue. They constituted 70.6 per cent and 76.2 per cent of the total receipts from secondary education in 1972-73 and 1973-74 respectively. The present rates of fee for examinations conducted by the Board and for departmental examinations are given in Annexures 2 and 3.

6. The Board of High School and Intermediate Education was established in 1921. Up to 1963 the rates of examination fee were not revised. In 1964 the fee was increased by Rs.5. At present the examination fee for regular candidates appearing at High School is Rs.25. It is Rs.30 for Intermediate Examination. The total receipts from examination fee including the fee from departmental examination were Rs.3.17 crores in 1973-74. Nearly 11 lakh candidates appeared in the Board examination of 1974.

7. Training institutions form an integral part of an education system that is fast expanding. The training institutions are B. T. C. for pri-

mary schools, C. T./J. T. C. for Junior high schools and L. T./B. T. for secondary schools. Apart from Government institutions, some are run by the private sector. No fee is charged in the Government institutions.

8. Technical education is essential for a balanced industrial growth of the State. The technical institutions are governed by the "Pravidhik Shiksha Parishad" which is primarily an examination conducting body. The main source of receipt of this Parishad is from examination fees. Other sources include fees for supplementary examination, crash programme, duplicate and unclaimed diploma, cost of syllabus, and scrutiny of answer books. The total receipts that accrued to the department in 1971-72 and 1973-74 were Rs.4.36 lakhs and Rs.6.17 lakhs respectively. The rates of different fees are given in following table:

TABLE 3

Prevailing fee rates of "Pravidhik Shiksha Parishad" in U. P.

Source	Rate
Fee for	Rs.
1. Main examination along with marksheet	31.00 per examinee.
I year	
II year	
Final year	46.00 per examinee.
2. Supplementary examination along with mark sheet fee.	15.00 (fee one subject), 20.50 (for two subjects).
3. Crash Programme ..	46.00 per examinee.
4. Duplicate diploma ..	10.00
5. Unclaimed diploma	5.00
6. Cost of syllabus	1.00
7. Fee for scrutiny of answer books.	10.00 (for one subject), 20.00 (two and more subjects).

Source : Director of Education, U. P.

9. Geology and Mining department—Geology and Mining department derives its income mainly from the royalties obtained for major and minor minerals in the State. Its receipts for the years 1971-72 to 1973-74 are given in the following table:

TABLE 4

Income from Royalties on minerals in U.P. 1971-72 to 1973-74.

(Lakh Rs.)

Serial no.	Type of Minerals	Income		
		1971-72	1972-73	1973-74
1	2	3	4	5
1	Minor Minerals	.. 48.31	50.65	} 71.77
2	Major Minerals	.. 6.33	5.56	
	Total	.. 54.64	56.21	71.77

Source : Directorate of Geology and Mining, U. P.

10. The rates of royalty of major minerals are fixed by the Government of India and were last revised in 1968. According to existing rules, these rates could have been raised in 1972 but this was not done. The income from major minerals in 1971-72 and 1972-73 was Rs.6.33 and Rs.5.56 lakhs respectively, which constituted 11.6 per cent and 9.9 per cent respectively of the total receipts from royalty. For 1973-74 separate figures in respect of major and minor minerals are not available. However, taking the average of the past two years, the income for major minerals is estimated at Rs.5.94 lakhs.

11. The rates of royalty under minor minerals are fixed by the State Government. These rates were revised in 1972 and their further revision can be considered in 1976. These are shown in Annexure 4. Bihar Government also revised its royalty rates under "The Bihar Minor Mineral Concession Rules, 1972". We are informed that the revised rates have been disputed and could not be enforced so far. The rates prescribed under the Uttar Pradesh Minor Minerals "Concessions" Rules 1972 are generally higher than the revised rates in Bihar, as shown in the following table. In the case of brick earth, however, the rate in this State is much lower than the rate in Bihar.

TABLE 5

Rate of Royalty of Minor Minerals in Uttar Pradesh and Bihar, 1972

(In Rs.)

Name of Mineral	Unit	U. P.	Bihar	Remarks
1	2	3	4	5
1. Marble	Rs. per cubic metre.	5.50	4.50	
2. Limestone	Ditto	4.50	4.50	
3. Brick-earth	Rs. per 1000 bricks produced.	1.50	4.37	
4. Saltpetre	Rs. per Qtl.	10.00	8.00	(per cubic metre).
5. Building stones Ballast (gitti).	Rs. per cubic metre.	2.50	1.75	
6. Mirang	Ditto	3.00	1.25	
7. Sand (ordinary)	Ditto	1.50	1.25	

Source : (i) Director of Geology and Mining, U. P.  
(ii) The Bihar Minor Minerals Concession Rules, 1972.

12. The royalty from brick earth fixed under the rules is Rs.1.50 per 1000 bricks produced. It has been estimated by the Directorate of Economics and Statistics that the production of bricks in Uttar Pradesh during 1970-71 was 436.31 crores. Thus on the basis of prescribed royalty rate, the total income from this levy is estimated at Rs.65.45 lakhs. The levy of royalty of brick earth under the rules was enforced through a notification in 1970, but the levy was challenged by the Brick Kiln Owners Association, who have obtained a stay order from the High Court, and the matter is sub-judice.

13. Silica sand is a rare commodity from which substantial income could be derived. At present, Rani of Shankergarh is receiving royalty from the Silica sand mines of Shankergarh after securing an interim order from the High Court in respect of these valuable mines.

14. *Weights and Measures Department*—Weights and Measures Department is primarily a service department, its objective being the protection of the interest of consumers and farmers in day to day business transactions. The departmental receipts are obtained from fees charged on account of licensing, verification and stamping and compounding of departmental cases. Receipts of this department for the years 1971-72 to 1973-74 are shown in the following table:

TABLE 6

Receipts of Weights and Measures Department 1971-72 to 1973-74

(Lakh Rs.)

Sl. no.	Item	Receipts			Percentage rise in 1973-74 over 1971-72
		1971-72	1972-73	1973-74	
1	2	3	4	5	6
1.	Verification and stamping fee.	27.49	31.92	32.51	18.3
2.	Licence fee ..	0.76	0.76	0.74	(—) 2.6
3.	Compounding fee	8.02	12.54	12.39	54.5
4.	Sale of unauthorised weights and measures.	0.38	0.33	0.41	7.9
	Total ..	36.65	45.55	46.05	25.6

Source : Controller, Weights and Measures, U. P.

The licence fees from manufacturers, merchants and repairers of weights and measures are being charged at the rate of Rs.100, Rs.50 and Rs.25, respectively. These rates are in force since 1965.

15. The rates of verification of weights and measures are fixed by the Director, Weights and Measures, Government of India. They were last fixed in 1968-69. The Controller of Weights and Measures, U. P. has sent a proposal to the Government of India for an increase in rates. The existing and proposed revised rates are given in Annexure 5. The income from verification and stamping fee during 1973-74 was Rs.32.51 lakhs. If the proposed rates are approved by the Government of India, it is estimated that an additional income of Rs.16 lakhs would accrue under this head.

16. *Labour Department*—The receipts derived by the Labour Department for the years 1971-72 to 1973-74 are shown in the following table:

TABLE 7

*Receipts of Labour Department—1971-72 to 1973-74.*

Serial no.	Item	(Lakh Rs.)		
		1971-72	1972-73	1973-74
1	2	3	4	5
1	Fees from registration of Trade Unions.	0.01	0.01	0.02
2	Fees from inspection of steam boilers.	3.69	3.44	4.15
3	Fees realised under the Factories Act 1948.	8.98	9.04	11.10
4	Fees realised under Motor Transport Workers Act, 1961.	0.02	0.03	0.05
5	Rents from quarters under the Industrial Housing Scheme.	34.22	35.46	64.11
6	Miscellaneous receipts ..	6.08	6.29	13.34
	Total ..	53.00	64.27	92.77

Source : Labour Commissioner, U. P.

17. The rate of fee levied for registration of trade unions is Rs.5 per union. The fees for inspection of steam boilers are given in Annexure 6. The income from the source went up from Rs.3.44 lakhs in 1972-73 to Rs.4.15 lakhs in 1973-74.

18. In Uttar Pradesh the rules under the Factories Act, 1948 were framed in 1950 and simultaneously fees for licensing etc. were fixed. These fees were partially modified in 1958 and 1960. The prevailing rates are given in Annexure 7. Thereafter the Labour Commissioner, U. P. submitted a proposal to the Government in 1967 for revision of these rates. The revised rates as proposed by the Labour Commissioner, U. P. are given in Annexure 8. In 1973-74 the fees realised under the Factories Act, 1948 amounted to Rs.11.10 lakhs.

19. Another important source of receipts of the department is from rents of quarters under the Industrial Housing Scheme. The rent received during 1973-74 amounted to Rs.64.11 lakhs. These are occupied by low paid industrial workers. The rents are subsidised, the subsidised rents varying from Rs.10 to Rs.31 per month as against economic rents of Rs.15 to Rs.45.

20. At present there are about 3 lakh shops covered under the U. P. Shops and Commercial Establishments Act. Nearly 1 lakh shop-keepers are employing shop assistants. In Uttar Pradesh no registration fee is being charged from the shops registered under this Act, while some other States realise a fee for registering the shops.

The rates of registration fee prevailing in some of the States are given in the following table:

TABLE 8

*Registration fee for shops and Commercial Establishments in different States*

Serial no.	Name of the State	No. of persons employed by the establishment	Rate of registration fee per annum
1	2	3	4
			Rs.
1	Madhya Pradesh ..	0-3 3 and above	.. 3.00 .. 5.00
2	Bihar ..	0-2 3-5 6-10 11-20 21-50 50 and above	.. 1.00 .. 2.00 .. 10.00 .. 20.00 .. 50.00 .. 100.00
3	West Bengal ..	In which the number of employees is Nil	0.50
		In which the Assistants are employed.	1.00

Source : Labour Commissioner, U. P.

We hope that the State Government will examine the rates and charge registration fee from shops covered under U. P. Shops and Commercial Establishments Act.

21. *Medical and Public Health Department*—The receipts of the medical department are mainly derived from hospitals, Employees State Insurance Scheme and other miscellaneous fees. The receipts for the years 1971-72 to 1973-74 are given in the following table:

TABLE 9

*Receipts of Medical Department for the years 1971-72 to 1973-74*  
(Lakh Rupees)

Serial no.	Items	Receipts		
		1971-72	1972-73	1973-74 (R.E.)
1	2	3	4	5
1	Receipts from hospitals	13.53	36.26	20.75
2	Employees State Insurance Scheme — contribution from Employees State Insurance Corporation.	103.23	108.06	103.20
3	Contribution from State Electricity Board for Medical facilities given to its Employees.	..	22.50	22.50
4	Registration fee from patients.	13.16	..	14.00
5	Fees from Medical Schools and Colleges.	4.51	4.89	5.25
6	Miscellaneous receipts and contributions.	46.66	43.75	41.32
7	Deduct (—)	..	1.57	0.60
	Total ..	179.52	214.86	206.92

Source: Medical Department, U.P.

22. At present 10 paise is charged for an outdoor ticket and income from this source during 1971-72 was Rs.10.25 lakhs. No fees is, however, charged for admission of patients to the hospital wards. In the Government Hospitals, beds are treated as paying beds and for these Rs.2 per bed per day is charged.

23. The present rates of fee for manufacturing of drugs are given below:

Item	Rate in Rs. per annum
1	2
1. Licence fee for the manufacture of biological drugs.	500.00
2. Loan licence fee for biological drugs ..	300.00
3. Licence fee for manufacturing of non-biological drugs.	200.00
4. Loan licence fee for manufacturing of non-biological drugs.	100.00
5. Licence fee for re-packing of drugs ..	40.00
6. Drugs Licence fee for retail ..	20.00

As regards proposal to augment the departmental receipts, the department has informed that a proposal for increase in hospital ambulance fee is under consideration of the Government. No other proposals have been made.

24. *Food and Civil Supplies Department*—The income of Food and Civil Supplies Department is derived mainly from various licence fees. The departmental receipts for the years 1971-72 to 1973-74 are given in the following table:

TABLE 10

Receipts of Food and Civil Supplies Department—1971-72 to 1973-74

(Lakh Rs.)

Serial no.	Item	Receipts		
		1971-72	1972-73	1973-74
1	2	3	4	5
1	Licence fees from registered foodgrain dealers.	0.06	1.10	1.10
2	Receipts from registered rice mills.	..	..	0.33
3	Miscellaneous receipts	23.69	4.91	8.31
	Total ..	23.75	6.01	9.74

Source : Food and Civil Supplies Department, U.P.

The above table shows that there was a sharp decline in 1972-73 in the miscellaneous receipts. This is on account of the fact that prior to 1971-72 the State Government used to collect 'administrative charges' from the wholesale dealers of Sugar at the rate of 67 paise per ton, which now go to the Food Corporation of India.

25. The rates of licence fees charged from different types of registered dealers are shown in the following table:

TABLE 11—Rates of Licence Fees payable by Registered Dealers

Serial no.	Type of Licences	No. of licencees	Rate of licence fee (Rs.)	Rate of renewal of licence fee (Rs.)	Year in which enforced
1	2	3	4	5	6
1	Registration fee of dealers in foodgrains.	27,000	10.00	5.00	..
2	Registration fee of Rice Mills.	6,981	10.00	5.00	..
3	Sugar registration fee.	5,000	5.00	2.00	1963
4	Licence fee of Kerosene.	37,000	‡5.00	‡2.00	1963
		..	*20.00	*10.00	..
5	Licence fee for Oilseeds and Oils	8,418	25.00	10.00	1966
6	Licence fee for Coal	3,928	25.00	10.00	1972
7	Brick Kiln Licence fee.	5,000	35.00	15.00	1972
8	Gur and Khandsari Licence fee.	4,990	5.00	2.00	..
9	Licence fee for Vegetable Oil.	21,000	*50.00	*20.10	1969
			‡20.00	‡10.00	

\*For wholesalers.

‡For retailers.

Source : Food and Civil Supplies Department.

26. *Jails*—The Jail Department is not a major revenue earning department. The departmental receipts that accrued to it during the last three years are given in the following table:

TABLE 12

Income from Jails for the years 1971-72 to 1973-74

(Lakh Rs.)

Sl. no.	Item	Years			Remarks
		1971-72	1972-73	1973-74	
1	2	3	4	5	6
1	Fines realised from prisoners engaged in public benefit schemes	0.01	0.01	0.01	Information for 73-74 is preliminary.
2	Miscellaneous Jails	9.40	6.22	8.07	
3	Sales of Land, Houses and Rent of Buildings.	0.01	0.01	0.03	
4	Sale Value of articles manufactured in Jails	29.15	15.14	9.25	
5	Income from Jail depots.	1.38	1.49	1.22	
6	Other Miscellaneous Receipts.	0.57	0.55	0.45	
	Total ..	40.52	23.42	19.03	

Source : Inspector General of Prisons, U.P.

The above table shows that sale value of articles manufactured in Jails and income from Jail depots are the main source of revenue of this department. The rates of different articles manufactured in Jails are given in Annexure 9. The department has revised its rates on four occasions since 12-10-1970. The prevailing rates were fixed in August 1974, which are about 50 per cent higher than those fixed on 7-3-1972. The department has sent certain schemes for the consideration of the Government for augmenting its receipts. The schemes are mentioned below:

(i) Wood craft scheme in Central Jail, Varanasi.

(ii) Plastic Industry in District Jail, Unnao.

(iii) Soap Phenyl schemes in 'Kishore Sadan' in Bareilly.

(iv) Setting up of a Khandsari Plant in Sampurnanand Camp at Sitarganj.

(v) Installation of a saw mill for the factory in Central Jail, Fatehgarh.

(vi) Setting up a plant for carding and thread making from wool at Central Jail, Bareilly.

27. *Industries Department.*—Although schemes of commercial operations are also under control of the Industries Department, it mainly implements promotional schemes which are generally non-commercial in nature. Under the non-commercial receipts, tender fees of stores and purchase section termed as miscellaneous receipts are the main items. Other minor items like water tax, rent of buildings and sale of unserviceable goods form a negligible part.

28. The receipts from non-commercial operations of the department for 1971-72 to 1973-74 are given in the table below:

TABLE 13

*Receipts of Industries Department from Non-Commercial Schemes.*

Sl. no.	Item	(Lakh Rs.)		
		Year		
		1971-72	1972-73	1973-74
1		3	4	5
1	Industries Receipts	..	..	..
2	Workshop manufacture	..	..	..
3	Miscellaneous Receipts	..	3.28	2.10
4	Rent of building	..	0.09	0.11
5	Water tax	..	0.01	0.01
	Total	..	3.38	2.22

Source: Industries Directorate, U. P.

The present rate of tender fee was last revised in 1970-71. We are informed that the department has sent its proposals to Government for enhancing the existing rate.

29. *Agriculture Department.*—The receipts of Agriculture Department are derived mainly from agricultural farms, gardens, fees of agricultural institutions and income from services rendered

to farmers. We have not been intimated about the prevailing rates. The receipts for the years 1971-72 to 1973-74 are given in the following table:

TABLE 14  
*Receipts of Agriculture Department 1971-72 to 1973-74.*  
(Lakh Rs.)

Sl. no.	Item	Receipts		
		1971-72	1972-73	1973-74 (Estimated)
1		3	4	5
1.	Sale or hire of agricultural implements (including tractors).	12.84	1.34	6.34
2.	Receipts from agricultural operations.	72.12	60.89	72.00
3.	Receipts from Plant Protection.	37.80	48.09	38.00
4.	Sale of manure and fertilizer	..	0.07	10.00
5	Fees from agricultural institutions.	1.49	0.58	1.00
6.	Receipts of Commercial Crops	0.94	0.41	0.9
7.	Miscellaneous receipts and fee from other services.	120.28	162.99	150.0
	Total	..	245.57	274.37

Source: Directorate of Agriculture, U. P., 6

30. *Animal Husbandry Department.*—The income of Animal Husbandry Department is mainly derived from cattle and poultry development farms. The departmental receipts for the years 1971-72 to 1973-74 are given in the following table:

TABLE 15  
*Receipts of Animal Husbandry Deptt. 1971-72 to 1973-74.*  
(Lakh Rs.)

Sl. no.	Item	Receipts		
		1971-72	1972-73	1973-74 (R.E.)
1		3	4	5
1.	<i>Receipts from cattle development—</i>			
	(a) Central Dairy Farm, Ali-garh.	100.61	90.90	90.00
	(b) Income from milk and milk product schemes.	13.08	22.16	19.00
2.	<i>Receipts from poultry development—</i>			
	(a) Income from the sale of poultry feed to the breeders.	0.86	15.51	15.51
	(b) Income from poultry development and sale.	11.32	17.62	16.92
3	Fee realised from the Veterinary Schools and Colleges.	0.43	0.46	0.35
4	Income from services rendered	0.90	1.51	1.07
5	Income from farms	..	30.03	33.63
6	Other Misc. Receipts	..	52.11	33.63
	Total	..	209.34	216.22
	Deduct refund	..	0.13	6.42
	Net total	..	209.21	209.80

Source: te : : : : : ts.

The rates of fees of the services rendered and the prices of the produce of the departments are given in Annexure 10. Some rates have been in existence for a long time and need revision.

31. *Public Works Department.*—The receipts of the Public Works Department for the years 1971-72, 1972-73 and 1973-74 are given in the following table:

TABLE 16  
Receipts of Public Works Department, 1971-72 to 1973-74  
(Lakh Rs.)

Sl. no.	Item	Receipts		
		1971-72	1972-73	1973-74
1	2	3	4	5
1	Rent of Buildings ..	33.22	33.12	43.76
2	Ferry Receipts ..	31.20	27.11	31.00
3	Toll on permanent bridges ..	37.91	32.56	49.00
4	Recoveries ..	6.94	13.25	6.90
5	Miscellaneous Receipts ..	8.65	122.74	66.50
	Total ..	117.92	229.58	196.26
	Deduct(—) ..	3.45	3.57	5.00
	Net Total ..	114.47	226.01	191.26

Source : Chief Engineer, P. W. D., U. P.

We have been informed that ferry rates are very old and have not been revised since inception. The bridges previously maintained by the department have now been transferred to the State Bridge Corporation. The Corporation is said to have moved the Government for revision of rates of tolls.

32. *Road Transport Corporation.*—The receipts from Road Transport amounted to Rs 1,027 lakhs in 1960-61, which rose to Rs.2,745 lakhs in 1971-72. The State Road Transport Corporation was formed in June 1972 and the receipts from road transport after 1971-72 are shown under it.

33. *Interest receipts.*—The interest accruing from loans and advances is quite substantial. It has steadily increased since 1968-69 as would be seen from the following table:

TABLE 17  
Revenue receipts from Interest Charges  
(Lakh Rs.)

Serial no.	Item	Actuals					
		1968-69	1969-70	1970-71	1971-72	1972-73	1973-74 R.E.
1	2	3	4	5	6	7	8
(A)	Interest from commercial departments—						
	(a) Irrigation .. ..	1,142	1,209	1,461	1,652	1,980	2,252
	(b) Forest .. ..	0.27	0.27	0.27	0.27	0.27	0.27
	(c) Transport .. ..	95	92	108	108	20	..
	(d) Industries .. ..	..	51	51	51	3	3
(B)	Other Receipts—						
	Interest on loans floated to :						
	(a) Local bodies .. ..	135	113	95	164	21	157
	(b) Advances given to farmers .. ..	320	247	293	291	392	401
	(c) U. P. State Electricity Board .. ..	2,003	2,419	2,691	2,803	2,645	3,001
	(d) Interest on the cash balance investments .. ..	31	28	37	97	42	80
	(e) Other miscellaneous receipts .. ..	277.73	351.73	320.73	284.73	220.73	328.73
	Total .. ..	4,091	4,601	4,997	4,851	5,324	6,22

R.E. = Revised estimates.

Source : State Budgets.

The receipts in 1968-69 amounted to Rs.40.94 crores. They went up to Rs.53.24 crores in 1972-73. The interest receipts in the case of local bodies showed an erratic trend.

34. The interest receipts from commercial departments are purely notional. The working of the Forest Department has already been examin-

ed in detail in Chapter IX. The finances of the Irrigation Department and the Uttar Pradesh Electricity Board will be reviewed in later chapters. We will be concerned here only with other interest receipts which must be judged in relation to outstanding loans. The details about these have been given in Annexure 11.

35. The following table gives the percentage of interest receipts to loans outstanding during the previous year:

TABLE 18  
Interest Receipts as percentage of outstanding loans—1969-70 to 1972-73.

Items	(Lakh Rs.)											
	1969-70			1970-71			1971-72			1972-73		
	Loan	Interest	Percent- tage*	Loan	Interest	Percent- tage*	Loan	Interest	Percent- tage*	Loan	Interest	Percent- tage*
Loan outstanding to—												
1. Local Bodies	2,865	113	3.9	3,071	35	1.1	3,186	164	5.1	3,786	21	0.6
2. Advances to farmers.	7,381	247	3.3	7,787	293	3.8	7,758	291	3.8	9,547	392	4.1
3. Total all loans.	56,776	4,601	8.1	63,251	4,997	7.9	70,405	4,851	6.9	80,841	5,324	6.6

\*Interest as percentage to loans.

Source : State Budgets.

From the above table it would be seen that the percentage ratio of interest receipts to all loans has steadily declined from 8.1 per cent in 1969-70 to 6.6 per cent in 1972-73. In the case of local bodies the percentage is extremely low except in the year 1971-72 when it was 5.1. In 1972-73 it stood at only 0.6. In case of loans to the farmers the percentage worked out to 3.3—4.1. The rates of interest charged by the State Government for different categories of loans are given in Annexure 12. These rates relate to the year 1972-73. The interest charges actually realized seem to be much lower than those stipulated therein. Since the market interest rates have now considerably gone up, the State Government should review its policy regarding the terms of loans.

36. The arrear position as on 1-4-1973 of loans distributed and interest accruing on them is shown in Annexure 13. From this it will be seen that recovery of loans (principal) and interest is far from satisfactory. The percentage of principal and interest overdue constituted 65.8 and 20.8 respectively of the amount due. The recovery of interest from some institutions was ex-

remely poor. From co-operative societies, the amount of interest overdue was as high as 99.8 per cent of the interest due. In the case of notified and town area committees, as against Rs.40.79 lakhs of interest due, Rs.1.77 lakhs only were recovered. The position of recovery from corporations and municipal boards was not much better. The amount of interest due from them was Rs.669.43 lakhs against which only Rs.121.37 lakhs were recovered. This situation calls for a three-fold remedy, viz. putting local finances on a more satisfactory basis so as to increase their capacity to pay, rescheduling of their loans and interest repayments and stricter enforcement in case of co-operative societies and local bodies after making the necessary adjustments.

37. *Dividends.*—Besides giving loans and advances for developmental activities, the State Government has invested a sizable capital in the shape of purchase of shares and debentures of commercial and industrial undertakings. The dividends earned by the State Government from such capital investments during the year 1969-70, 1970-71 and 1971-72 are given in the following table:

TABLE 19  
Dividends etc. from Commercial and other undertakings—1969-70 to 1971-72.

Serial no.	Item	(Lakh Rs.)		
		1969-70	1970-71	1971-72
1	2	3	4	5
1	Other Commercial and Industrial undertakings—			
	(a) Receipts from dividends on the shares of Indian Turpentine and Rosin Co. Ltd., Bareilly held by the Government.	0.39	0.39	0.7
	(b) Other Non-Governmental and Commercial undertakings .. ..	3.67	3.25	4.89
2	Co-operative Societies—			
	(a) Receipts from dividend on the shares of co-op. undertakings held by the Government.	13.13	12.38	3.09
	(b) Receipts on the debentures issued by the U. P. State Co-op. Land Development Bank Ltd.	80.31	105.04	128.45
3	Other Misc. Undertakings—			
	(a) U. P. Financial Corporation .. ..	7.95	4.91	4.91
	(b) U. P. State Agro-Industrial Corporation .. ..	1.70	..	10.00
	(c) U. P. Textile Corporation .. ..	..	..	1.15
	(d) U. P. State Warehousing Corporation .. ..	..	..	1.08
	Total .. ..	107.15	125.97	154.30

Source : State Budgets.

### Summary of Recommendations

1. Non-tax revenue increased from Rs.64.93 crores in 1960-61 to Rs. 146.51 crores in 1973-74 (R.E.) showing a rise of 125.6 per cent. In 1973-74 the receipts from interest constituted 43.0 per cent of the total non-tax revenue as against 8.3 per cent in 1960-61. The non-tax receipts of forest, irrigation and State Electricity Board have been discussed in detail under relevant chapters. Here we are concerned with departmental receipts relating to (i) Education, (ii) Geology and Mining, (iii) Weights and Measures, (iv) Labour, (v) Medical and Public Health, (vi) Food and Civil Supplies, (vii) Jails, (viii) Industries, (ix) Agriculture, (x) Animal Husbandry and (xi) Public Works Department.

(Para 1)

2. Departmental receipts are mainly promotional in nature. Without ignoring the social objectives, the rates of licences and fees at present in force need to be revised in view of the rising cost. The information obtained from the departments was not adequate for suggesting any revision. We have, therefore, given only a factual narrative on the services rendered, the rates of fees and the present earnings of the departments.

(Para 2)

3. *Education Department.*—No tuition fee is charged from boys up to class VI and girls up to class X. The tuition fee in all institutions run by the Government or a local body is Rs.4.50 for classes VII to X and Rs.8.75 for classes XI and XII. Up to June 1966 no other fee besides tuition fee was charged in these institutions. But, thereafter, dearness allowance fee, development fee, science fee, fan fee and library fee are also charged.

(Paras 3 and 4)

4. Article 45 of the Constitution envisages free and compulsory education for all children up to the age of fourteen. This has given impetus to the demand for free education and any increase is resisted on the ground that its burden falls mainly on poorer section of society. The revenue from tuition and other fees in 1972-73 was Rs.4.34 crores and Rs.5.64 crores, the examination fee being the main source, constituted 70.6 and 76.2 per cent respectively.

(Para 5)

5. The examination fees of the Board of High School and Intermediate Education were first revised in 1964 when these were enhanced by Rs.5. The present fee for High School and Intermediate examinations of the Board are Rs.25 and Rs.30 respectively. The total receipts from examination fee including fee from departmental examination amounted to Rs.3.17 crores in 1973-74.

(Para 6)

6. No tuition fee is charged from government training institutions for teachers. These institutions form an integral part of an educational system and are fast expanding.

(Para 7)

7. The technical institutions are governed by the "Pravidhik Shiksha Parishad" which is primarily an examination conducting body. The

total receipts that accrued to the department from this source in 1971-72 and 1973-74 were Rs.4.36 lakhs and Rs.6.17 lakhs respectively.

(Para 8)

8. *Geology and Mining Department.*—The royalties received for major and minor minerals are main sources of income of this department. Its receipts amounted to Rs.54.64 lakhs, Rs.56.21 lakhs and Rs.71.77 lakhs in 1971-72, 1972-73 and 1973-74 respectively.

(Para 9)

9. The rates of royalty of major minerals are fixed by the Government of India and were last revised in 1968. They could have been raised after 4 years, which was not done. The rate of minor minerals were fixed by the State Government in 1972. Their further revision can now be considered in 1976. As compared to Bihar, the rates in this State are generally higher.

(paras 10 and 11)

10. The royalty from brick earth fixed under rules is Rs.1.50 per 1,000 bricks produced. It is estimated that this levy will bring an additional income of Rs.65.45 lakhs to the department. However, this levy has been challenged by the Brick Kiln Owners Association, who have obtained a stay order from the High Court, and the matter is subjudice.

(Para 12)

11. At present, Rani of Shankergarh is receiving royalty from silica sand mines of Shankergarh after securing an interim order from the High Court. Silica sand is a rare commodity which could bring substantial revenue to the department.

(Para 13)

12. *Weights and Measures Department.*—The receipts of this department are obtained from fees in respect of licencing, verification, stamping and compounding of departmental cases. The receipts amounted to Rs.36.65 lakhs, Rs.45.55 lakhs and Rs.46.05 lakhs in 1971-72, 1972-73 and 1973-74 respectively. The rates charged from manufacturers, merchants and repairers of weights and measures are Rs.100, Rs.50 and Rs.25 respectively. They are in force since 1965.

(Para 14)

13. The rates of verification are fixed by Government of India. They were last fixed in 1968-69. The State Government have sent proposals for an increase in rates which, if approved by the Government of India, would bring an additional income of Rs.16 lakhs. The income from verification and stamping fee in 1973-74 was Rs.32.51 lakhs.

(Para 15)

14. *Labour Department.*—The receipts of the department were Rs.53.00 lakhs, Rs.54.27 lakhs and Rs.92.77 lakhs in 1971-72, 1972-73 and 1973-74 respectively. Fees from inspection of steam boilers and those realised under Factories Act yielded Rs.4.15 lakhs and Rs.11.10 lakhs respectively in 1973-74. A proposal for revising the fees enforced under the Factories Act has been submitted by the Labour Commissioner to the State Government.

(Paras 16 to 18)

15. The rents of quarters under Industrial Housing Scheme is an important source of receipts of the department. The receipts during 1973-74 amounted to Rs.64.11 lakhs. The rents are subsidised.

(Para 19)

16. At present no registration fee is being charged from the shops registered under U. P. Shops and Commercial Establishment Act. It is hoped that the State Government will start charging a registration fee from shops under the above Act.

(Para 20)

17. *Medical and Public Health Department.*—The receipts of the medical department are mainly derived from hospitals, Employees State Insurance Scheme and other miscellaneous fees. The receipts were Rs.1.80 crores, Rs.2.15 crores and Rs.2.06 crores for 1971-72, 1972-73 and 1973-74 (R. E.) respectively.

(Para 21)

18. No fee is charged for admission in hospitals, only outdoor patients pay 10 Paise for a ticket. Rs.2 per head per day is charged in Government hospitals for beds. Licence fee for the manufacture of drugs is also levied. The department has proposed an increase in hospital ambulance fee for consideration of Government. No other proposals have been made.

(Paras 22-23)

19. *Food and Civil Supplies Department.*—The departmental receipts are derived mainly from various licence fees. The receipts for the year 1971-72 amounted to Rs.23.75 lakhs. It declined to Rs.9.74 lakhs in 1973-74 on account of transfer of administrative charges from wholesale dealers of sugar to the Food Corporation of India. The rates of licence fees are comparatively old.

(Paras 24 and 25)

20. *Jails Department.*—The jail department is not a revenue earning department. Its main source of income is from the sale of articles manufactured in jails. The revised rates fixed in August 1974 are 50 per cent higher than those fixed earlier in 1972.

(Para 26)

21. *Industries Department.*—It implements promotional schemes which are generally non-commercial in nature. The present rate of tender fee was last revised in 1970-71. Proposal for enhancing the existing rates has been sent to the Government.

(Paras 27 and 28)

22. *Agriculture Department.*—The receipts for the years 1971-72 were Rs.2.46 crores. It is estimated at Rs.2.88 crores for 1973-74. They are mainly derived from agricultural farms, gardens, fee of agricultural institutions and services rendered to farmers.

(Para 29)

23. *Animal Husbandry Department.*—The income of Animal Husbandry Department is mainly derived from cattle and poultry development farms. The receipts amounted to Rs.2.09 crores in 1971-72, Rs.2.10 crores in 1972-73 and the revised estimates for 1973-74 are placed at Rs.1.98 crores. The rates of fees of the services rendered and the prices of the produce of the department are quite old and need revision.

(Para 30)

24. *Public Works Department.*—The receipts of Public Works Department are derived mainly from rent of buildings, ferry charges, tolls on bridges and other miscellaneous items. The ferry rates have not been revised since inception. The State Bridge Corporation has moved the Government for revision of rates of tolls on bridges.

(Para 31)

25. *Road Transport Corporation.*—The State Road Transport Corporation was formed in June 1972 and the receipts of Road Transport after 1971-72 were shown under it.

(Para 32)

26. *Interest charges.*—The interest receipts amounted to Rs.40.94 crores in 1968-69 which went up to Rs.53.24 crores in 1972-73. The ratio of interest receipts to loans outstanding is very very low in case of advances to local bodies. In 1972-73 it was as low as 0.6 per cent. Since the market interest rates have now considerably gone up, the State Government should review the terms of the loans.

(Paras 33 to 35)

27. The arrear position of interest due is far from satisfactory. The recovery of interest in the case of co-operative societies and local bodies was extremely poor. The situation can be remedied by putting local finances on a satisfactory basis, rescheduling of their loans and interest repayments and stricter enforcement after making necessary adjustments.

(Para 36)

28. *Dividend.*—The State Government has invested sizeable capital in the purchase of shares and debentures of commercial and industrial undertakings. The dividends amounted to Rs.1.07 crores in 1969-70, Rs. 1.26 crores in 1970-71 and Rs.1.54 crores in 1971-72.

(Para 37)

*List of Annexures*

- |   |  |
|---|--|
| <p>Annexure 1 Non-Tax Revenue of Uttar Pradesh—1960-61 to 1973-74.</p> <p>Annexure 2 Schedule of fees of Madhyamik Shiksha Parishad.</p> <p>Annexure 3 Schedule of various Departmental Examinations—Fees charged by Registrar, Departmental Examinations, U. P.</p> <p>Annexure 4 Rates of Royalty on Minor Minerals in U. P.</p> <p>Annexure 5 Fees payable and proposed for verification and stamping of Weights, Measures, Weighing and Measuring Instruments.</p> <p>Annexure 6 Registration fee of Steam Boilers.</p> | <p>Annexure 7 Schedule of Licence fee payable under Factories Act.</p> <p>Annexure 8 Schedule of Licence fee payable under Factories Act (as proposed by the Labour Commissioner, U. P.).</p> <p>Annexure 9 Schedule of rate of articles manufactured in Jails—1971-72 to 1974-75.</p> <p>Annexure 10 Schedule of rates of Poultry, poultry feed and other service charges.</p> <p>Annexure 11 Position of State Loans outstanding as on 31st March, 1969 to 1972.</p> <p>Annexure 12 Rate of Interest Charges.</p> <p>Annexure 13 Arrear position as on 1-4-1973 of the loans distributed by the State Government whose accounts are maintained by the A. G., U. P.</p> |
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**ANNEXURE 1**

*Non-tax Revenue of Uttar Pradesh, 1960-61 to 1973-74*

*(Rupees in lakhs)*

Item	Years									
	1960-61	1965-66	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	
	2	3	4	5	6	7	8	9	10	(R.E.) (B.E.)
1. Interest	536	2327	3417	4094	4601	4997	4851	5432	6304	
2. Administration of Justice	50	75	86	85	104	101	120	98	103	
3. Jails	15	24	29	37	31	32	41	43	44	
4. Police	147	84	147	137	114	73	101	103	113	
5. Miscellaneous Department (Gen. Administration).	..	54	54	56	72	70	70	72	52	
6. Education	379	243	316	342	342	392	396	442	506	
7. Medical	50	95	125	133	122	191	180	198	210	
8. Public Health	23	28	51	63	49	70	60	66	76	
9. Agriculture	246	104	117	239	282	296	291	313	546	
10. Animal Husbandry	81	110	171	154	176	186	209	218	219	
11. Co-operation	50	48	42	42	32	64	64	53	53	
12. Industries	418	736	760	703	731	874	871	164	171	
13. Community Development Projects, N. E. S. and Local Development Works.	354	11	15	33	14	14	14	14	14	
14. Miscellaneous Social and Developmental Organisation.	83	107	161	104	111	135	145	153	165	
15. Irrigation, Navigation Embankment and Drainage Works (Commercial).	947*	1441	1638	1740	1839	2057	1621	2056	2229	
16. Irrigation, Navigation, Embankment and Drainage Works (Non-Commercial).	30	1	1	1	2	1	1	1	1	
17. Public Works	129	137	135	152	162	271	186	189	198	
18. Road and Water Transport Schemes	1027	1683	1938	2149	2227	2470	2745	510	0	
19. Transfer from famine relief fund	84	26	235	55	100	100	100	120	600	

	1	2	3	4	5	6	7	8	9	10
20. Contribution and recoveries towards pensions and other retirement benefits.		2	3	4	4	5	6	6	6	7
21. Stationery and Printing ..		32	64	90	95	99	130	133	87	92
22. Forests .. ..		691	1426	1751	1909	2022	2148	2182	2330	2416
23. Miscellaneous .. ..		445	258	323	305	385	398	415	491	470
24. Miscellaneous Adjustment between Centre and State Governments.		2	5	4	4	7	4	10	13	13
25. Dividends from Commercial and other Undertakings.		..	20	35	54	107	126	154	196	227
26. Extraordinary receipts ..		668	..	..	..	..	..	..	..	..
27. Royalty in Mines and Minerals ..		4	8	8	12	16	10	7	7	7
<b>Total ..</b>		<b>6493</b>	<b>9118</b>	<b>11653</b>	<b>12702</b>	<b>13752</b>	<b>15216</b>	<b>14973</b>	<b>13375</b>	<b>14651</b>

\*Includes working expenses of irrigation/Commercial Departments (Rs.769 lakhs).

Source : State Budgets.

### ANNEXURE 2

#### Schedule of fee of Madhyamik, Shiksha Parishad

Serial no.	Item	Rate (Rs.)
1	2	3
<b>1. Examination fee :</b>		
	(i) High School Examination (General) ..	
	(a) Regular candidate .. ..	25.00
	(b) Private candidate .. ..	35.00
	(ii) High School Examination (Technical)	
	(a) Regular candidate .. ..	25.00
	(b) Private candidate .. ..	35.00
	(iii) Intermediate Examination (General).	
	(a) Regular candidate .. ..	30.00
	(b) Private candidate .. ..	50.00
	(iv) Intermediate Examination (Technical)	
	(a) Regular candidate .. ..	30.00
	(b) Private candidate .. ..	50.00
	(v) Intermediate Examination (Agriculture)	
	(a) Regular candidate .. ..	30.00
	(b) Private candidate .. ..	50.00
	(vi) Supplementary Examination to be held in July/August :	
	(a) For High School candidate ..	15.00
	(b) For Intermediate candidate ..	20.00
	(vii) Partial examination fee for appearing in the main examination.	10.00
<b>2</b>	<b>Scrutiny fee of result .. ..</b>	<b>10.00</b>

1	2	3
3	Compulsory fee for marks obtained in any examination—	
	(a) Regular candidate .. ..	1.00
	(b) Private candidate .. ..	2.00
4	Fee for obtaining duplicate copy of the marks obtained in any examination—	
	(a) Regular candidate .. ..	1.50
	(b) Private candidate .. ..	2.50
5	Compulsory fee for marks obtained in supplementary examination.	2.00

Source : Education Directorate, U. P.

### ANNEXURE 3

#### Schedule of various Departmental Examinations fee charged by Registrar, Departmental Examinations, Uttar Pradesh, Allahabad

Name of the examination	Fee charged
1. B.T.C. examination ..	Rs.20 per examinee (Regular)
2. Integrated scholarship examination.	Rs.10 per examinee.
3. Junior High School examination.	Rs.8 per examinee (Regular). Rs.10 per examinee (Private).
4. L.T. examination ..	Rs.20 per examinee (Regular). Rs.15 per examinee (Part).
5. C.T. examination ..	Rs.10 per examinee.
6. Physical training Diploma/Certificate.	Rs.20 per examinee (Regular). Rs.15 per examinee (Part).
7. Library science examination.	Rs.30 per examinee.

Source : Education Directorate, U. P.

## ANNEXURE 4

## Rates of Royalty on Minor Minerals in U. P.

Sl. no.	Name of Mineral	Rate of Royalty (Rs.)	
1	2	3	
1	Limestone	.. 2.50 per tonne 4.50 per cubic metre	
2	Marble	.. 3.00 per tonne or 5.50 per cubic metre.	
3	Brick earth	.. 1.50 per thousand of brick produced.	
4	Saltpetre	.. 10.00 per quintal.	
		<i>Minimum</i> <i>Maximum</i> (Rs.) (Rs.)	
5	Building stones—		
	(i) Sized dimensional stone including slabs and ashlar.	5.00 per cubic metre	10.00 per cubic metre
	(ii) Millstones and hand-chakkis.	8.00 per cubic metre	
	(iii) Khandas and Boulders	1.00 per cubic metre.	2.00 per cubic metre
	(iv) Ballast (Gitti)	.. 1.50 per cubic metre	2.50 per cubic metre
6	Morrum	.. 3.00 per cubic metre	
7	Ordinary sand, other than sand used for prescribed purposes.	1.50 per cubic metre.	
8	Kankar	.. 1.50 per cubic metre	3.00 per cubic metre

Source : Geology and Mining Directorate, U. P.

## ANNEXURE 5

## Fees payable and proposed for verification and stamping of Weights, Measures, Weighing and Measuring Instruments.

## 1. Weights.

## (a) Bullion Weights—

Denomination	At present fee per piece (Rs.)	Proposed fee per piece (Rs.)
1	2	3
20 Kg.	.. 3.00	4.50
10 Kg.	.. 3.00	4.50
5 kg.	.. 2.00	3.00
2 kg.	.. 2.00	3.00
1 kg.	.. 2.00	3.00
500 g.	.. 0.75	1.13
200 g.	.. 0.75	1.13
100 g.	.. 0.75	1.13
50 g.	.. 0.75	1.13
20 g.	.. 0.75	1.13

	1	2	3
10 g.	..	0.75	1.13
5 g.	..	0.75	1.13
2 g.	..	0.75	1.13
1 g.	..	0.75	1.13
500 mg.	..	0.50	0.75
200 mg.	..	0.50	0.75
100 mg.	..	0.50	0.75
50 mg.	..	0.50	0.75
20 mg.	..	0.50	0.75
10 mg.	..	0.50	0.75
5 mg.	..	0.50	0.75
2 mg.	..	0.50	0.75
1 mg.	..	0.50	0.75
(b) Brass Weights (other than Bullion)—			
1 kg.	..	2.00	3.00
500 g.	..	0.50	0.75
200 g.	..	0.50	0.75
100 g.	..	0.50	0.75
50 g.	..	0.25	0.37
20 g.	..	0.25	0.37
10 g.	..	0.25	0.37
5 g.	..	0.25	0.37
2 g.	..	0.25	0.37
1 g.	..	0.25	0.37
(c) Sheet metal weight (other than Bullion)—			
500 mg.	..	0.25	0.37
200 mg.	..	0.25	0.37
100 mg.	..	0.25	0.37
50 mg.	..	0.25	0.37
20 mg.	..	0.25	0.37
10 mg.	..	0.25	0.37
5 mg.	..	0.25	0.37
2 mg.	..	0.25	0.37
1 mg.	..	0.25	0.37
(d) Iron and Steel Weights—			
50 Kg.	..	1.00	1.50
20 Kg.	..	1.00	1.50
10 Kg.	..	1.00	1.50
5 Kg.	..	1.00	1.50
2 Kg.	..	0.75	1.13
1 Kg.	..	0.75	1.13
500 g.	..	0.25	0.37
200 g.	..	0.25	0.37
100 g.	..	0.25	0.37
50 g.	..	0.25	0.37

1	2	3	1	2	3	
<i>(e) Carat Weights—</i>			1 ml.	..	0.50	0.75
500 c.	..	1.00	18.5 l.	..	2.00	3.00
200 c.	..	1.00	60 ml.	..	0.50	0.75
100 c.	..	1.00	30 ml.	..	0.50	0.75
50 c.	..	1.00	<b>3. Length Measures—</b>			
20 c.	..	1.00	<i>(a) Non-flexible type</i>			
10 c.	..	1.00	2.00 m.	..	1.00	1.50
5 c.	..	1.00	1.00 m. (Ordinary)	..	1.00	1.50
2 c.	..	0.50	0.50 m. (Ordinary)	..	1.00	1.50
1 c.	..	0.50	1.00 m. (Graduated at every cm.)	..	2.00	3.00
50/100 c.	..	0.50	0.50 m. (Graduated at every cm.)	..	2.00	3.00
20/100 c.	..	0.50	<i>(b) Woven Metallic Tapes</i>			
10/100 c.	..	0.50	50 m.	..	3.00	4.50
5/100 c.	..	0.50	30 m.	..	3.00	4.50
2/100 c.	..	0.50	20 m.	..	2.00	3.00
1/100 c.	..	0.50	15 m.	..	2.00	3.00
0.5/100 c.	..	0.50	10 m.	..	2.00	3.00
<b>2. Capacity Measures (including vehicle tanks, dispensing measures and peg measures).</b>			5 m.	..	1.00	1.50
<i>Capacity</i>	<i>Fee per piece</i>	<i>Fees per piece proposed</i>	2 m.	..	1.00	1.50
	(Rs.)	(Rs.)	<i>(c) Steel Tapes</i>			
50 litres and above	Rs.5 for the first 100 litres or part thereof plus Rs.2 for every additional 100 litres or part thereof subject to a maximum of Rs.500.	Rs.7.50 for the first 100 litres or part thereof plus Rs.3.00 for every additional 100 litres or part thereof subject to a maximum of Rs.750.	50 m.	..	5.00	7.50
			30 m.	..	5.00	7.50
			20 m.	..	3.00	4.50
			15 m.	..	3.00	4.50
			10 m.	..	2.00	3.00
			2 m.	..	1.00	1.50
			1 m.	..	1.00	1.50
<i>Denomination</i>	<i>Fees per piece</i>	<i>Fees per piece proposed</i>	<i>(d) Folding Scales</i>			
	(Rs.)	(Rs.)	1 m.	..	1.00	1.50
20 l.	..	2.00	0.5 m.	..	0.50	0.75
10 l.	..	2.00	<i>(e) Surveying Chains</i>			
5 l.	..	1.00	30 m.	..	3.00	4.50
2 l.	..	1.00	20 m.	..	2.00	3.00
1 l.	..	1.00	<b>4. Weighing Instruments (other than beam scales of classes C and D, Automatic weighing machines and totalling machines).</b>			
500 ml.	..	0.50	400 t.	..	250.00	375.00
200 ml.	..	0.50	300 t.	..	200.00	300.00
100 ml.	..	0.50	200 t.	..	150.00	225.00
50 ml.	..	0.50	150 t.	..	120.00	180.00
20 ml.	..	0.50	100 t.	..	100.00	150.00
10 ml.	..	0.50	80 t.	..	90.00	135.00
5 ml.	..	0.50	60 t.	..	80.00	120.00
2 ml.	..	0.50				

1	2	3	1	2	3
50 t.	..	70.00	105.00	<b>6. Automatic Weighing Machines</b>	
40 t.	..	70.00	105.00	Exceeding 10 t.	100.00 150.00
30 t.	..	70.00	105.00	Not exceeding 10 t. but exceeding 1 t.	75.00 112.50
25 t.	..	50.00	75.00	Not exceeding 1 t. but exceeding 50 kg.	50.00 75.00
20 t.	..	50.00	75.00	Not exceeding 50 kg. but exceeding 10 kg.	30.00 45.00
15 t.	..	50.00	75.00	Not exceeding 10 kg.	20.00 30.00
10 t.	..	40.00	60.00	<b>7. Totalising machines</b>	
5 t.	..	40.00	60.00	Each Machine	150.00 225.00
3 t.	..	25.00	37.00	<b>8. Volume Measuring Instrument</b>	
2 t.	..	25.00	37.00	(a) Dispensing pumps (each).	50.00 75.00
1500 kg.	..	15.00	22.50	(b) Other instruments—	
1000 kg.	..	15.00	22.50	Exceeding 100 litres	Rs.50 for the first 100 litres plus Rs.40/for each additional 100 litres or part thereof subject to a maximum of Rs.500.
500 kg.	..	15.00	22.50		Rs.75 for the first 100 litres plus Rs.60 for each additional 100 litres or part thereof subject to a maximum of Rs.750.
300 kg.	..	15.00	22.50	Not exceeding 100 l. but exceeding 50 l.	40.00 60.00
250 kg.	..	15.00	22.50	Not exceeding 50 l. but exceeding 20 l.	25.00 37.50
200 kg.	..	15.00	22.50	Not exceeding 20 l.	20.00 30.00
150 kg.	..	10.00	15.00	<b>9. Linear Measuring Instruments</b>	
100 kg. and person weighing machines.		10.00	15.00	(a) Taximeters and autorickshaw meters (each Taximeter or Autorickshaw metre).	5.00 7.50
50 kg.	..	7.50	11.25	(b) Other instruments—	
30 kg.	..	7.50	11.25	Exceeding 1000 m.	Rs.10 for the first 1,000 m. plus Rs.2 for every additional 100 metres or part thereof subject to a maximum of Rs.50.
20 kg.	..	5.00	7.50		Rs.15 for the first 100 m. plus Rs.3 for every additional 100 metres or part thereof subject to a maximum of Rs.75.
15 kg.	..	5.00	7.50	Not exceeding 1000 m. but exceeding 500 m.	10.00 15.00
10 kg.	..	3.00	4.50	Not exceeding 500 m. but exceeding 100 m.	5.00 7.50
5 kg.	..	3.00	4.50	Not exceeding 100 m.	3.00 4.50
3 kg.	..	3.00	4.50		
2 kg.	..	3.00	4.50		
1 kg.	..	3.00	4.50		
500 g. and below	..	2.00	3.00		
<b>5. Beam Scales (class C and D)</b>					
1000 kg.	..	15.00	22.50		
500 kg.	..	10.00	15.00		
300 kg.	..	10.00	15.00		
200 kg.	..	5.00	7.50		
100 kg.	..	5.00	7.50		
50 kg.	..	3.00	4.50		
20 kg.	..	3.00	4.50		
10 kg.	..	3.00	4.50		
5 kg.	..	2.00	3.00		
2 kg.	..	2.00	3.00		
1 kg.	..	2.00	3.00		
500 g. and below	..	1.00	1.50		

## SCHEDULE XII

(See Rule 27)

Licensing and renewal fees for manufacturers, repairers or dealers of weights, measures, weighing or measuring instruments (per year) :

	Rs.	Rs.
(i) Manufacturers .. .. .	100.00	150.00
(ii) Repairers .. .. .	25.00	50.00
(iii) Dealers .. .. .	50.00	75.00

## SCHEDULE X-A

[See Rule 18(3)]

Fees payable for adjustments made by Inspector in weights, measures, weighing or measuring instruments used in transactions for trade or commerce :

## Particulars of adjustments—

1. Scrapping of lead in, excess or adding lead, to make up deficiency, from loading hole in order to bring the weight within the prescribed limit up to 1 gram More than 1 gram.	Free 0.10	Free 0.20
2. Drilling of small holes up to 12m. in diameter in weight and measures and weighing and measuring instruments and filling them with lead to make the lead plug for Inspector's Stamp.	0.12	0.25
3. Drilling of lead from the loading holes of weights or drilling of lead plug from measures and scales and refilling them.	0.12	0.25
4. Filling of the surface of weights to remove the roughness due to bad casting or filling of the measure in one plane.	0.25	0.50

NOTE—In all cases where lead is required the party who presents the weights or measures or weighing or measuring instruments shall provide lead.

Source—Controller of Weights and Measures, U. P.

## ANNEXURE 6

Registration fee of Steam Boilers [The fee required to accompany an application under sub-section (1) of section 7]

Sl. no.	Item	Rate
1	2	3
		Rs.
1	For Boiler rating not exceeding 100 .. .. .	70
2	For Boiler rating exceeding 100 but not exceeding 300 .. .. .	85
3	For Boiler rating exceeding 300 but not exceeding 500 .. .. .	100
4	For Boiler rating exceeding 500 but not exceeding 700 .. .. .	120
5	For Boiler rating exceeding 700 but not exceeding 900 .. .. .	140
6	For Boiler rating exceeding 900 but not exceeding 1,000 .. .. .	160
7	For Boiler rating exceeding 1,000 but not exceeding 2,000 .. .. .	180
8	For Boiler rating exceeding 2,000 but not exceeding 4,000 .. .. .	210
9	For Boiler rating exceeding 4,000 but not exceeding 6,000 .. .. .	240
10	For Boiler rating exceeding 6,000 but not exceeding 8,000 .. .. .	270
11	For Boiler rating exceeding 8,000 but not exceeding 10,000 .. .. .	300
12	For Boiler rating exceeding 10,000 but not exceeding 12,000 .. .. .	350
13	For Boiler rating exceeding 12,000 but not exceeding 14,000 .. .. .	400
14	For Boiler rating exceeding 14,000 but not exceeding 16,000 .. .. .	450
15	For Boiler rating exceeding 16,000 but not exceeding 18,000 .. .. .	500
16	For Boiler rating exceeding 18,000 but not exceeding 20,000 .. .. .	550
17	For Boiler rating exceeding 20,000 but not exceeding 22,000 .. .. .	600
18	For Boiler rating exceeding 22,000 but not exceeding 24,000 .. .. .	650

1	2	3
		Rs.
19	For Boiler rating exceeding 24,000 but not exceeding 26,000	700
20	For Boiler rating exceeding 26,000 but not exceeding 28,000	750
21	For Boiler rating exceeding 28,000 but not exceeding 30,000	800

(1) Fees—Every application for inspection for the renewal of certificate under sub-section (4) of section 8 shall be accompanied by a fee on the following scales :

For Boiler rating not exceeding 10 square metres	65-00
For Boiler rating exceeding 10 square metres but not exceeding 25 square metres	80-00
For Boiler rating exceeding 25 square metres but not exceeding 50 square metres	90-00
For Boiler rating exceeding 50 square metres but not exceeding 75 square metres	110-00
For Boiler rating exceeding 75 square metres but not exceeding 100 square metres	130-00
For Boiler rating exceeding 100 square metres but not exceeding 150 square metres	150-00
For Boiler rating exceeding 150 square metres but not exceeding 200 square metres	170-00
For Boiler rating exceeding 200 square metres but not exceeding 400 square metres	200-00
For Boiler rating exceeding 400 square metres but not exceeding 600 square metres	230-00
For Boiler rating exceeding 600 square metres but not exceeding 800 square meters	260-00
For Boiler rating exceeding 800 square metres but not exceeding 1,000 square metres	290-00
For Boiler rating exceeding 1,000 square metres but not exceeding 1,200 square metres	340-00
For Boiler rating exceeding 1,200 square metres but not exceeding 1,400 square metres	390-00
For Boiler rating exceeding 1,400 square metres but not exceeding 1,600 square metres	440-00
For Boiler rating exceeding 1,600 square metres but not exceeding 1,800 square metres	490-00
For Boiler rating exceeding 1,800 square metres but not exceeding 2,000 square metres	540-00
For Boiler rating exceeding 2,000 square metres but not exceeding 2,200 square metres	590-00
For Boiler rating exceeding 2,200 square metres but not exceeding 2,400 square metres	640-00
For Boiler rating exceeding 2,400 square metres but not exceeding 2,600 square metres	690-00
For Boiler rating exceeding 2,600 square metres but not exceeding 2,800 square metres	740-00
For Boiler rating exceeding 2,800 square metres but not exceeding 3,000 square metres	790-00

(2) Fees for out of tour month—Fees payable for inspection made by an Inspector otherwise than on tour i.e. out of tour month as prescribed in this rule shall be the above amount and halting charges at Rs.10.00 per day plus travelling expenses which will vary according to the distance from Kanpur to the nearest railway station of the boiler site and will be as under :

Kilometres from Kanpur.		
1 to 100 km.	40-00	
Any additional 50 km. or part thereof	20-00	

Source—Labour Commissioner, U. P.

### ANNEXURE 7

#### Schedule of Licence fees payable under Factories Act

(In Rs.)

Quantity of H. P. Installed (Max. H. P.)	Maximum number of persons to be employed during the year						
	Upto 20	From 21 to 50	From 51 to 100	From 101 to 250	From 251 to 500	From 501 to 750	751 and above
1	2	3	4	5	6	7	8
Nil	10	25	50	125	250	375	500
Upto 10	25	50	60	150	300	450	600
Above 10 but not above 50.	50	75	100	250	500	750	1,000
Above 50 but not above 100.	100	125	150	375	750	1,125	1,500
Above 100	150	200	250	500	1,000	1,500	2,000

Source—Labour Commissioner, U. P.

## ANNEXURE 8

Schedule of licence fees payable under factories Act (as proposed by Labour Commissioner, U. P.)  
(In Rs.)

Quantity of H. P. installed maximum H.P.	Maximum number of persons to be employed on any day during the calendar year												
	20	50	100	250	500	750	1000	2000	3000	5000	7500	10000	Above 10000
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Nil	15	30	60	150	300	450	600	1000	1500	1800	2100	2500	3000
10	30	60	100	200	350	500	750	1200	1650	2100	2400	2775	3325
50	60	100	150	300	600	775	1100	1500	1850	2400	2700	3050	3650
100	125	150	200	425	850	1175	1600	2000	2250	2700	3000	3325	3975
250	160	225	275	550	1100	1575	2100	2500	2750	3000	3300	3600	4300
500	200	275	350	650	1300	1700	2250	2800	3000	3250	3600	3875	4625
1000	250	350	425	800	1500	1800	2400	3100	3250	3500	3900	4150	4950
2000	300	400	500	1000	1800	2100	2650	3350	3500	3750	4200	4425	5275
5000	400	500	600	1300	2200	2500	3000	3600	3850	4000	4500	4700	5600
10000	450	600	750	1700	2600	3000	3500	4000	4250	4500	4800	5000	6000
Above 10000.	500	750	1000	2000	3000	3500	4000	4500	4800	5000	5400	6000	7000

Source—Labour Commissioner, U. P.

## ANNEXURE 9

Schedule rate of articles manufactured in Jails— 1971-72 to 1974-75

(Rs.0.00)

Serial no.	Item	Unit	Year and date since the rates are in force				Percentage rise in rates in 1974-75 over 1971-72
			1971-72 (12-10-'70)	1972-73 (7-3-'72)	1973-74 (7-3-'72)	1974-75 (August, 1974)	
1	2	3	4	5	6	7	8
1	Niwar ..	Kg.	9.45	10.45	10.75 (Since 2-8-'73)	18.50	95.8
H. B. Towels—							
	(i) 120×75 cm.	Doz.	37.05	42.25	42.50 (Since 2-8-'73)	61.70	66.5
	(ii) 90×60 cm.		25.10	28.30	28.45 (Since 2-8-'73)	41.70	66.1
	(iii) 75×45 cm.		18.15	20.35	20.50 (Since 2-8-'73)	29.90	64.7
3	Dutrie—						
	(i) Half coloured half stripped ..	Kg.	10.90	12.00	12.00	22.00	101.8
	(ii) All coloured stripped granite with or without border.	..	11.40	12.50	12.50	22.50	97.4
	(iii) Kanta Patti or coloured centre or flowered bordered or ordinary modern design.	..	12.75	13.90	13.90	25.90	103.1
	(iv) Flowered modern design ..	..	19.00	20.15	20.15	36.40	91.6

1	2	3	4	5	6	7	8
4	Suti Carpet—						
	(i) Flowered white and one colour	.. Kg.	15.75	18.30	18.30	30.75	95.2
	(ii) Flowered all colour (fast)	.. ..	20.17	21.80	21.80	38.80	92.4
	(iii) Fitzard pattern all coloured	.. ..	19.30	23.20	23.20	34.30	77.7
5	Chadar—						
	(i) 244 × 152 cm.	.. .. Each	9.30	10.45	10.45	15.90	71.0
	(ii) 220 × 173 cm.	.. ..	8.30	9.30	9.30	14.15	70.5
	(iii) 213 × 122 cm.	.. ..	6.50	7.30	7.30	11.05	70.0
6	Selum durrie—						
	213 × 122 cm.	.. ..	19.25	22.00	22.00	34.40	78.7
7	Granite or coloured durrie	.. ..	25.90	28.40	28.40	57.45	121.8
8	H. C. Towels—						
	(i) 150 × 90 c.	.. .. Dozen	53.95	60.65	60.65	92.70	71.8
	(ii) 120 × 75 c.	.. ..	36.10	40.60	40.60	62.10	72.0
	(iii) 75 × 45 c.	.. ..	15.35	17.10	17.10	39.65	158.3
9	Wollen Carpet	.. .. Sq.yd.	101.15 (Since 22-12-'70).	101.15	101.15	101.15 (Under revision)	0.0
10	Wollen Blanket—						
	7' × 4'	.. .. Each	30.10	35.00	35.00	35.00 (Under revision).	16.3
11	Tents—						
	(i) H. C. Tents (Police)— 12' × 12'	.. ..	4245.00 (Since 22-2-'71).	4968.00 (Since 5-10-72)	4968.00	6851.25 (Since 22-4-'74.)	61.4
	(ii) D.F.S. (Public)— 16' × 16'	.. ..	1360.00	1685.00	2048.00 (Since 4-3-'74)	2048.00	50.6
12	Upper ply of D.F.S.—						
	16' × 16'	.. ..	444.00	801.00 (12' × 12')	1823.00	1823.00	310.6
13	S.F.S. (Pikuce)—						
	16' × 16'	.. ..	927.00	1400.00 (12' × 12')	1354.00	1354.00	46.1
14	D.F.S. Sleeping pal—						
	12' × 12'	.. ..	1643.00	2104.00	2624.00	2624.00	59.7
15	S. C. Tent—						
	12' × 12'	.. ..	3649.00	4688.00	6517.00	6517.00	78.6

Sources—Inspector General of Prisons, U. P.

### ANNEXURE 10

#### Schedule of rates of Poultry, poultry feed and other service charges

Serial no.	Item	Unit	Rate (Rs.0.00)	Year in which enforced.
1	2	3	4	5
1	Poultry—			
1	Hatching eggs	Each	0.50	1-10-'70
2	Chick upto week old	..	1.00	..
3	More than a week upto one month	..	2.00	..

1	2	3	4	5		
4	more than a month upto 2 months	.. ..	Each	4.50	1-10-70	If purchased in ratio of 1 : 3 o Male to female. (If purchased fem only).
				5.00	..	
5.	more than 2 months upto 3 months	.. ..		7.50	..	
6.	more than 3 months upto 4 months	.. ..	..	10.00	..	
7.	more than 4 months upto 5 months	.. ..	..	12.50	..	
8.	more than 5 months upto 12 months	.. ..	..	15.00	..	
9.	more than 12 months upto 15 months	.. ..	..	8.00	..	
10.	more than 15 months up to 18 months	.. ..	..	5.00	..	
2.	<i>Poultry feed—</i>					
	(A) <i>Gorakhpur—</i>					
	(i) Feed for layers—					
	(a) Gorakhpur Division	.. ..	75 Kg. 20 Kg.	50.00 13.75	20-4-'72 ..	
	(b) Varanasi Division	.. ..	75 Kg. 20 Kg.	51.00 14.00	.. ..	
	(ii) Feed for chicks					
	(a) Gorakhpur Division	.. ..	75 kg. 20 Kg.	57.25 15.70	.. ..	
	(b) Varanasi Division.	.. ..	75 Kg. 20 Kg.	58.00 16.00	.. ..	
	(iii) Feed for broilers—					
	(a) Gorakhpur Division	.. ..	75 Kg. 20 Kg.	57.50 15.75	.. ..	
	(b) Varanasi Division	.. ..	75 Kg. 20 Kg.	58.25 16.00	.. ..	
	(B) <i>Hapur—</i>					
	(i) Feed for layers —(all districts)	.. ..	75 Kg.	45.00	1-5-'72	
	(ii) Feed for chicks (all districts)	.. ..	75 Kg.	50.00	..	
	(C) <i>Lucknow—</i>					
	(i) Feed for layers—					
	(a) Lucknow District	.. ..	75 Kg. 20 Kg. 10 Kg.	48.70 13.90 6.95	1-7-'72 .. ..	
	(b) Other Districts	.. ..	75 Kg. 20 Kg.	50.30 14.30	.. ..	
	(ii) Feed for Chicks—					
	(a) Lucknow district	.. ..	75 Kg. 20 Kg. 10 Kg.	55.05 15.60 7.80	.. .. ..	
	(b) Other Districts	.. ..	75 Kg. 20 Kg.	56.65 16.00	.. ..	
	(iii) Feed for broiler—					
	(a) Lucknow District	.. ..	75 Kg. 20 Kg.	61.70 17.35	.. ..	
	(b) Other Districts]	.. ..	75 Kg. 20 Kg. Per cattle	63.30 17.75 0.20	.. .. 26-12-'68	
3.	Artificial insemination charges—					
4.	Charges for treatment—					
	(a) Cattle (young)	.. ..	Each	0.05	26-12-'64	
	(b) Other Cattles	.. ..	..	0.20	..	
	(c) Pet animals	.. ..	..	0.15	..	

## ANNEXURE 11

Position of State Loans outstanding as on 31st March, 1969—72

('000 Rs.)

Items	Actuals			
	1969	1970	1971	1972
Loans outstanding to—				
1. Local Bodies—				
(i) Nagar Mahapalikas and Nagarpalikas .. ..	260550	280471	291798	336663
(ii) District and Local Fund Committees .. ..	25902	26637	26830	41985
2. Advances to farmers .. ..	738126	778708	775809	954669
3. U. P. State Electricity Board .. ..	4112777	4682631	5354818	6027428
4. Displaced persons .. ..	12311	12124	12681	12634
5. Government servants .. ..	12484	17105	22008	51929
6. Other loans and advances .. ..	515435	527454	556535	658781
<b>Total .. ..</b>	<b>5677585</b>	<b>6325130</b>	<b>7040479</b>	<b>8084089</b>

Source—State Budgets.

## ANNEXURE 12

## Interest Charges

1. Loans to cultivators :		Rate per-centage (per annum)
(i) Short-term loan .. ..	For cash loan .. ..	5½
(1 year and less) .. ..	For loans in the shape of fertilizers etc. .. ..	9½
(ii) Medium term (1 to 5 years) loans .. ..	8½ per cent. per annum, but for loans for soil conserva- tion and loans distributed in the hill areas, the interest rate is.	5½
(iii) Long term loans (above 5 years) .. ..		5½
(iv) For relief distress caused by drought, floods and other natural calamities.		5½
2. Loans to Local Bodies—		
(i) For water supply Schemes .. ..	As regards items (i) to (iv) the rate of interest chargeable depending on the duration of loan are as follows	5
(ii) For drainage Schemes .. ..		
(iii) For Roads .. ..	exceeding 1 year but not exceeding 9 years .. ..	5½
(iv) For construction of School buildings, Hospitals and other buildings connected with social services.	exceeding 9 years but not exceeding 15 years .. ..	6
	exceeding 15 years but not exceeding 30 years .. ..	6½
(v) Ways and means advances .. ..	Ways and means advances are not sanctioned to local bodies.	
3. Loans to State Electricity Board for—		
(i) Generation and transmission Schemes .. ..		6½
(ii) Rural Electrification schemes .. ..		6½
(iii) Ways and means .. ..		5
(iv) Other purposes, if any .. ..	Currency of loans :	
	Upto 1 year .. ..	5
	Exceeding 1 year but not exceeding 9 years .. ..	5½
	Exceeding 9 years but not 15 years .. ..	6
	Exceeding 15 years .. ..	6½

## 4. Loans to other autonomous Bodies such as—

- (i) State Housing Board .. .. . (a) In the case of Loans to corporation (except U. P. F. C.) for executing their own schemes, the following rates of interest are chargeable, upto 4 years.  
Exceeding 4 years but not exceeding 9 years ..  
Exceeding 9 years but not exceeding 15 years ..
- (ii) State Roadways Transport Corporation, etc. (b) In the case of loans to corporation for executing the State sponsored schemes the following rates of interest are charged :  
Upto 1 year .. .. .  
Exceeding 1 year but not exceeding 9 years ..  
Exceeding 9 years but not exceeding 15 years ..  
Exceeding 15 years but not exceeding 30 years ..  
The above rates of interest also apply in the case of loans to U. P. Financial Corporation.

## 5. Loans to Co-operative Societies—

- (1) Loans towards share capital contribution of members. As regards item, 1 to 4 rates of interest chargeable are as follows :  
Upto 1 year .. .. .  
Exceeding 1 year but not exceeding 9 years ..  
Exceeding 9 years but not exceeding 15 years ..  
Exceeding 15 years but not exceeding 30 years ..
- (2) Loans towards working capital .. .. .
- (3) Loans for acquisition of equipment, construction of buildings, etc.
- (4) Loans to Co-operative societies for the benefit of weaker section of society such as S. C., S. T. etc.
- (5) Loans to Co-operative house building societies for— Loans to Co-operative house building societies are not being given by the Government direct at present. However, loans are given to the Housing Board/L. B. under Low income group housing schemes, Middle Income group housing schemes and Land Acquisition and Development Schemes. Loans given to the H. B./L.B. are either for re-lending by them to the individuals for construction of houses. Acquisition and Development Scheme are not re-lent by H. B./L. B., the rates of interest chargeable are as follows :  
Rates of interest chargeable by the Government when the loans are to be utilised by the H. B./L. B. directly.  
Rates of interest when the Loan money is to be relent.
- (i) Low income group 6½% per annum .. .. .
- (ii) Middle income group 7½% per annum\* .. .. .
- (iii) L. A. and D. S. 7½% per annum .. .. .

## 6. Loans to Government Servants—

- (1) For purchase of cars .. .. .
- (2) For purchase of other means of conveyance such as—
- (a) Scooters .. .. .
- (b) Bicycles .. .. .
- (c) For construction of house .. .. .

## 7. Loans to Industrial Units—

Under State aid to Industries Act or other enactments.

These are not given now. But if given the rate of interest will be as follows :  
(i) Upto 4 years .. .. .  
(ii) Exceeding 4 years but not exceeding 9 years .. .. .  
(iii) Exceeding 9 years but not exceeding 15 years .. .. .  
The Above rates of interest also apply in the case of loan to Industrial units under other enactments.

## 8. Loans to students for Technical Education\*\*.

\*In these cases the rate of interest are correlated to those of the L. I. C. of India.

\*\*These loans are advanced at a concessional rate of 4 per cent to help poor but deserving students.

Source—Memoranda to the Sixth Finance Commission, Uttar Pradesh, Vol. III.

## ANNEXURE 13

Arrear position as on 1-4-'73 of the loans distributed by the State Government whose accounts are maintained by the A. G., U. P.

(Lakh Rs.)

Serial no.	Loans distributed to	Amount due		Loans recovered		Amount overdue	
		Principal	Interest	Principal	Interest	Principal	Interest
1	2	3	4	5	6	7	8
1	Nagarmahapalikas and Nagarpalikas	211.43	669.43	46.48	121.37	164.96	548.06
2	U. P. Avas Evam Vikas Parishad	7.64	19.66	7.64	19.66	(78.0)	(81.9)
3	Town Area Committees	12.32	28.21	0.43	1.41	(0.0)	(0.0)
						11.89	26.80
						(96.5)	(95.0)

1	2	3	4	5	6	7	8
4	Notified Area Committees .. ..	3.62	12.58	0.12	0.36	3.49 (96.4)	12.23 (97.2)
5	Improvement Trusts and Development Boards	121.96	139.93	12.64	44.83	109.32 (89.6)	95.10 (68.0)
6	Zila Parishads .. ..	11.35	9.82	2.35	1.89	9.00 (79.3)	7.93 (80.8)
7	Joint Stock Companies .. ..	127.65	54.49	30.77	5.83	96.88 (75.9)	48.66 (89.3)
8	Co-operatives .. ..	89.65	29.12	0.27	0.06	89.38 (99.7)	29.06 (99.8)
9	Miscellaneous .. ..	150.93	133.08	23.21	22.36	127.72 (84.6)	110.72 (83.2)
10	Loan to Rampur State .. ..	3.02	1.04	..	0.70	3.02 (100.0)	0.34 (32.7)
11	U. P. State Electricity Board .. ..	..	3248.18	..	3248.00	..	.. (0.0)
12	Co-operative Banks .. ..	196.42	33.59	196.42	3.58	..	30.00 (89.3)
Total ..		935.99	4379.13	320.33	3470.23	615.66 (65.8)	908.90 (20.8)

Source—State Budget.

NOTE—Figures in bracket indicate percentage of amount overdue to amount due.

## CHAPTER XI

### LOCAL TAXATION

*Evolution of Local Self-Government*—Representative urban local Government in the country in its present form owes its origin to the exigencies of the British rule. It was considered easier to collect taxes and administer efficiently local services if the people were associated in some manner with local administration. In this State, as a first measure in this direction, Act X of 1842 was introduced in Mussoorie and Naini Tal. It was followed by Act XXVI of 1850 which provided for the constitution of town committees, authorising them to levy certain indirect taxes. Act VI of 1868 was passed to regulate the activities of the municipal committees. It permitted the imposition of taxes on buildings, animals, carriages and tolls. The main purpose of constituting the municipal committees was the promotion of better sanitation in the towns. The committees were nominated though the Act permitted elections. Lord Mayo's scheme of financial decentralisation in 1870 resulted in extension of local self-government. The reforms initiated by Lord Ripon in 1882 were intended to meet the national urge for self-government. Act XV of 1883 provided for partly elected and partly nominated municipal boards with a non-official chairman. Some of the later enactments were the U. P. Water Works Act, 1891, U. P. Sewerage and Drainage Act, 1894 and U. P. Municipalities Act, 1900. The U. P. Town Areas Act, 1914, introduced a new unit of local self-government in semi-rural localities. With a view to consolidate and re-enact all the laws relating to the municipalities and to bring harmony in their provisions, the U. P. Municipalities Act, 1916 was enacted under section 81 of the Government of India Act, 1915. The constitution of municipalities was further liberalised by increasing the proportion of elected members. The functions and powers of the municipalities were partly decentralised by delegation to the committees or its officers. The Act is still in operation although material amendments have been made from time to time. This Act also empowered the State Government to declare any area to be a notified area. In 1959, the State legislature passed the U. P. Nagar Mahapalika Adhiniyam to provide for the establishment of Nagar Mahapalika in KAVAL towns, and the U. P. Municipalities Act was repealed in its application to those towns. By this enactment the deliberative and executive wings were separated. Several other reforms were brought about to enable the Nagar Mahapalikas to function generally as independent units.

2. With the changed concept of the welfare State, that has gained ground especially after Independence, the local bodies cannot content themselves with carrying out only the traditional functions of street lighting, conservancy and sanitation, maintenance of roads and the like. They are now expected to help in manifold ways in creating suitable local conditions for promoting social and economic development. Their ability to mobilize resources is, however, seldom commensurate with the functions assigned to them,

and it is common knowledge that the gap between the functions and resources of local bodies is gradually widening. One way out of the dilemma is to transfer more local functions to the State level or to the functional autonomous bodies with different territorial jurisdictions appropriate to optimum efficiency. While there may be good technical grounds for the latter course; it misses the need for breeding and fostering local *esprit de corps*. It is, therefore, imperative that local bodies are vitalised both financially and administratively to enable them to perform their duties and functions more efficiently. Various expedients have been suggested for this purpose. In what follows, we are concerned with one narrow aspect of the problem viz. the question of proper exploitation of the tax powers by local bodies. Many proposals for transfer of tax powers and tax sharing were urged before us. While we are strictly concerned only with such of them as enable more tax revenue, State and local, to be raised on the whole, we have not refrained from expressing our sympathies with such of them as seem to us to be well conceived, if they do not imply reduction in tax-raising potential. Urban local bodies had a longer period of experimentation and more material is available on them. We shall, therefore, begin with urban local bodies.

#### A—URBAN LOCAL BODIES

3. According to 1971 census 1.24 crores or 14 per cent of the total population of this State resided in urban areas, as against 12.9 per cent in 1961 census. The increase in urban population during the decade was 30.7 per cent as against 18.2 per cent increase in rural population. The population of cities increased by 25.4 per cent. The highest increase was recorded by Ghaziabad (88.06 per cent) and the lowest by Mirzapur (5.84 per cent). The number of localities treated as urban at the 1971 census was, however, only 334 as against nearly 500 urban local bodies in the State in that year. At the census, out of the four categories of urban bodies, the corporations, municipal boards and notified areas were categorised as urban units, but only those town areas were reckoned as urban, which satisfied the census definition of a town. The population of the urban local bodies of different categories is given in Annexure 1. The number of cities having a population of one lakh or above, including the metropolitan city of Kanpur, is 22 against 17 cities at the time of 1961 census. These cities account for 52.9 per cent of the total urban population of the State, the highest concentration being in the five KAVAL towns.

4. *General problems*—The tax powers of the local bodies and the State are not demarcated by the Constitution. The local bodies in fact derive their powers under the State laws. In the absence of such demarcation, the States often show reluctance to entirely surrender any of their important tax powers to the local authorities. Their contention is that they can ill-afford to leave any valuable source of tax untouched in

view of the pressing requirements of the Five-Year Plans. While the committees appointed in the past to examine the tax structure and resources of local bodies have not gone so far as to recommend any amendment in the Constitution for demarcating the powers of taxation of local authorities, they have suggested that a convention may be established by which sources of revenue like taxes on lands and buildings, octroi, taxes on vehicles other than those mechanically propelled, taxes on animals and boats, and taxes on professions, trades etc. are reserved for exclusive utilization by or for the local bodies. These recommendations have not been accepted in practice. Examples of this are levying by the U. P. Government of the tax on lands and buildings in 1962 and professions tax in 1966. We endorse the general principles underlying the suggestions, but would like to emphasize the importance of leaving the matter somewhat flexible. The right to impose a tax should lie with that authority which can be relied upon for its optimum utilization. It is on this consideration that we recommend later that the tax on professions etc. should be levied by the State Government. Other adjustments can be made through tax sharing and grants.

5. As the level of taxation increases, tax spheres of the State and local bodies, however well demarcated, are likely to overlap. The finances of local bodies and the Government are drawn from a common source, and in the absence of co-ordination, efforts made by one to augment its resources is likely to impair the ability of the other in that direction. The problem of resources of local bodies should, therefore, be considered in the context of overall national budget consisting of the Union and State budgets and those of the local bodies.

6. A substantial proportion of local bodies have not shown enthusiasm for greater tax measures to render better local services; they have accordingly unduly relied on and pressed for more and more grants-in-aid. It should be possible to devise a grants-in-aid system which would stimulate greater tax effort. This has been tried but not systematically. The State has, however, prescribed certain minimum rates in some limited cases.

7. The Rural Urban Relationship Committee, 1966 in its report recommended the setting up of a Municipal Finance Commission in each State to examine the financial obligation for water supply, sanitation, health and other obligatory services and the expenditure on plan schemes meant to be executed by the local bodies. The committee suggested that the Municipal Finance Commission should be appointed well before the appointment of the Finance Commission by the President, to enable the State Government to include the financial obligations arising from the recommendations of the Municipal Finance Commission in their proposals for the Finance Commission and the Planning Commission. The committee felt that the finances of local bodies would then become an integral part of the overall national finance. The procedure would, in our opinion, have the additional advantage that comparison of tax performance would be made and tax norms for various local bodies would be

laid down. This would also put some pressure on local bodies falling behind to increase rates. We, therefore, commend this proposal to the State Government.

8. *Constitution and functions*—In U. P. there are at present 5 Nagar Mahapalikas, 168 municipal boards, 45 notified area committees and 32 town area committees.

9. The five major cities of the State viz. Kanpur, Agra, Varanasi, Allahabad and Lucknow were constituted into corporations from February 1 1960. The Mahapalika in the KAVAL cities consists of the Nagar Pramukh, Up Nagar Pramukh, Sabhasads and Vishishta Sadasyas. The number of Sabhasads does not exceed 90 and they are elected at ward elections on the basis of adult suffrage. The Vishishta Sadasyas are elected by the Sabhasads, their number being nearly one ninth of the total number of Sabhasads. The Nagar Pramukh is elected annually and the term of the Up Nagar Pramukh is co-terminus with the term of the Mahapalika which is 5 years. The Up Nagar Pramukh is in many cases the keyman.

10. The obligatory and discretionary functions of Nagar Mahapalikas are given in Annexure 2. The important functions are construction and maintenance of roads, public health and sanitation, primary education, medical relief, water supply and drainage and street lighting. Some of the other obligatory functions are town planning and development, regulation of offensive trades and construction and maintenance of public markets and slaughter houses.

11. The municipal boards are generally constituted in bigger towns with urban characteristics. The board consists of the President and members ranging from 10 to 40. The members are elected at ward elections and they elect the President. The normal term of a municipal board is five years.

12. The municipal boards are categorized into four classes on the basis of their average annual income from their own resources:

Class I Rs.7.50 lakhs and above.

Class II Rs.3.75 lakhs and above but below Rs.7.50 lakhs.

Class III Rs.1.50 lakhs and above but below Rs.3.75 lakhs.

Class IV Below Rs.1.50 lakhs.

Sometime back the State Government decided to re-classify the municipal boards on the basis of their population; separately for plain and hill regions, but now they have reverted to the previous classification.

13. The obligatory and discretionary functions of the municipal boards are given in Annexure 3. These relate mainly to providing the basic civic amenities like supply of drinking water, sanitation, construction and maintenance of streets and their lighting, public health measures and elementary education.

14. The State Government is empowered to declare any local area to be called a notified area and to apply some or all the provisions of the U. P. Municipalities Act, 1916 to that area. The notified area committee consists of 3 or more members either appointed by the prescribed authority or elected in the prescribed manner. The

committee is expected to perform such functions of municipalities as may be prescribed in its case by the State Government.

15. The town area is constituted in a town, bigger village, suburb or bazar. The committee consists of a chairman and elected members ranging from 9 to 15. Its main functions are conservancy, street lighting, drainage, construction and maintenance of local roads. Primary education and medical relief have not been entrusted to the town areas.

16. The town area and the notified area have also been classified on the basis of their income, those having an income ranging between Rs.20,000 and Rs.50,000 have been placed in Class V and those having an income below Rs.20,000 in Class VI.

17. *Taxation powers*—Annexure 4 gives the taxation powers of local bodies. Property tax, tax on vehicles other than mechanically propelled and tax on animals are compulsory in the case of corporations. They are further empowered to levy taxes on trades, callings and professions, octroi or terminal tax, toll on vehicles etc., betterment taxes, ferry tax, tax on advertisement and a tax on deeds of transfer of immovable property. The municipal boards are also empowered to levy these taxes. The corporations and the municipal boards may further impose any other tax which the State Legislature has the power to impose under the Constitution of India in the State. The tax powers of these local bodies

are, thus, in theory, as wide as those of the State Government.

18. The State Government is empowered to impose in a notified area any tax which can be imposed in a municipality. In regard to town areas, their taxation powers include taxes on trades, callings or professions, tax on buildings, tax on circumstances and property and any other tax which a municipal board is empowered to levy.

19. The taxation powers exercisable by the local bodies are subject in practice to detailed control exercised by the State Government. The local body must send the proposals for any new tax or tax increase for the sanction of the State Government. In the case of the notified area committee, the sanction of the prescribed authority, and in the case of town area committee, the sanction of the District Magistrate is mostly required. These provisions have been made to ensure that the rates proposed or any alteration in the existing rates are not at variance with the model rules framed by the Government. The State Government are further empowered to vary the rates proposed but if any increase is suggested, the proposal is referred to the local body. The remission of tax or dues or writing off the arrears also requires the sanction of the State Government.

20. *Revenue, 1961-62 and 1971-72*—The revenue of local bodies for the years 1961-62 and 1971-72 is shown in the table below:

TABLE I  
Revenue of urban local bodies, 1961-62 and 1971-72

Items	1961-62		1971-72		Percentage increase in 1971-72 over 1961-62
	Amount (Lakh Rs.)	Percentage of total revenue	Amount (Lakh Rs.)	Percentage of total revenue	
1	2	3	4	5	6
1. Tax Revenue .. ..	899	48.4	2,208	58.6	145.6
2. Non-Tax Receipts .. ..	528	28.4	694	18.4	31.4
3. Grants-in-aid .. ..	431	23.2	865	23.0	100.7
Total .. ..	1,858	100.00	3,767	100.0	102.7

Source : Figures for 1961-62 have been taken from the report of TEC 1968 and for 1971-72 from the data collected by the Economics and Statistics Division, U. P., which is provisional.

Note—1. The information pertaining to all local bodies was not available later than 1971-72. 1961-62 was chosen for the comparison as being a decade back. There was an additional advantage that these being census years, population figures were also available.

2. In 1961-62, there were 132 municipal boards, which number increased to 151 in 1971-72. The number of notified area committees also increased during the period.

21. From the above table it would be seen that the total revenue of the urban local bodies increased by 102.7 per cent during the decade 1961-62 to 1971-72, compared with an increase of 164.6 per cent in State revenue. Income from the tax revenue showed the maximum increase of 145.6 per cent. As a result the relative share of tax revenue in the finances of local bodies went up from 48.4 per cent in 1961-62 to 58.6 per cent in 1971-72. There was a very slow rate of increase in the revenue from non-tax receipts,

so that their relative share decreased from 28.4 per cent in 1961-62 to 18.4 per cent in 1971-72. This decline can be mainly attributed to non-revision of the rates of fees and licences.

22. *Tax mobilisation*—A valid criterion of the successful resource mobilisation by the local bodies would be the extent to which they could gather a greater proportion of their geographical income. Since it is not possible to get statistics regarding incomes of local areas, changes in State incomes may be taken as a proxy for their

movements. The total State income in 1961-62 at current prices was Rs.1,913.67 crores whereas the total tax revenue of urban local bodies in that year amounted to Rs.8.99 crores which was 0.47 per cent of the State income. In 1971-72 this ratio decreased to 0.42 per cent. The buoyancy of tax efforts of the urban local bodies was estimated at 0.83. In the case of non-tax revenue the decline in the ratio was more marked as compared to tax revenue. Non-tax revenues

which were 0.28 per cent of the State income, slumped in 1971-72 down to 0.13 per cent. Since the incomes of residents of urban local bodies must have grown more rapidly than State income, in terms of the former the decline would have been greater.

23. The revenues derived by different types of local bodies for the years 1961-62 and 1971-72 are given in the following table:

TABLE 2  
Income of Local Bodies by types in 1961-62 and 1971-72

(Rs. in lakhs)

Type of Urban Local Bodies	1961-62				1971-72				Percentage increase in 1971-72 over 1961-62				
	Tax Revenue	Non-tax receipts	Grants in-aid	Total income	Tax revenue	Non-tax receipts	Grants in-aid	Total income	Tax revenue	Non-tax receipts	Grants in-aid	Total income	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1. Corporations	378	258	176	812	693	227	231	1,151	83.3	(--)	12.0	31.2	41.7
2. Municipal Boards	471	253	238	962	1,358	446	572	2,376	108.3	76.3	140.3	147.0	
3. N. A. C./ T.A.C.	50	17	17	84	157	21	62	240	214.0	23.5	264.7	185.7	
Total urban ..	899	528	431	1,858	2,208	694	1,527	3,767	145.6	31.4	100.7	102.7	

Per capita incidence (in rupees)

Type of urban local bodies	1961-62				1971-72				
	Tax revenue	Non-tax receipts	Grants in-aid	Total income	Tax revenue	Non-tax receipts	Grants in-aid	Total income	
1	2	3	4	5	6	7	8	9	
1. Corporations ..	..	13.39	9.14	6.24	28.77	19.25	6.30	6.42	31.97
2. Municipal Boards	..	8.75	4.70	4.42	17.87	19.13	6.28	8.06	33.46

NOTE—Census figures are not available, hence *per capita* incidence in respect of TAC/NAC has not been given.

Source: Figures for 1961-62 have been taken from the report of Taxation Enquiry Committee, 1968 and for 1971-72 from the data collected by Economics and Statistics Division, U. P., which is provisional.

24. It will be observed from table 2 that in 1971-72, municipal boards obtained two thirds of revenues of urban local bodies and corporations one-third. The tax revenues of municipal boards and notified area committees grew much more rapidly during the decade than those of corporations. It is, however, a matter of surprise that the tax revenues of corporations increased by only 83 per cent, much less than State income. Non-tax receipts of corporations showed an absolute decline and in case of other urban local bodies also the increase was small. Grants-in-aid increased substantially for municipal boards and notified area committees, but much less for corporations.

25. The *per capita* incidence of tax revenue, non-tax revenue and grants-in-aid was greater for corporations than municipal boards in 1961-62, but by 1971-72 except for grants-in-aid, the *per capita* incidence of tax and non-tax revenues for corporations and the municipal boards were almost the same, and grants-in-aid *per capita* were more in case of municipal boards. *Per capita* revenue for corporations which was one and a half time that of municipal boards in 1961-62, was slightly more in 1971-72.

26. *Characteristics of local taxes.*—The local bodies render services whose impact in the locality is obvious. Many of them confer measurable benefits. It is presumed that the citizens

can be asked to pay and will be more willing to pay for the benefits they derive from them than from Central and State services. This makes the benefit principle widely applicable to local taxation.

27. The property and service taxes are typical examples of local taxation based on the benefit principle. Every citizen of a locality is either an owner or an occupier or both of a property. He derives certain benefits in the shape of drinking water, drainage, maintenance of roads, sanitation etc. The distinct benefits of these civic amenities are immediately perceptible to him. He can, therefore, easily be convinced of the desirability of such taxes and persuaded to make greater contribution when improvements in services are envisaged. Even when the services are to satisfy merit wants, the benefits are in the neighbourhood. It is this direct relationship between the tax and the benefits flowing from it that imparts its distinct flavour to a local tax.

28. Besides being based on benefit principle, a local tax must have a local base of allegiance. Property having a geographical site, the local allegiance of a property tax in the locality is easy to establish. It cannot be easily evaded. In developed countries it is the most important local tax. Local consumption tax is another ex-

ample where the local allegiance is clear. Where for historical or other reasons, it is not possible for the State to give such tax power to local bodies, tax sharing is urged. In cases where the local bodies contribute to any services facilitating the expansion of the tax base, tax sharing commends itself. The most notable instance of the demand for tax sharing is regarding the motor vehicles tax. It is argued that since motor vehicles ply mostly on the roads built and maintained by the local bodies, the State should share the proceeds of this tax with the local bodies in proportion to the mileage of roads within limits for whose construction and maintenance they are responsible and the volume of vehicular traffic making use of such roads. Much of the motor vehicle taxation accrues from traffic beyond municipal limits and for heavy traffic this would be more so. The types of statistics required for satisfactory tax sharing are not available. We, therefore, do not think it worthwhile to recommend a sharing in this sphere. We, however, think that a portion of the entertainment tax—say one-half—could be given to local bodies.

29. *Property and service taxes.*—The following table shows the income from property and service tax in Uttar Pradesh for the years 1961-62 and 1971-72.

TABLE 3—Revenue from Property and Service Taxes according to types of Urban Local Bodies in 1961-62 and 1971-72

Types of Urban Bodies	1961-62			1971-72			
	Amount (Rs. in lakhs)	Amount as percentage to total tax-revenue	per capita income	Amount (Rs. in lakhs)	Amount as percentage to total revenue	Per capita income	Percentage rise during the decade
1	2	3	4	5	6	7	8
1. Municipal Corporations ..	156	41.3	5.53	308	44.4	8.56	97.4
2. Municipal Boards ..	64	13.6	1.19	101	7.4	1.42	57.8
3. N. A. C/T.A.C. ..	8	16.0	..	23	14.6	..	187.5
Total (All Urban Local Bodies)	228	25.4	..	432	19.6	..	89.5

Source—Figures for 1961-62 have been taken from the report of TEC 1968 and for 1971-72 from the data collected by Economics and Statistics Division, U. P. which is provisional.

NOTE—1. As population of all NAC/TAC's was not available, *per capita* incidence in 1961-62 and 1971-72 has been worked out for corporations and municipal boards only on the basis of 1961 and 1971 census population.

2. In 1961-62, there were 132 municipal boards only, which number increased to 151 in 1971-72. The number of NAC/TAC's also increased during the period.

30. At present property tax is not the mainstay of the urban local bodies. The income from property tax in 1971-72 constituted 19.6 per cent of the total tax revenue of all the urban local bodies and for municipal boards the importance was much less. This is in powerful contrast with 53 and 68 per cent dependence on property taxes of local bodies in U. K. and U. S. A. respectively. Since rental value bears a fairly close relation to income, and a substantial part of the benefit of municipal services is linked with housing there can be no conceivable objection to increasing rate of property taxation so as to cover most of local revenue needs. The receipts from property and service

taxes went up by 89.5 per cent during the decade 1961-62 and 1971-72. For municipal boards, the increase was only 57.8 per cent. We have earlier seen that the tax revenue during the same period increased by 145.6 per cent. The *per capita* revenue from tax sources went up by 43.8 per cent in the corporations and 118.6 per cent in municipal boards during the decade 1961-62 to 1971-72 as against the increase in *per capita* State income of 164.6 per cent. The buoyancy of property and service taxes for the period worked out to 0.51.

31. The increase in yield from property tax during the past decade should have shown better results for three reasons. In the first place

the physical counterpart of the tax increased considerably. Annexure 5 reveals that at the 1961 census, there were 5,80,126 houses in the five corporations in Uttar Pradesh. In 1971 their number increased to 7,13,640 showing a rise of 23 per cent. A similar trend is noticeable in other local bodies also. It is evident that the tax base greatly expanded. Secondly, during the decade 1961-71 there has been an increase in the urban population of the State by 30.68 per cent. The pressure of population in urban areas coupled with inflationary pressure has pushed up urban property values and rents above the rise in income. In this connection, we tried to ascertain the precise extent to which the house rents increased during the decade 1961-1971. The only data we came across was the index numbers of house rent for five cities in U. P. viz., Lucknow, Agra, Allahabad, Kanpur and Meerut, published by the Central Statistical Organization, Government of India in the series "consumer price index of urban non-manual (middle class) employees" (Base 1960=100) covering the pay ranges Rs.100 to Rs.750 per mensem. The indices of house rent for the above mentioned five cities for the years 1970 to 1973 are given in the table below:

TABLE 4—Consumer price index number of urban non-manual (Middle class) employees (Base 1960=100)

Cities	House Rent Indices			
	years			
	1970	1971	1972	1973
1	2	3	4	5
1. Lucknow	118.0	123.8	129.2	144.5
2. Agra	134.0	140.0	145.0	152.7
3. Allahabad	127.0	128.0	128.9	130.3
4. Kanpur	113.5	114.8	117.8	132.5
5. Meerut	127.5	133.3	139.7	153.3

The above table shows that the maximum increase of 53.3 per cent took place in the house

TABLE 5—Rates of property and service taxes in Municipal Corporations in U. P. 1974:

Name of corporation and date of last revision	Tax on lands and buildings as percentage of annual rental value	Water tax as percentage of annual rental value (for properties of any annual value)	Drainage tax as percentage of annual rental value (for properties of any annual value)
1	2	3	4
1. Lucknow (1-4-1974).	Exemption for properties of an annual valuation upto Rs.180 10 above Rs.180 to less than Rs.800. 15 for Rs.800 and above.	8.0	2.0
2. Kanpur (1-4-1974).	Exemption for properties of an annual valuation upto Rs.180 8.75 above Rs.180 up to Rs.5,000. 11.25 above Rs.5,000 up to Rs.10,000. 16.25 above Rs.10,000 upto Rs.15,000 17.50 above Rs.15,000 upto Rs.20,000 18.75 above Rs.20,000	6.25	1.0 1.25 (for properties having rental value above Rs. 5,000 upto Rs. 20,000.)

rents in Meerut during the period 1960 to 1973. The minimum rise by 30.3 per cent was registered in Allahabad.

32. The increases in houses and house rents were not properly reflected in the rateable value of properties. During the decade 1961-71, the rateable value of properties increased from Rs.1.30 crores to Rs.1.74 crores in Allahabad, Rs.2.99 crores to Rs.4.00 crores in Lucknow and Rs.4.45 crores to Rs.7.71 crores in Kanpur Nagarmahapalika. While the increase in Kanpur Nagar Mahapalika was by 73 per cent, the corresponding increases in Allahabad and Lucknow Mahapalikas were 34 per cent only. Similar changes in rateable values are not available in the case of other corporations or municipal boards.

33. Thirdly property taxes were levied by many municipal boards not levying them before; existing rates of property taxes were raised by them and the Mahapalikas during the decade. In Lucknow Mahapalika, for the house tax levied at the rate of 10 per cent in 1971, the corresponding rate in 1961 was 3.75 per cent. In Allahabad Mahapalika, the rate of house tax varied from 5 to 9 per cent in 1961, whereas the rates in 1971 varied from 6 to 11 per cent. The number of municipal boards levying house tax increased from 69 in 1967 to 135 in 1973. In spite of the above mentioned factors the property tax did not display the expected buoyancy and did not respond adequately to the changes in the tax base, the increase in the rentals and the upward revision of rates.

34. Rates of property taxation.—Under the provisions of the U. P. Nagar Mahapalika Adhiniyam 1959, it has been made obligatory for the Mahapalika to levy property tax and at present all the five Mahapalikas are doing so. The maximum and minimum rates prescribed for the aggregate of property taxes, namely house tax, water tax, drainage and conservancy tax, are 25 and 15 per cent of the value of the buildings or lands. The rates of the property and service taxes prescribed by the Mahapalikas for different slabs are given below:

1	2	3	4
3. Allahabad (1.4.'74).	Exemption for properties of annual valuation up to Rs.180. 6 above Rs.180 up to Rs.600. 8 above Rs.600 up to Rs.1,200. 9 above Rs.1,200 up to Rs.1,800. 11 above Rs.1,800.	14.0†	..
4. Varanasi (1.4.'74).	5 up to the annual valuation of Rs.1,199 8 above Rs.1,199	12.0	..
5. Agra (1.4.'74).	10 at flat rate	13.0	2.0

\*Provided that the owner has only one land or building of an annual rental value of Rs.180 in the corporation area.  
† Owner having only one land or building of an annual value up to Rs.180 will give only 6 per cent as water tax.

Source—L. S. G. Department, U. P.

It will be seen that Agra Mahapalika levied the property tax at a flat rate of 25 per cent. Other Mahapalikas adopted a graduated slab system, the maximum rate of consolidated tax being 25 per cent except in Varanasi where it was 20 per cent of the annual rental value. The actual average rate of property taxation in all cases except Agra was less because of the progressive rates.

35. We find that in some other States the maximum rate prescribed for the aggregate of the property taxes comprising the general house tax, water tax, drainage or conservancy tax and lighting tax, is higher than 25 per cent of the annual rental value of the property. In West Bengal, the maximum is 30 per cent, whereas in Bihar and Orissa, the maximum varies from 35 to 36 per cent. In Hyderabad Corporation, property tax is levied at the maximum rate of 26 per cent, and a surcharge is levied at the rate of 10 per cent of the property tax. In Karnataka, the minimum and maximum rates of property tax in the city municipalities were 17.5 and 27 per cent respectively of the annual rental value. The rates in Madras City Corporation vary from 15.5 to 30 per cent. The corporations in this State are handicapped in raising the rates on account of the low maximum limit laid down in section 173 of the U. P. Nagar Mahapalika Adhiniyam, 1959. The cost of material and the salaries and allowances of the staff, on the other hand, have gone up sharply and in consequence, the cost of maintenance of water works and other services provided to the property owners has increased considerably.

36. In this connection, we find that the Waterworks undertakings run by the corporations are not financially viable at present. The income and expenditure on waterworks in the five corporations for the year 1972-73 is given in Annexure 6. It would be seen that Kanpur waterworks alone was financially self-sufficient and other undertakings were running at a loss. The overall gap between income and expenditure was Rs.18.5 lakhs or 7.8 per cent, the maximum deficit of Rs.14.63 lakhs being in Varanasi. Allahabad was realising water tax at the maximum rate of 14 per cent, still the expenditure exceeded the income. One of the reasons of the deficit would appear to be the inadequate metering of water connections and the consequential loss suffered in water charges. It may be mentioned at this stage that water charges are levied in two ways—water tax as a proportion of rental value, and additional charges for excess water consumption. For instance in Lucknow Nagar Mahapalika, water tax is levied at 8 per cent of the annual rental value of the property and additional water

charges for domestic and non-domestic connections at 20 paise and 30 paise respectively per thousand litres. For domestic connections, if the value of water consumed is less than the amount of water tax paid for the property, no water charges are realised. Where the consumption exceeds the water use assumed in the water tax, excess water charges are realised. In regard to non-domestic connections, no such rebate is allowed. The excess water charges can, however, be only realised in respect of metered connections. We were informed that in Allahabad, the number of metered connections was 10,042 only against 19,000 houses with unmetered supply. In Lucknow also, nearly 13,000 connections were metered out of 45,000 connections. The situation was satisfactory in Agra only, where 19,221 connections were metered and 4,228 unmetered. As a result thereof, Agra corporation had the highest receipts as water charges, 66.7 per cent of the revenue from water tax. In Varanasi, the receipts from water charges were as low as 12.8 per cent of the water tax. Various reasons were ascribed for lack of metering connections. We were informed that the water meters were in short supply, there being one factory only to cater to the needs of the State. Besides, the meters developed defects over a short period. Allahabad corporation was said to be against metering the water supplied from the holy Ganges. There was, however, also reluctance of influential property owners and corporators to be called upon to pay for use of additional water. Water tax and water charges were levied in lieu of the service rendered by the corporation, and there should be no question of providing these services at a loss. We would, therefore, urge that the corporations should make concerted efforts to meter all connections, and the problem of non-availability of water meters should be looked into by the State Government, the Precision Instruments Factory manufacturing meters being a Government concern. The rates of water tax should also be increased suitably to overcome the loss suffered by the waterworks undertakings.

37. The *per capita* incidence of the property taxes in different corporations is also not high. Annexure 7 shows that the incidence ranged from Rs.5.76 in Agra to Rs.9.28 in Lucknow. In Kanpur alone, it was Rs.12.45. The property owners of these cities can, therefore, shoulder some more burden. We, therefore, recommend that the minimum and maximum rates prescribed for levying property and service taxes in the corporations should be raised to 20 and 30 per cent respectively of the annual rental value. Section 173 of the U. P. Nagar Mahapalika Adhiniyam, 1959 should be amended accordingly. The

existing provision, that the buildings having their annual rateable value up to Rs.180, as may be resolved by the corporation, shall be exempted from the levy of property taxes should continue. As estimated in Annexure 8, if all the corporations start levying the tax at the proposed maximum rate, an additional revenue of Rs.89 lakhs would accrue to them.

38. Owner occupied houses obtain at present in many corporations and municipal boards a concession of 25 per cent in annual rental value for property taxation. This concession is sometime illegitimately extended to service taxes also. A question naturally arises as to whether this special concession is justified. Owner occupiers might be in an economically worse position compared to landlords, but are better off than mere tenants. If the incidence of the house tax is regarded as falling on the owner, the owner occupier has a case in equity for some concession. If it is on the tenant, there is no reason for relief on the grounds of equity alone. But on policy grounds, many countries and states have felt it essential to give concessional tax treatment to persons building their own homes for residence. The Government of India has taken a similar view in income tax and wealth tax provisions. In the course of our visit to the States of Andhra Pradesh, Karnataka and Tamilnadu, we found that some concession was being given in respect of owner occupied houses by the corporations in all those States. We, therefore, are not in favour of disturbing the present concession. There is, however, no case for a similar concession in respect of water tax or drainage tax which are in the nature of service charges.

39. For the municipal boards, property tax is optional. However, the policy of the Government has all along been to persuade them to levy this tax. The U. P. Urban Local Bodies (Financial Resources) Committee, 1968 recommended that property tax should be made obligatory for all municipal boards. The committee was of the view that unless it was made compulsory, some of the municipal boards would be reluctant to levy the tax in spite of persuasion or pressure. Sometime back municipal boards not levying this tax were pressurised by the Government to do so by withholding their road grants or not granting them permission for upward revision of octroi. This had some salutary effect on the recalcitrant municipal boards with the result that while 69 out of 148 municipal boards were levying house tax in 1967, all except 30 out of 168 municipal boards in the State are now levying this tax.

40. The rate of house tax in respect of 103 municipal boards (for which information was available) is given in Annexure 9. From the frequency table at Annexure 10, it will be seen that there is a cluster round the class interval 5.0 to 7.5 per cent. From time to time, the State Government has asked the municipal boards to levy the house tax at a minimum rate of 5 per cent. In spite of this, some municipal boards were levying the house tax at less than 5 per cent. Since all the municipal boards, irrespective of their size, have to provide more or less the same amenities, there is no reason why the same minimum and maximum rates of house tax should not be prescribed for them. The tax being levied as a percentage of the annual ren-

tal value the actual tax paid will vary according to the rents prevailing in different towns and thus a policy of allowing variation within floor-ceiling, property rates should cause no hardship. However, as some of the municipal boards are levying the tax at present at a very low rate and a few are not having waterworks, we suggest for them a minimum rate lower than in the case of corporations.

41. We recommend that the minimum rate for the aggregate of house tax, water tax, drainage tax and conservancy tax for municipal board should be 10 per cent and the maximum 30 per cent of the annual rental value. Section 128 of the U. P. Municipalities Act, 1916 should be amended to provide for the compulsory levy of tax on the annual value of buildings at the rates mentioned above. It should further be provided that buildings having an annual rental value up to Rs.120 may, on a resolution by the board, be exempted from levy of the taxes. The limit has been kept lower than in the case of corporations so as not to permit a large proportion of tax free houses. In regard to owner occupied buildings, it would be equitable to provide for concession to the extent of 25 per cent of the house tax in municipal boards also. As estimated in Annexure 8, if the municipal boards levying the tax at a rate lower than 10 per cent increases the rate to the said minimum, an additional revenue of Rs.119 lakhs would accrue to them.

42. The tax based on the capital value of property has larger resource potential. But we apprehend that even ignoring transitional difficulties, a change over from the existing system based on rentals to that on capital value will present a number of serious problems. Urban houses are frequently rented, but sold once in a while. Due to various reasons, the capital value obtained or given is more often concealed than rental value. In view of these difficulties, we recommend that the present method of assessment based on the annual rental value should continue except in special cases where rental value cannot be ascertained.

43. The effectiveness of property tax as an instrument of resource mobilisation at the local level depends on two factors, the rate of the tax levied and the assessed annual rental value of lands and buildings. In the present context of a rapid rise in the rentals and values of urban property, much of the elasticity of property tax depends upon an effective machinery for the assessment of the property and its regular periodic revision.

44. *Assessment of rental value*—The annual rental value of the property is determined by each local body independently. In a corporation, the chief executive officer gets the list prepared of all buildings and lands at the time of quinquennial assessment. He is assisted by an assessing officer and a team of inspectors and other staff. The assessment list shows the annual rental value of the property and the amount of tax assessed thereon. The assessment list can be examined by the assessee and objections, if any, can be filed by them within the stipulated time. The objections are then heard by the executive committee or a sub-committee thereof. The executive committee or its sub-committee, after hearing the objections, can uphold, reduce or

even increase the valuation made by the assessing officer. Finally, the valuation is authenticated by the chairman of the committee.

45. The municipal staff which prepares the assessment list is not properly trained for the purpose and follows no uniform rules in assessment. The committee which hears the appeals is amenable to various pressures. The result is gross under-assessment of property taxation. In this connection the Local Finance Enquiry Committee, 1949 observed that, "Valuation of property is such a highly technical business that it cannot be entrusted to any person who has not received training, however competent he may otherwise be. There is a great difference between ordinary administrative work and the valuation of immovable properties, particularly properties other than residential houses. In the determination of their annual value so many principles and standards of valuation have to be applied that the work cannot be entrusted even to members of the civil services from whom usually Executive Officers of municipalities are recruited".

46. Under the existing dispensation, there is a gross under-assessment of the rental value of property for the purposes of taxation. The Regional Centre for Research and Training in the Department of Public Administration, University of Lucknow has estimated the extent of under-assessment by conducting a sample survey within the jurisdiction of Lucknow Corporation. The survey covered 479 properties, of which 279 came under the Rent Control Act, while the remaining 200 were outside that law. In making their estimates the Regional Centre assumed a fair letting value in both type of properties, rent controlled or otherwise. The factors taken into consideration in fixing the fair letting value were the location of building, accommodation therein, type of construction, amenities provided, general condition, nature of use, proximity to market, office etc., actual rent fetched and the rental prevailing in adjacent area for similar accommodation. Their findings were:

(a) The sample of 279 properties under the Rent Control Act was proposed for assessment by the assessing officer at Rs.7.67 lakhs. The Committee after hearing objections reduced the amount to Rs.5.78 lakhs. Thus the committee procedure had the effect of reducing annual value by Rs.1.89 lakhs. The valuation of the rent control properties estimated by the Centre was of the order of Rs.18.48 lakhs. The very large difference between the centre's and officer's estimates of the annual value was due to the latter taking into account only controlled rent.

(b) The sample of 200 properties which were outside the scope of Rent Control Act were proposed for assessment by the assessing officer at Rs.8.04 lakhs. It was reduced by the committee to Rs.4.77 lakhs i.e. by 40.7 per cent. The Centre estimated the same at Rs.13.38 lakhs, i.e. an increase of 180.5 per cent over the committee and of 66.4 per cent over of the assessing officer.

47. We could get information from another Nagar Mahapalika in respect of one ward of the city regarding assessment proposed by officers and that finally accepted. The assessment proposed for the 194 houses in that ward was Rs.5.50 lakhs.

The committee after hearing the objections reduced this amount to Rs.3.30 lakhs i.e. by 40 per cent. In two cases only, the proposed assessment was enhanced by the committee. In as many as 28 cases the reduction was more than 50 per cent of the proposed assessment. There is unfortunately no parallel information available for other local bodies, but in so far as the role of the committee is concerned, according to the testimony before us, the situation appears to be no better.

48. The representatives of local bodies who gave evidence before us were generally agreed that there was under-assessment of the value of buildings for levying property taxes. In order to curb the evil of under-assessment which deprives the local bodies of substantial amounts of tax revenues, the assessment procedure must be rationalised and made more objective and scientific. In this connection the need of setting up of an independent Central Valuation Organisation has been often mentioned. It had been earlier recommended both by the Committee on Augmentation of Financial Resources of Urban Local Bodies, Government of India, 1963 and the U. P. Urban Local Bodies Financial Resources Committee, 1968. The Shukla Committee also considered the question, but felt that it would suffice to impart specialised training to the staff of local bodies in regard to determining the value of properties.

49. The undervaluation of urban properties is mainly due to the interference of local councillors, although lack of expertise on the part of assessing staff is also responsible to some extent. While the recommendation of the Shukla Committee, if implemented, will take care of the second defect, the first fault will be unremedied. The proposed organisation will eliminate the interference by the councillors which is the bane of the present system. Annexure II shows that out of 77 municipal boards that have expressed their views in the matter, as many as 37 have favoured the establishment of a central valuation organisation for the purpose.

50. We understand from the Local Self Government Department that a decision has already been taken on the establishment of a Central Valuation Organization in Uttar Pradesh. The proposal of the State Government envisages an independent valuation organisation headed by a chief valuation officer. The assessment list of lands and buildings will be prepared by valuation officers serving under him. The valuation officers, who will be appointed by the Government will be drawn from the cadre of State Civil Service (Executive Branch) and will work under the direct supervision and control of the chief valuation officer. The chief valuation officer will lay down the principles and the guidelines according to which the assessment lists shall be prepared. The assessment lists prepared by the valuation officers will be published for objections and in case of new or enhanced assessment they will also issue notices to individuals concerned and decide the objections that might be filed. After disposal of the objections, the assessment list will be authenticated by the valuation officer, who will also forward its copies to the local body concerned. Both the assesses and the urban local body will have a right to appeal against the assessment made by the valuation officers. The

appeal will lie to the Divisional Commissioner, whose decision will be final. The assessment will be quinquennial, but provision will be made to ensure that newly constructed buildings are assessed immediately after their completion. The notified areas and town areas would be outside the purview of the Central Valuation Authority.

51. We welcome the reported decision of the State Government to set up one Central Valuation Authority for the whole State, but in order that the process may not become arbitrary, it is imperative that proper training should be imparted to the assessing officer and staff of the local bodies in the technique of assessment. The possibility of persuading the Regional Centre in the Institute of Public Administration, Lucknow University, to run special courses for training the assessment staff of local bodies should be explored.

52. Section 222 of the U. P. Nagar Mahapalika Adhiniyam, 1959 as well as section 158 of the U. P. Municipalities Act, 1916 envisage that the Mahapalika, the board or any assessing authority, as the case may be, may call upon an inhabitant of the local body to furnish such information as may be necessary to ascertain the annual value of the building or land. A failure to furnish the information or the supply of incorrect information has been made punishable. We are informed that the provision is not properly utilised. We would suggest that at the time of the regular assessment as well as in casual assessments, the occupiers of the buildings should be invariably called upon to supply information regarding the rents payable by them, and the information should be sifted and utilised in determining the annual rental value of the concerned buildings.

53. There is another factor which has unduly restricted the proceeds from property tax. There has been a big spurt in the rents of new urban buildings in recent times and the trend is likely to continue. But in case of old buildings which fall under the Rent Control Act, the rents remain frozen. We may briefly refer to the rent control law in this State. Under the U. P. (Temporary) Control of Rent and Eviction Act (Act III of 1947), whose life was extended from time to time before its replacement by the U. P. Urban Buildings (Regulation of Letting, Rent and Eviction) Act (Act 13 of 1972), the buildings constructed on or after 1st January, 1951 were exempt from the operation of that Act. Under the Act 13 of 1972, the buildings constructed during a period of ten years only are exempted from the operation of the Act. The buildings constructed up to 1964 have, therefore, already come under the purview of the Act. Rent fixed under Rent Control Act is considered reasonable rent for the purpose of assessment of property. This has adversely affected the ability of urban local bodies to increase tax receipts from such buildings.

54. It is quite anomalous situation that in the same locality more tax has to be paid by one class of tenants compared to the other class, although both may be enjoying similar amenities, simply because of different dates of construction of the houses in which they stay. It is an inevitable consequence of our housing shortage and our economic policy regarding housing that they

pay widely different rents for the same amenities, but need we aggravate this differential by extending the same principle to house tax also? Since the cost of rendering the civic services is fast increasing, it should be justifiable to increase the tax on rent control houses by breaking the identity between annual rental value and rent as determined for purposes of rent control. The landlord can hardly bear increased burden himself; he must be permitted to pass it on to the tenant. If the identity is maintained, the annual rental value will show a restricted rise and higher rates would have to be levied on all buildings. This will be an inferior alternative.

55. At present the Act provides that the tenant shall be liable to pay the water tax and 25 per cent of each such enhancement in house tax made after the commencement of the Act, or such portion thereof as is not occasioned on account of the increase in the assessment of the building as a result of the enhancement of rent. This would mean that in any case the lion's share of increase in property taxation will have to be borne by landlords.

56. The system of valuation in vogue in Uttar Pradesh and India is adopted and modelled on the British system, but the rent control in U. K. does not adversely affect the determination of annual value. In U. K. the rates are assessed on the annual value of property which is beneficially occupied, and the annual value is based on the rent which the property is reasonably expected to fetch in a free market if put on rent from year to year. The provisions of the Rent Restrictions Act are ignored in computing the rental value. Since the liability to pay the tax is generally that of the occupier, the owners of property under rent control are not burdened by assessment at prevailing market rent. The local rates are fixed after ascertaining local requirements of revenue from property taxation and annual value of the locality. The main features of property taxation in U. K. and U. S. A. are given in the note in Annexure 12.

57. We have carefully considered the issue involved in assessing the rent control houses to increased property taxes. We feel that there is adequate justification for determining the 'annual rental value' of such houses above their controlled rent on the basis of their fair letting value i.e. the rents which they were reasonably expected to fetch, if the provisions of the Rent Control Act were not applicable. The difference in the amount of property taxes based on the actual rental and the amount that is assessed on the basis of its fair letting value should be allowed to be passed on to the occupiers of those houses. We find that Andhra Pradesh has provided in the Hyderabad Municipal Corporation Act, 1955 that where the rateable value exceeds the amount of rent payable for the building, the owner shall be entitled to receive from his tenant the difference between the amount of property tax levied from him and the amount which would be leviable from him if the said tax were calculated on the amount of rent payable to him. We suggest that similar provisions should be made in the laws of this State also. This will need amendment of the Rental Control Act and also perhaps the Municipal Act. If, however, the legal hitch in taking as reasonable annual

value a base different from that of controlled rent proves insuperable, it should be possible to differentiate among houses according to the year of construction and levy property rates on this basis, for instance houses constructed before 1951 may be taxed at twice the rates and those constructed before 1961 at one and a half times.

58. The property taxes are not being realised in full in respect of Central Government properties. Article 285 of the Constitution of India lays down that the property of the Union shall, save in so far as Parliament may by law otherwise provide, be exempt from all taxes imposed by a State or by any authority within a State. There is a saving clause envisaging that this will not prevent any authority within a State from levying any tax on any property of the Union to which such property was immediately before the commencement of the Constitution liable so long as that tax continues to be levied in that State. The L. S. G. Department of the State Government has informed us that the Government of India were at present paying property taxes to the local bodies at full rates in respect of only such properties, on which tax was payable on April 1, 1937. The Government of India, we understand, is taking a restrictive view of this saving clause by ruling out taxation of some properties under a slightly different replacing Act. On other buildings, tax was not being paid in spite of the efforts made in this behalf by the State Government. The Government of India were, however, paying service charges in respect of all their buildings. For isolated buildings, where all facilities were being availed, the service charges were equal to 75 per cent of the property tax realised from private individuals. In case of larger and compact colonies, the service charges varied from 33.3 per cent to 75 per cent of the tax assessed on private properties depending on service differences. We feel that there is no ground for exempting the properties belonging to the State or the Central Government from payment of property taxes. The Shukla Committee made pertinent recommendations on this score, with which we wholeheartedly agree. We understand that in regard to Central Government properties, the Government of India have drafted a bill called 'The Union Properties (Local Authorities Taxation) Bill, 1971. The provisions contained in the bill envisage that almost all Union properties would be liable to pay local taxes. A long standing grouse of the local bodies will thus be set at rest after the proposed bill becomes an Act.

59. It may be pointed out that the State Government properties are taxed in full except for properties like courts, jails, treasuries, educational institutions and places of worship. In regard to the latter class of properties, only service charges were being paid. We recommend that the State Government should withdraw the par-

tial exemption from property taxes granted to its properties.

60. The assessment of property taxes is undertaken quinquennially. In respect of houses that are constructed after the regular assessment is over, casual assessments are made. The law envisages that when a building is built, rebuilt or enlarged, the owner shall give notice thereof to the corporation or the board, as the case may be, within 15 days from the date of completion of such building, rebuilding or enlargement. In this connection, we notice that a failure on the part of the owner to fulfil the obligation is punishable under the Municipalities Act but not under the Mahapalika Adhiniyam. Therefore, if a newly constructed building escapes assessment in a KAVAL City, no fine can be levied for the property taxes. We recommend that the provisions contained in sub-section (2) of section 148 of the U. P. Municipalities Act 1916\* should be incorporated in section 214 of the U. P. Nagar Mahapalika Adhiniyam also.

61. *Tax on vacant land.*—The value of land in urban areas is rising at a rapid pace. This has come as a boon to speculators in real estate. Such persons are not making any productive use of the land in their possession in the hope that their prices would shoot up further and they would be able to reap handsome unearned increments without being subjected to any restraints like rent control. The tendency is to some extent responsible for further increasing land values and slackening the pace of building activity.

62. At present there is no provision in the U. P. Nagar Mahapalika Adhiniyam, 1959 or the U. P. Municipalities Act, 1916 in regard to levying a tax on vacant land on its capital value at market rates. Both the U. P. Urban Local Bodies Financial Resources Committee, 1968 and the U. P. Taxation Enquiry Committee, 1968 expressed themselves in favour of a tax on vacant lands in urban areas. The latter committee recommended that this tax be levied on the basis of market value of vacant lands at the rate of 4 per cent in KAVAL Towns and 2.5 per cent in the case of municipal boards.

63. L. S. G. department of the State Government have given at length their view regarding levying tax on vacant lands in urban areas. It has been pointed out that building activity has slowed down because of the ban on transfer of property in some cases as well as the ban on subdivision of plots. High prices of building materials have also been a contributing factor. It has further been brought to our notice that the property owners in urban areas were already being taxed heavily. The department has further informed us that not much vacant land was left in urban areas and that the income, as estimated, sometime back, was likely to be nearly Rs.25 lakhs only, if the tax was levied at 2 per cent of the market value. We are sorry we cannot agree with this view. Bans on transfer of property or

\* Section 148 of the U. P. Municipalities Act, 1916.

148. Obligation of supplying information for purposes of amendment.—(1) When a building is built, rebuilt or enlarged, the owner shall give notice thereof to the board within fifteen days from the date of completion of such building, rebuilding or enlargement, or from the date of the occupation of such building, whichever date happens first.

(2) Any person failing to give the notice required by sub-section (1) shall be punished upon conviction with a fine which may extend to fifty rupees or ten times the amount of the tax payable on the said building or enlargement for a period of three months, which ever is greater.

sub-division of plot are essentially temporary. Rising prices are a feature which building materials share with many other commodities. Since there is an acute housing shortage, the higher building costs will be adequately covered by higher rents. Property owners in towns especially if they are wealth-tax payers in higher ranges may be heavily taxed, but owners of vacant land are relatively free from this. The less the vacant land available, the stronger the case for putting pressure for its optimum utilisation.

64. We find that a tax on vacant lands is being levied by the local bodies in a number of States. The tax is levied at 5 per cent of capital value by Hyderabad Corporation. In Karnataka, the corporations levy it at 0.4 per cent of the market value, subject to a minimum of Rs.10 per annum. In Tamilnadu, the basis of tax is the number of grounds and not the capital value. We were informed that the tax is levied there, if the owner has more than two grounds, at the rate of Rs.8 per ground. We feel that this potential source of revenue should be exploited in this State also. Such area of the building plot, as has to be left uncovered under the provisions contained in the municipal by-laws or the U. P. Regulation of Buildings Operation Act, 1958, should not be subject to the tax. The main reason for taxing vacant lands would simply be to check unhealthy speculation in real estate in urban areas and ensure speedy use of land. For this purpose, the proper rate of tax would be the differential between the rate of growth in urban values and the market rate of interest. But, there are no reliable data regarding the growth of land values and capital values are difficult to ascertain. We, therefore, recommend that a tax should be imposed on vacant lands in urban areas at the rate of Rs.5 per one thousand square feet. Where the vacant land is appurtenant to building, so much appurtenant area as does not exceed twice the constructed area of the building should be exempted from the tax and the area only in excess thereof should be subject to the tax. Where there is no building on the vacant land, tax should be levied on the entire area. The tax should be levied and collected by the local body along with the property taxes. The tax should, however, be levied after the position of physical availability of building materials like cement etc., improves.

65. *Arrears of property taxation*—The position of demand, collection and arrears of property and service taxes of the five Nagar Mahapalikas

for the years 1968-69 and 1972-73 are given in Annexure 13. The position is fairly alarming, as two-fifths of the tax dues remain uncollected. The collections in Agra were the worst, being only 31.3 per cent of the total demand in 1972-73. The position was satisfactory only in Allahabad where it reached 95.6 per cent of the demand in 1972-73. The overall position deteriorated in 1972-73 in comparison to the position in 1968-69. The position improved but only slightly in Lucknow and Varanasi. Both in Kanpur and Agra the situation had deteriorated in the last four years. In regard to municipal boards, the position of collections appears to be worse. Annexure 14 shows the position of demand and collection of arrears of property taxes for 52 municipal boards for 1968-69 and 59 municipal boards for 1972-73. The collections in 1968-69 were only 28.4 per cent of the total demand, which deteriorated to 26.3 per cent in 1972-73.

66. The factors which contribute to poor collections are inadequate effort on the part of the collection staff, ineffective supervision by the officers concerned, defective service of bills, lack of civic sense in the tax-payers and outside interference. The Directorate of Local Bodies in U. P. has given us several suggestions for improving collections. We agree with them that a penal interest rate should be charged on those who do not pay the tax in time and that norms should be prescribed for the collection staff and those collecting much less should be dealt with departmentally. Collection centres should be increased if necessary. The facility of depositing municipal dues in the banks should be extended to the citizens. We do not think it is advisable to give a higher rebate than 10 per cent given at present nor to give special bonuses for prompt tax collection. It should be worthwhile to launch a vigorous collection drive and severely penalise defaulters. The law provides for the recovery of local taxes as arrears of land revenue and property owners are specially susceptible to it. But a recourse to coercive measures is seldom taken by the local bodies. If the property owners realise that local authorities mean business, the arrears can be reduced substantially.

67. *Octroi, terminal taxes and tolls*—Octroi accounts for more than one half of the tax revenues of local bodies, and accordingly occupies a pride of place in their finances. The following table shows the income from octroi, terminal taxes and tolls of different types of urban local bodies in 1961-62 and 1971-72:

TABLE 6  
Revenues from Octroi, Terminal taxes and Tolls by types of Local Bodies, 1961-62 and 1971-72

Type of Urban Local Body	1961-62		1971-72		Percentage rise during the decade
	Income (Rs. lakh)	Income as percentage of total tax revenues of the Local Body	Income (Rs. lakh)	Income as percentage of total tax revenues of the Local Body	
1	2	3	4	5	6
1. Municipal Corporations ..	192	50.8	349	50.4	81.8
2. Municipal Boards ..	373	79.2	786	57.9	110.7
3. N. A. C./T. A. C. ..	25	50.0	82	52.2	228.0
Total Urban Local Bodies ..	590	65.6	1,217	55.1	106.3

Source:—Figures for 1961-62 have been taken from T. E. C., 1968 and for 1971-72 the data collected by the Economics and Statistics Division has been utilized, which is provisional.

68. It will be seen from the above table that the total income from octroi, terminal taxes etc, increased from Rs.5.90 crores in 1961-62 to Rs.12.17 crores in 1971-72 i.e. by 106.3 per cent during the decade, a rise faster than that of property taxation, though not keeping pace with that of tax revenues. In 1961-62 octroi constituted 65.6 per cent of the total tax revenue of all urban local bodies; in 1971-72, the relative importance declined. The buoyancy of octroi during the period was only 0.61. Since in the interval more local bodies had taken to octroi and increased rates, the elasticity would have worked out at much less.

69. Each local body levying octroi prepares a detailed schedule giving the description of the commodities covered and also the rate at which octroi is to be levied. The approval of State Government has to be obtained before the schedule of rates is enforced. In almost all cases, the rates are on the basis of weights, irrespective of the consideration whether they are necessities like foodgrains, vegetables and edible oils or luxuries like silk, rayon and terylene or costly items like refrigerators, air conditioners and radio grams. It must be acknowledged that it is much simpler to determine the quantum of tax demand if rates on commodities are levied on specific basis, but it renders octroi revenues price inelastic.

70. The specific basis of octroi duty has also meant a low rate of *ad valorem* duties on costly items. For example the average rate of octroi on watches was Rs.10.00 per quintal. A quintal of watches should cost anywhere between Rs.1 to 2 lakhs. The *ad valorem* rate in this particular case worked to 1 paisa per Rs.100 which is ridiculously low. Similarly in case of a commodity of such wide consumption like tea, the rate of octroi was on an average Rs.6.00 per quintal. Converting it into *ad valorem* rate the duty amounted to Re.0.46 per Rs.100.

71. A close scrutiny of the schedules of octroi of the five corporations and some municipal boards reveals that in spite of the procedure of specific State approval, the rates widely vary. A comparative statement of rates of octroi of 58 representative commodities of the corporations is given in Annexure 15. It would be seen from the statement that there is no approach at uniformity in the rates. For instance the rate of octroi on tea in Kanpur was only Rs.2 per quintal as against Rs.5.50 in Agra and Rs.10.00 in Varanasi. The rate of chewing tobacco (Zarda and Kimam etc.) varied from Rs.2.69 per quintal in Lucknow to Rs.10.70 in Allahabad. Electrical goods were taxed at the rate of Rs.2.69 per quintal in Lucknow, Rs.10.00 in Agra and Varanasi and Rs.25.00 in Kanpur. The octroi schedules of seven municipal boards as shown in Annexure 16 reveal the same confusing pattern so far as the rates are concerned. It seems the variations in the same State in octroi rates are more than those in sales taxation among different States. One important reason for wide variation in rates is that while some of the corporations and municipal boards have revised their rates, others have not.

72. We selected some commodities to see how the present rates in one of the corporations work out *ad valorem*. It would be seen from Annexure

17 that excepting a few commodities, the rates accounted for less than Re.0.50 paisa per value of Rs.100. In some cases, the rate was as low as 5 paise per Rs.100. We feel that if it is decided to continue octroi, the present rates should be raised to an extent that when translated into *ad valorem* rates, they range between half per cent and one per cent of the value of the commodity. We have indicated in the Annexure 17 the rates which we consider suitable for levying octroi on the said commodities. The State Government should accordingly prepare a standard schedule to serve as a guideline to the urban local bodies for amending their schedules. The actual announcements may continue to be on weight basis, but they should be revised periodically to adjust to changing prices.

73. We tried to obtain data of commoditywise collections, even for a few octroi posts, from the corporations, but did not succeed. It is not that a commoditywise primary record is not maintained. We found that the daily return of income, which is submitted from each octroi post to the corporation office, groups the commodities into 9 classes and 23 sub-classes and gives the collections under each head. But the information could not be put together even for the period of a quarter or so. We suggest that the data should be systematically compiled by the corporations and municipal boards so as to serve a variety of purposes like working out imports into a city, distribution of burden on different groups, estimating effects of rate changes and their consequences on commodity movements from outside etc.

74. *Abolition of octroi*—The more fundamental question, however, is whether octroi should continue or be abolished. The Constitution mentions the tax powers of the State to levy octroi, which is a tax on goods and animals brought within the limits of a local body either by rail or road transport for consumption, use or sale. It is thus in the nature of an import duty, which is not allowed for the State as a whole. Terminal taxes have, more or less, the same characteristics, but are distinguishable in some respects. While octroi duty can be levied only on those goods which enter a specified area, terminal tax can apply to goods which leave the area as well as those which move into it. Terminal tax is imposed irrespective of the purpose of import. In other words, it can be levied also on goods whose destination and consumption are outside the local area. Unlike octroi, terminal tax is not levied *ad valorem* and is not refunded. 'Terminal taxes on goods or passengers carried by railway, sea or air, taxes on railway fares and freights' are mentioned in the Union List of the Seventh Schedule of the Constitution, and cannot accordingly be levied by the State or a local body. The local bodies levying terminal taxes before the commencement of the Constitution are allowed under the transitory provisions contained in Article 277 of the Constitution to continue them. Their rates could also not be increased or their incidence altered. For these reasons, some of the local bodies hitherto levying terminal taxes have since taken to octroi. Toll is levied for the privilege of passing on a bridge or highway or for that of vending goods in fairs or markets. It is thus levied on laden coolies, animals and vehicles.

75. Octroi is fundamentally an inequitable tax, as it is not on entire consumption but only on a part of it. Unlike a tax on national imports it is not expected to serve any well conceived regulatory purpose. The administration of the tax is cumbersome and vexatious as numerous barriers have to be erected for collecting the tax at the point of entry. This slows down movement of goods by roads. As more and more local bodies resort to octroi, the movement becomes more difficult. Octroi gives wide discretionary power to low-paid staff, which leads to corrupt practices. It is expensive to collect. The cost of collection of octroi for the years 1968-69 to 1972-73 of the five corporations is given in Annexure 18. The cost of collection in 1968-69 for all the corporations was 6.7 per cent of the receipts from octroi. In 1972-73 it went up to 7.2 per cent. Similar figures for municipal boards would have shown higher collection cost. The only redeeming feature of octroi has been its high productivity, which has made its replacement difficult.

76. Octroi has been found to be an undesirable tax by almost every committee that examined its working in the past, but few had the courage to recommend its outright abolition. The Local Finance Enquiry Committee, 1949 observed in its report that apart from the terminal tax which was on the Union List, there was no alternative to octroi as it was the most productive single item of indirect taxation available. The Taxation Enquiry Commission 1953-54 also, while recognising that octroi was vexatious, recommended that local bodies should be left free to levy the tax. Augmentation of Financial Resources Committee, 1963 was also of the view that "bad as octroi is as a form of local taxation it cannot be abolished outright unless alternative sources of taxation which should compensate for the consequential loss of revenue are found." This committee suggested that octroi should be gradually replaced either by a turnover tax or by surcharge on sales-tax. The Rural-Urban Relationship Committee, 1966 observed that octroi constituted a major hindrance to the free flow of traffic and trade and hence it retarded the growth of commercial and industrial activities. It recommended abolition of octroi in U. P. and such other States where the proceeds were less than 30 per cent of the revenue from sales tax as the loss could be made good by a surcharge of 25 per cent on sales tax. It may be mentioned in parenthesis that sales tax had not then achieved heights it has reached now. U. P. Urban Local Bodies Financial Resources Committee, 1968 also expressed the view that as octroi, terminal taxes and tolls were not in public interest, these taxes should be abolished as soon as satisfactory arrangements were made for compensating the local bodies for the loss. The Road Transport Taxation Enquiry Committee, 1967 (Kesker Committee) also recommended abolition of octroi etc., and suggested a number of alternatives such as surcharge on sales tax, municipal sales tax, a turnover tax or other complementary levies.

77. The question of abolition of octroi has been examined recently in some depth by two States viz., Maharashtra and Gujarat. The study group in Maharashtra came to the conclusion "that the present system of octroi should be abo-

lished and that the local bodies may be compensated by raising the necessary amount by some alternative scheme." Some of the alternatives suggested were an additional single point sales tax at flat rate, proportionate surcharge on sales tax or a multi-point turnover tax. The Study Group favoured the multi point sales tax on all commodities including the exempted commodities. It estimated that 0.7 per cent turnover rate could yield enough income to compensate the local bodies for the loss on account of the abolition of octroi.

78. The Gujarat Octroi Inquiry Committee, 1970 recommended the abolition of octroi in one stroke from all the local bodies. The committee suggested the replacement of octroi by a turnover tax at differential rates to be collected at a single point or two points along with sales tax. Their precise recommendation was to levy a turnover tax at 1 per cent on goods subject to sales tax, a turnover tax varying from  $\frac{1}{2}$  per cent to 1 per cent on certain goods exempted from sales tax, a turnover tax of 1 per cent on sugar and textiles including rayon and 2 per cent on tobacco and a turnover tax of  $\frac{1}{2}$  per cent on goods covered by the Central Sales Tax Act.

79. It may be pointed out that the representatives of local bodies are against the abolition of octroi. The replies to the questionnaire issued by us have been received from 79 municipal boards, of whom 70 have expressed the view that octroi should continue. 6 municipal boards have refrained from giving an opinion in the matter and 3 municipal boards have suggested the abolition of octroi. It is worth noting that one of the municipal boards which has recommended its abolition is not even levying property tax. The contention of the local bodies is that octroi constituted a major source of their income and its abolition would cripple their financial position. The Administrator of a Nagar Mahapalika, in the course of his evidence before us, expressed the view that after property taxes, octroi was their best source of income, and the daily receipts from octroi helped the corporation to tide over the periods of financial stress. It was also urged that octroi being an indirect tax, no difficulties were encountered in its collection and the people did not feel its pinch. It is understandable that the local bodies would not themselves suggest the abolition of as high a productive source of revenue as octroi. They would, however, accept its abolition if they are fully compensated for the loss. Octroi, terminal taxes and tolls constitute a major hindrance to the free flow of traffic and trade and hence those retard the growth of commerce and industry. In the larger interest of the country these taxes should go. We, therefore, agree with the conclusions reached by the various committees in the past that these should be abolished as soon as administratively feasible.

80. Since octroi etc., yielded Rs.12.17 crores in 1971-72 and is estimated to yield Rs.15 crores in 1973-74, it is essential that any proposal put forward for its total abolition must provide an alternative source of revenue that would adequately compensate the local bodies for the loss on abolition of octroi. The alternative source must at the same time be equally elastic and buoyant.

81. *Alternatives to octroi*—It has been urged before us that since the abolition of octroi and similar taxes would mostly benefit the operators of goods vehicles, the local bodies should be compensated for the loss by taking recourse to additional taxation in the transport sector. The taxes levied on transport are the motor vehicles tax, passengers tax and goods tax; of these only the motor vehicles tax on trucks and the goods tax can be selected for the purpose. We, however, find that the revenue derived from goods tax was Rs.3.24 crores only in 1971-72. In regard to motor vehicles tax on goods vehicles, separate figures of collection are not available, but it has been estimated that the revenue from the source was Rs.3.91 crores in 1969-70. The revenue from goods tax in that year was Rs.2.68 crores; the total receipts from the two sources were, thus, Rs.6.59 crores. The yield from these taxes is much less than the revenue from octroi, and additional taxation of a magnitude that may yield adequate funds for compensating the local bodies for the loss from abolition of octroi would be out of question. Besides, while dealing with the taxes on motor transport, we noticed that the motor vehicles tax and goods tax were at present being levied at a high rate, and there was little scope for increase in rates. We need thus look to other alternative sources of revenue for adequately compensating the local bodies.

82. We should examine the different alternative sources of revenue, before recommending the adoption of one of them. The alternatives are: (a) municipal sales tax, (b) municipal surcharge on State sales tax, (c) surcharge on sales tax by the State earmarked for distribution among local bodies and (d) multi-point turnover tax.

83. With a view to considering the feasibility of replacement of octroi by sales tax or a surcharge, it would be worthwhile to analyse their points of similarity and difference. Both octroi and sales tax are indirect taxes; by and large they are passed on to the consumers. Octroi is levied on almost all articles brought within a municipal area from outside for consumption or sale. There is no question of evading octroi duties by bringing goods on a consignment basis as in the case of sales tax. In sales tax no distinction is made between goods internally produced and goods brought from outside. It is exclusively a tax on sale of goods. The tax may be levied at one or more points as the goods pass from seller to buyer. Sales tax is an *ad valorem* tax while octroi may also be levied on the weight of the commodity entering the area of a local authority. It may thus be a specific tax. An element of progression is achieved under the sales tax system by increasing the rates on luxury goods consumed by the affluent section of the society. Octroi rates are normally not so differential. There are many articles like milk, vegetable, fruits etc., which are normally exempt from sales tax but are liable to octroi. Because of an agreement regarding cloth, sugar and tobacco, no sales tax can be levied on them, but an octroi is levied on them and cloth contributes substantially to octroi collections. The Central Sales Tax Act lays down a maximum of 3 per cent sales tax on certain commodities; octroi taxes can be in addition. The cost of collection of sales tax is also much lower than that of

octroi. In this State, the cost of collection of sales tax in 1972-73 was about 2 per cent while the cost of collection of octroi came to nearly 10 per cent.

84. *Municipal sales tax*—A local sales tax has some advantages over octroi. In the first place, sales tax is price elastic, while octroi is not. Secondly, octroi does not cover commodities that are locally produced, sold and consumed. Sales tax includes both locally produced goods as well as those imported from outside.

85. Although theoretically sound, municipal sales tax raises many practical difficulties. If the tax rate is not uniform for all local bodies, as is bound to happen, if the local bodies are allowed to fix their rates according to their needs, a situation may arise when the traders and customers try to shift their retail outlets and purchase centres outside the high-tax unit. This becomes much easier in local bodies whose jurisdictional limit covers a small area. In Uttar Pradesh, the local bodies other than corporations and a few Class I municipal boards have a small area within their limits. It is quite possible in such cases for both buyers and sellers to transact business outside the local limits and thus avoid the tax. A municipal sales tax can thus be adopted with advantage by bigger municipalities only, mainly on consumption goods at a low rate at retail stage. Being distribution centres they may also be lucky to get revenues for local purchases by outsiders. The small urban centres are bound to be losers in this case. Another practical difficulty regarding municipal sales tax is the cost factor if it is administered by the local bodies. We are doubtful regarding the ability of the majority of municipal boards to administer it efficiently. The Maharashtra Study Group on octroi did not favour a municipal sales tax as an alternative to octroi because it estimated that the cost of collection would be more or less the same as in the case of octroi. With a difference in State and local bases of sales taxation, the costs of compliance will also increase.

86. In U. S. A., the local governments levy taxes on consumption. Mostly it is levied on the sale of selected items, but a few big local governments levy it in the form of a general sales tax. The general sales tax is of course more productive of revenue than the selective sales tax. It is, however, preferred by only large metropolitan areas like New York city where the danger of large scale evasion and shifting of trade beyond the limits of the city is practically negligible.

87. Majority of local governments in U. S. A. have opted for selective sales tax. In practice selective sales tax is levied mostly on items like motor fuel, alcoholic beverages, tobacco products, gas and electricity. The tax yield can be increased if rates are pushed up. But if the rates become too high, evasion and smuggling become rampant. Hence, sales tax on selective items is kept at a low level. In U. S. A., gas and electricity contribute about half of the total revenue derived by the local bodies from selective sales tax.

88. *Municipal surcharge on sales tax*—The administrative difficulty which the local bodies encounter in levying sales tax independently can be easily overcome by allowing a municipal sur-

charge on State sales tax. This also economises the cost of collection. The businessmen are saved from the trouble of maintaining two sets of accounts and filing different returns. The State may lay down a common definition of the tax base for all local bodies identical to that of the State. It may then undertake a combined collection of State local sales tax, and it may charge a nominal commission for the service rendered from the local bodies. The local body may be given the right to specify the rate of surcharge of the tax, subject to the condition that it is within the limits prescribed by the State.

89. The local sur-tax is a common feature of local tax system in U. S. A. For example in the State of New York, the State levies a general sales tax at a rate of 2 per cent and the New York City levies a local sur-tax on the same base at the rate of 3 per cent. The State collects a consolidated 5 per cent tax from business men in New York State and transfers 3 per cent of tax collected within the metropolitan area to the New York City as its share.

90. The scheme of municipal surcharge is simple to administer. Its only drawback as an alternative to octroi is that the U. P. sales tax is levied at first point and is collected from wholesalers or importers. It is also levied on raw materials and intermediate goods. A surcharge would, therefore, benefit much more bigger towns and smaller urban bodies would gain less.

91. We have considered the income derived by the corporations from octroi and similar taxes *vis-a-vis* the revenue from sales tax in the district concerned. There was no alternative to utilising the district figures of sales tax, as the figures pertaining to the city or even for the urban area could not be secured by us. The comparison would, however, not be much astray as most of the sales tax revenue is derived from the traders of the KAVAL cities. Annexure 19 gives these figures for the years 1969-70 to 1972-73. The statement reveals that the total income from octroi etc., of all the corporations in 1972-73 was 12.5 per cent of the sales tax receipts. Taking individual corporations, octroi receipts as a proportion of sales tax receipts varied widely from 31.2 per cent in Varanasi and Allahabad to 8 and 6.6 per cent in Lucknow and Kanpur. The statement further reveals that while the receipts of sales tax increased by 55.5 per cent during the period 1969-70 to 1972-73, the income from octroi increased by only 23.0 per cent, with the result that while the income from octroi etc., constituted 15.8 per cent of the sales tax receipts derived within the corporation districts in 1969-70, the percentage declined to 12.5 in 1972-73. These figures bring out the wide variation in surcharges that would be needed by these different corporations to compensate them for octroi removal.

92. We have also tried to classify the municipal boards according to their income from octroi, terminal taxes and tolls, within five slabs of income, to ascertain their number and collective income within each of the slabs. The information pertaining to the year 1971-72 is given in the following table:

TABLE 7

*Municipal Boards according to their revenue from octroi, terminal taxes and tolls during 1971-72.*

Slab of income from octroi and terminal taxes	No. of municipal boards whose income falls in the slab.	Income of the boards (Rs.)	Per-capita Income (Rs.)
1	2	3	4
Below Rs.1.00 lakh	18	11,71,323	4.92
Rs. 1.00 lakh but below Rs. 2.50 lakh.	50	81,42,666	9.41
Rs.2.50 lakh but below Rs. 5.00 lakh.	31	1,12,68,601	10.65
Rs.5.00 lakh but below Rs.10.00 lakh.	34	2,36,69,632	13.96
Rs.10.00 lakh & above	18	3,43,27,165	11.48
Total	151	7,85,79,387	11.48

(Source—Economics & Statistics Divn., U. P. Figures are provisional).

93. The above table shows that there are 18 municipal boards whose income from octroi is less than Rs.1 lakh in a year. Their names and income in 1971-72 are given in Annexure 20. The total income of such municipalities from octroi in 1971-72 was Rs.11.71 lakhs, and the *per capita* incidence Rs.4.9. For municipal boards with higher octroi income, the *per capita* incidence was more than Rs. 9. No separate figures for sales tax collections within each of these classes of municipal boards are available, but it is *prima facie* obvious that unreasonably varying surcharges would be needed for fully compensating local bodies for their loss of octroi. Variations among individual municipal boards would be higher still. The *per capita* incidence of octroi in the municipal boards is given in Annexure 20. We notice that the variations range from Rs. 3.85 in Marehra to Rs. 59.48 in Moghalsarai. The variation is more marked in the municipal boards levying tolls only. Incidentally, Moghalsarai which has the highest receipts *per capita* is only a class III municipal board. The reason for the high incidence appears to be that Moghalsarai is a very big trading centre for coal with a small population. This illustrates the wide possible variations between local imports, the basis of octroi, and local consumption, the basis of local sales taxation.

94. *State surcharge on sales tax and turnover tax*—The third alternative would be a uniform State surcharge on sales tax to replace octroi and similar taxes. The surcharge proceeds would constitute a fund from which local bodies could be compensated on an equitable basis with a Statewide uniform rate, and many problems arising from variations in local sales taxation would disappear. As noted earlier the income of all urban local bodies from octroi in 1971-72 was Rs. 12.17 crores. The total revenue from sales tax in this State (including sales tax on

motor spirits) for the same year was Rs. 64.90 crores. On the basis of these figures, the proportional surcharge on sales tax to make up the loss on account of the abolition of octroi would work out at 19 per cent. Such a high rate of commoditywise uniform surcharge would be at present out of question.

95. We, therefore, feel that for raising the necessary amount to compensate the local bodies, the best alternative is to levy a turnover tax. The turnover tax is collected on aggregate sales and is assessed on the generality of goods sold by a dealer. It would cover turnover of goods on which sales tax is not levied for one reason or the other and would be multi-point. To avoid the requirement of additional administrative machinery, the turnover tax that is levied should be in tune with the existing sales tax structure in the State. This should not be difficult as in the existing sales tax system the total turnover of a dealer liable to sales tax is decided. The Sales Tax Department had estimated the total gross turnover in 1968 for the entire State at Rs. 1,000 crores. Since then the total turnover has increased considerably. For subsequent years, the figures are available for taxable turnover, which was Rs. 1219.98 crores in 1972-73. Dealers in textiles, sugar and tobacco as well as in goods classified as goods of special importance in inter-State trade or commerce should also be made liable to turnover tax, as this would be in lieu of octroi; the Central Government should be persuaded accordingly. A one per cent surcharge levied on that turnover would yield enough to compensate the local bodies for loss on octroi. The revenue would also grow faster than octroi.

96. In regard to the manner in which the local bodies should be compensated, we would suggest the following guidelines:

(a) 2.0 per cent of gross collection every year should be retained by the Government as collection charges. The remaining sum should go to a fund whose distribution should be made for benefit of local bodies and in consultation with them.

(b) The local bodies at present levying octroi should be granted a compensation equal to their average net octroi collection during three years preceding the year in which it was abolished. For future years, the quantum of compensation must include the normal anticipated rise of octroi. This should constitute the first charge on the fund.

(c) The second charge should be those local bodies which are not levying octroi though they could. They should be paid one-fourth average *per capita* octroi proceeds to compensate them for loss of their right, as their residents also will have to bear the burden of the turnover tax.

(d) Every five years the position of the fund should be reviewed and the rate of the turnover tax should be adjusted.

97. *Partial abolition of octroi as interim measure*—The total abolition of octroi, terminal taxes and tolls would constitute a major step and can be implemented after a detailed departmental examination and after effecting the necessary

amendments in law. As an immediate step, we suggest a partial abolition of octroi in the local bodies deriving less revenues from that source. It would be seen from Table 7 that there are 99 municipal boards each of whom had income from octroi of less than Rs. 5.00 lakhs in 1971-72. The total income from octroi of these 99 boards in 1971-72 was Rs.2.06 crores. Taking the growth rate of octroi as 10 per cent per annum, their income in 1973-74 is estimated at Rs. 2.49 crores. The estimated income of town area committee/notified area committees from this source in 1973-74 came to Rs. 0.99 crores. Thus the total income of all urban local bodies whose income from octroi is less than Rs. 5.00 lakh per year was nearly Rs. 3.48 crores in 1973-74. We recommend the abolition of octroi in those local bodies. The State Government should compensate them for the loss for a period of five years to the extent of their average net collections during the three years preceding the year in which octroi is abolished and the grant should increase every year according to the average anticipated rise in octroi collections. We find that the present rate of growth is 10 per cent. Since one of the advantages of octroi is day-to-day collections, we suggest that the determined compensation should be paid in four quarterly instalments, each in the beginning of the quarter. The position should, however, be reviewed at the end of five years. The compensatory grant should be met by the State Government from the additional revenues which would accrue to it as a result of implementing the proposals made by this committee.

98. It may be pointed out that apart from octroi and terminal tax, some of the local bodies located in pilgrim centres like Varanasi and Allahabad and those in hill stations collect a passenger tax. The nature of the tax is different from octroi. The people who congregate there on special occasions enjoy the civic amenities provided by the concerned local bodies. We, therefore, do not recommend its abolition. In some cases, tolls are levied on vehicles for the purpose of recovering the capital cost of new large works, such as bridges on rivers etc. Since these tolls are levied for a specific purpose, we do not recommend their abolition also. The Shukla Committee was of the same view.

99. *Tax on professions, trades and callings*—From April 1, 1966 the Uttar Pradesh Government levied a tax on professions, trades, callings and employments in the form of a crude variant of income tax. The receipts during 1966-67 and 1970-71 were Rs. 65.58 lakhs and Rs. 176.34 lakhs respectively. The rates of tax on different slabs of annual gross income were as follows:

Slabs of Income	Annual tax payable.
1	2
Where the annual total gross income—	Rs.
(1) exceeds Rs.3,500 but does not exceed Rs. 4,000.	12
(2) exceeds Rs.4,000 but does not exceed Rs. 5,000	36

1	2	1	2	3	4	5	6
	Rs.	Allahabad	15,541	20,625	25,126	20,959	23,345
(3) exceeds Rs.5,000 but does not exceed Rs.6,000	60	Varanasi	...	...	...	...	...
(4) exceeds Rs.6,000 but does not exceed Rs.7,000	84						
(5) exceeds Rs.7,000 but does not exceed Rs.8,000	108	Total	20,991	20,625	33,282	29,499	30,378
(6) exceeds Rs.8,000 but does not exceed Rs.9,000	132						
(7) exceeds Rs.9,000 but does not exceed Rs.10,000	156						
(8) exceeds Rs.10,000 but does not exceed Rs.11,000	186						
(9) exceeds Rs.11,000 but does not exceed Rs.12,000	216						
(10) exceeds Rs.12,000	250						

(Source—Budgets of Corporations).

NOTE—Members of defence forces and agriculturists were exempt from this tax.

100. The tax was deducted at source in quarterly instalments in respect of salaried employees. In regard to others, the tax was assessed on the basis of returns filed by them. The number of assesses increased from 98,000 in 1966-67 to 3 lakhs in 1970-71, but it was experienced that because of ease of collection and income determination the main burden fell on the salaried classes. According to the 1961 census figures, there were 24.47 lakhs non-agricultural employees and 23.45 lakhs self-employed persons in the State. While the difference in their number was slight, the tax levied on salaried classes was Rs.105.93 lakhs as against Rs.70.41 lakhs on other classes in 1970-71. Those engaged in remunerative professions and trades did not generally file their returns. Among the employees also, those in the organised sectors became more liable. There was considerable dissatisfaction among salaried classes on this score.

101. The levy of this tax by the State Government was, however, contrary to the recommendations of the Local Finance Enquiry Committee, 1950 and the Taxation Enquiry Commission, 1953. This question was examined by the U. P. Taxation Enquiry Committee, 1968 and the Committee recommended that the State should withdraw from this field of taxation leaving it to local bodies. The State Government accordingly abolished this tax in 1971-72.

102. The urban local bodies are empowered to levy the tax under the respective municipal laws. A maximum limit of Rs.250 per annum is, however, prescribed for the tax under the provisions contained in Article 276 of the Constitution of India. The revenues derived from the source by the corporations are shown in the following table:

TABLE 8—Revenue from tax on professions, trades, callings and employments by corporations, 1968-69 to 1972-73.

Name of corporation	(In Rs.)				
	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6
Lucknow	4,200	...	8,156	8,470	7,033
Kanpur	...	...	...	...	...
Agra	1,250	...	...	10	...

103. It will be seen from the above table that Kanpur, Varanasi and Agra Corporations are not levying this tax. Lucknow corporation received a nominal amount of Rs.7,033 in 1972-73 from the source. We are informed that the receipts were from the tax levied on brick-kiln owners only. Allahabad Corporation appears to be making some use of this tax, although the revenue derived was not of much consequence. Some of the municipalities are also levying the tax. Of the 79 municipal boards which have replied to the questionnaire prepared by us, eleven are levying the tax. The receipts were, however, insignificant, the total collections during 1973-74 being less than rupees one lakh. It would thus be seen that the urban local bodies were deriving a much less amount as compared to the revenues that were earlier derived by the State Government. In fact, they do not appear to have taken any advantage of State withdrawal from the field.

104. We find that the tax on professions etc. was being levied by the local bodies in some other States also. Annexure 21 gives the rates at which the tax was levied in Tamil Nadu. It was assessed and realised in two half-yearly instalments, the maximum rate of tax being Rs.125 on persons deriving an income exceeding Rs.15,000. In Karnataka also, the tax was levied on a graduated slab system, the rates varying from Rs.10 to Rs.250. We were informed that in 1973-74 the receipts from profession tax in Bangalore corporation were merely Rs.2 lakhs and for the entire State Rs.5 lakhs. We were further informed that Government employees were exempt from the levy of this tax. It seems that in many States, profession tax is not being systematically exploited.

105. There can be no doubt that if properly administered, the tax on professions, trades, callings, and employments should become an important source of revenue. There are, however, some prerequisites that must be satisfied if it is not to arouse much discontent. To be acceptable, it must broadly embrace all similarly situated people. It should not discriminate against, or in favour of salaried employees. Secondly, since the State has no satisfactory machinery for determining personal incomes, and with a low tax ceiling of Rs.250 it is not worthwhile for the State to set up an elaborate machinery, the best hope for effectively administering such a tax, will be in trying to obtain full co-operation from the Income Tax Department. If that is not possible, as is the experience of many States, a refined degree of equity cannot be expected of a tax on professions. We must be content with administering it in a rough and ready way as some sort of a licence tax; there should not be many slabs. Appropriate proxies for incomes have

to be decided and in many cases differentiation would only be by nature of occupation and profession, and place of residence. A great deal of thought would have to be devoted to working out agencies of collection and in some cases law will have to lay down this obligation on distinct parties. For instances in regard to persons getting fixed emoluments, the tax should be deducted at source by the employer. In respect of traders, the tax should be levied on those having an annual turnover of more than Rs. 12,000 and should be collected by the Sales Tax Department. From persons engaged in professions such as lawyers, doctors, architects, etc., the tax should be realised at specified rates in the form of a licence fee. Finally, for both collection and income determination the State will be in a better position than local bodies.

106. We give in Appendix A some schedule of rates for consideration of the State Government. In respect of salaried classes, we are of the view that the rates of tax should be the same irrespective of the class of local body wherein the person resides. We feel that the four slabs of annual income suggested by us for determining the amount of tax would be equitable. For traders and businessmen also, since the tax has been proposed on the turnover, no differential in rates

has been envisaged. In regard to self-employed persons, there would appear to be greater scope of earning in the bigger local bodies. We have accordingly suggested lower rates of tax for those carrying out their profession in rural or semi-rural localities viz. in the town area/notified area committees or the jurisdiction of Zila Parishads.

107. We have estimated the revenue from the tax by estimating the number of employees in the salaried sector and the number of other classes proposed to be taxed. Annexure 8 would show that we estimate the total revenues for the State as Rs.8.07 crores. While we have suggested that the State should once again take over the tax on professions, trades, callings and employments from local bodies, as it would administer it more efficiently and collect more revenue, we do not want to deprive the local bodies of its proceeds. We, therefore, recommend that the tax proceeds should be distributed to the local bodies on the basis of origin.

108. *Tax on vehicles and animals*—The tax on vehicles other than mechanically propelled vehicles and on animals is compulsory in the case of corporations. The following table gives the revenue derived from these taxes in the five corporations:

TABLE 9

*Receipts from Tax on vehicles and animals in the Municipal Corporations of U. P. 1968-69 to 1972-73*

(Rs.)

Name of corporation	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6
1. Lucknow .. .. .	5,20,881	5,35,926	5,75,136	5,87,703	6,52,184
2. Kanpur .. .. .	9,10,517	9,32,129	9,56,605	9,93,770	10,27,023
3. Agra .. .. .	2,15,143	2,22,464	2,43,071	2,83,631	2,85,319
4. Allahabad .. .. .	1,38,119	2,99,201	2,82,899	1,75,182	1,81,750
5. Varanasi .. .. .	4,80,871	4,49,990	4,73,479	4,25,333	4,42,241
Total .. .. .	22,65,531	24,39,710	25,31,190	24,65,619	25,88,517

(Source—Budgets of Corporations).

It will be seen from the above table that the income from this source has remained more or less stationary. The existing schedule of rates is given in Annexure 22.

109. In municipal boards, the tax on vehicles and on animals is optional. In 1971-72, only 77 out of 155 municipal boards were levying the tax. The revenue derived by them is shown in the following table:

TABLE 10

*Receipts from Tax on vehicles and animals in the Municipal Boards 1971-72.*

Class of M. B.	No. of M. B. levying	Amount Rs.
Class I .. .. .	27	8,11,186
Class II .. .. .	18	5,19,417
Class III .. .. .	19	1,50,718
Class IV .. .. .	13	1,70,120
Total .. .. .	77	16,51,441

Source—Economics & Statistics, Division U. P. (Figures are provisional).

110. In its report, the U. P. Local Bodies Financial Resources Committee 1968 gave instances of wide variations in the rates of this tax. It was noticed that the rates of tax levied on rickshaws for hire varied from Rs. 2.00 to Rs. 20.00 per annum. The rates of annual licence fee on bicycles also differed from Rs. 1.00 to Rs. 3.50. In respect of tongas plying on hire, the rates ranged from Rs. 3.00 to Rs. 15.00. The variations had nothing to do with the classification of the local bodies.

111. One of the reasons of the variations appears to be the unwillingness of some municipal boards to approach the Government with proposals for revising their rate schedule. From the replies received to the questionnaires sent by us, we find that the rates of tax on vehicles and animals have not been revised over a long period in some of the municipal boards. Mirzapur, a class I Municipal Board, has not revised the rates after 1927. The rates presently in force in municipal Board, Azamgarh are continuing since 1938. In the rate schedule of both the municipal boards, we find that no tax is levied on cycle rickshaws, a common conveyance in the towns

today, presumably because the rickshaws were not in use in those days. It is, therefore, imperative that the schedule of rates is revised by the municipal boards. It would be appropriate for the State Government to specify the minimum and maximum rates according to the class and

type of urban local body.

112. *Theatre and show tax*—In recent years there has been a noticeable increase in the revenue of municipal corporations from theatre and show tax, as will be seen from the following table:

TABLE 11  
*Receipts from Theatre Tax of the Municipal Corporation in U. P. 1968-69 to 1972-73.*  
(Rs.)

Name of corporation	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6
1. Lucknow .. .. .	150	1,065	735	430	1,08,890
2. Kanpur .. .. .	30	70,863	1,26,625	1,100	1,86,093
3. Agra .. .. .	..	98,962	1,18,270	1,01,226	96,976
4. Allahabad .. .. .	89,714	71,560	65,229	65,825	76,906
5. Varanasi .. .. .	79,143	87,457	98,167	94,956	86,847
Total .. .. .	1,69,037	3,29,907	4,09,026	2,63,537	5,55,712

(Source—Budgets of corporations).

It is evident that the corporations have started exploiting this source more efficiently. The total revenue from this tax was Rs.1.69 lacs in 1968-69 which went up to 5.56 lacs in 1972-73 showing a rise of 229 per cent.

113. Both the U. P. Urban Local Bodies Finance Resources Committee and the U. P. Taxation Enquiry Committee, 1968 had recommended that the rate of theatre and show tax should be enhanced from Rs.5 to Rs.10 per show in case of grade I cinemas and from Rs.3 to Rs.5 per show in grade II cinemas. The corporations and the municipal boards are at present levying this tax at the rates varying between Rs.3 to Rs.5 per show. The local body has to deploy additional conservancy staff at the places of entertainment for keeping the surroundings clean, and also to make adequate lighting arrange-

ments. The cost of services has gone up and the income of cinema owners has also generally increased. It is, therefore, suggested that a uniform rate of Rs.20 per show for grade I and Rs.10 per show for grade II cinemas may be levied in all corporations and class I Municipal Boards. For the remaining municipalities, the rates of show tax may be kept at Rs.10 and Rs.5 for grade I and grade II cinemas respectively. It is estimated (Annexure 8) that the revenue from the tax would increase by Rs.17 lakhs in the corporations as a result of revision of rates.

114. *Tax on advertisements*—The corporations are empowered to levy a tax on advertisements, other than those published in the newspapers. The tax is at present being levied by all the corporations except Agra. The receipts from the tax are shown in the following table:

TABLE 12  
*Receipts from Tax on Advertisements in Municipal Corporation of U. P. 1968-69 to 1972-73.*  
(In Rs.)

Name of corporation	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6
Lucknow .. .. .	69,169	74,990	56,327	96,304	1,45,788
Kanpur .. .. .	..	4,369	27,571	83,845	1,52,243
Agra .. .. .	..	..	..	..	..
Allahabad .. .. .	51,325	87,740	71,688	71,232	1,04,459
Varanasi .. .. .	..	33,163	53,505	57,564	64,935
Total .. .. .	1,20,494	2,00,262	2,09,091	3,08,945	4,67,425

(Source—Budgets of Corporations).

The revenue from advertisements tax shows a rising trend. The total revenue from this tax in 1968-69 was Rs.1.20 lakhs. It went up to Rs.4.67 lakhs in 1972-73 showing a rise of 286

per cent. The receipts of all the four corporations Lucknow, Kanpur, Allahabad and Varanasi show a substantial increase during the period. It is surprising that a tourist centre like Agra

does not levy this tax. The yield from this source is likely to increase further with the expansion of trade and commerce in our towns and cities.

115. Annexure 23 gives the schedule of rates of this tax in Kanpur, Allahabad, Varanasi and Lucknow corporations. The rates show a wide variation in some cases. For instance, the tax per annum on a non-illuminated hoarding occupying 250 sq. decimetres space is Rs.36.00 in Kanpur and Rs.60.00 in Allahabad. Corporations with lower rates should explore the possibility of raising them.

116. From the replies received, we find that a few municipal boards only are levying a tax on advertisements. The tax is not specifically mentioned in the U. P. Municipalities Act, 1916, but as it falls in the State list under the Seventh Schedule of the Constitution, it can be levied by the municipal boards with the approval of Government. We feel that the tax should be levied by all municipal boards, and the State Government should specifically empower them to levy this tax.

117. *Procedure for imposition or alteration of taxes*—In the Municipal Acts, the procedure of imposition of taxes is quite cumbersome. The U. P. Nagar Mahapalika Adhiniyam, 1959 provides that when a Mahapalika desires to impose a tax, it shall direct the executive committee to formulate proposals as well as the draft rules required to be framed by the State Government. The proposals and draft rules are published inviting objections from the inhabitants of the city. The objections are decided by the Nagar-mahapalika, and where it decides to modify the proposals, the modified proposals and revised draft rules are published again, and objections received thereon dealt with in the same manner. After the Mahapalika finally settles the objections, its proposals and draft rules are submitted to the State Government. When the rules are made and sent to the Mahapalika, the latter is

required to adopt a special resolution directing the imposition of the tax and the date of its imposition. The same procedure is envisaged for abolishing or altering a tax. Under the U. P. Municipalities Act, 1916, the imposition of taxes is subject to any general or special orders of the State Government in this behalf. A procedure similar to that obtaining in Mahapalikas is envisaged for the municipalities also, except that in the case of non-city boards, the sanction of the prescribed authority instead of the State Government is needed. In regard to town areas, the corresponding authority vests in the District Magistrates. The procedure is extremely tedious and involves considerable delays.

In the course of their evidence before us, the representatives of local bodies complained of the protracted delay on the part of State Government in according sanction to the proposals of taxation or revision of octroi limits or schedules submitted by them. In some cases, it was pointed out, that the time taken in revising schedules was 3 to 4 years. We, therefore, feel that the law in regard to imposition, alteration or abolition of taxes should be simplified. The State Government should prescribe the minimum and maximum rates of the compulsory and important optional taxes, and frame guidelines for them. Within those rates and in conformity with the model rules, the local bodies should be left free to decide the precise rate of levying a tax. They should need permission of the State Government only if reduction was proposed in the current rate of any tax.

118. *Non-tax revenues*—The common feature of local bodies in U. P. is that they derive their income mainly from tax revenue and grants-in-aid. The non-tax revenue in the past contributed a substantial amount to the local funds but as mentioned in para 21, its relative share has since declined. The income from non-tax sources in different categories of local bodies is given in the following table:

TABLE 13

*Income from non-tax items of Urban Local Bodies by types, 1961-62 and 1971-72*

Type of Local Body	1961-62		1971-72		Percentage rise in income during the decade
	Income (Rs. lakhs)	Income as % of total income of the L. B.	Income (Rs. lakhs)	Income as % of total income of the L. B.	
1	2	3	4	5	6
1. Municipal Corporation .. ..	258	31.8	227	19.7	(—) 12.0
2. Municipal Board .. ..	253	26.3	446	18.8	76.3
3. N. A. C./T. A. C. .. ..	17	20.2	21	8.8	23.5
Total (All L. B.) .. ..	528	28.4	694	18.4	31.4

Source—For 1961-62—Taxation Enquiry Committee, 1968.

For 1971-72—Economics and Statistics Directorate.

(Figures for 1971-72 are provisional).

It would be seen from the above table and Annexure 24 that the non-tax revenues of corporations have gone down absolutely and of others increased slowly. It is necessary that ways

and means of increasing the share and importance of non-tax revenue in municipal finances are explored.

119. In this State, the main sources of non-tax revenue are tehbazari, various licence fees, income from municipal property, nazul land, sale of compost and sewage farms, fines etc. The local bodies are also empowered to frame bye-laws in respect of buildings, streets, markets, slaughter houses, offensive trades, sanitation and prevention of disease etc. and charge fees under these bye-laws. The functions of the local bodies in this respect are not only regulatory but also remunerative. The most important source of non-tax revenue is licence fee and tehbazari. The U. P. Urban Local Bodies Financial Resources Committee 1968 has in its report pointed out the wide variation in the rates of licence fees in different municipal boards. Some of the licence fees are not being levied at all in some municipal boards. We find that in municipal board, Meerut, the licence fees relating to the sale of meat, fish and washing soap are the same as in force since 1927, 1930 and 1924 respectively. In Municipal Board, Mirzapur, tehbazari rates are the same as prevailed in 1921. This would appear to be the main reason that the income of urban local bodies from non-tax sources has remained practically stagnant. We, therefore, feel that there is enough scope of an upward revision of the schedule of rates of licence fees, for which the State Government should give guidelines by specifying the minimum and maximum rates for each class of urban local body. It would further be desirable to undertake revision of these rates once in every 5 years.

120. *General*—We found that in Andhra Pradesh, Karnataka and Tamilnadu, 90 to 95 per cent of the proceeds of entertainment tax are allocated to the local bodies, and only the collection charges are retained by the State Government. There can be no doubt that the entertainment tax has a local base. The U. P. Taxation Enquiry Committee, 1968 had expressed the same view. The Committee on Augmentation of Financial Resources, 1963 had also held that certain percentage of the entertainment tax should be earmarked for local bodies. We, therefore, recommend that 50 per cent of the revenue from entertainment tax should be given as grant to the local bodies, on the basis of collections made from the cinemas and theatres within the jurisdiction of the local bodies.

#### B—RURAL LOCAL BODIES

121. According to 1971 census, 7.60 crore persons or 86 per cent of the total population of this State resided in rural areas. It is this large rural population spread over in 1,12,624 villages that has to be reached in our effort to tap resources for local purposes.

122. In the present set up, rural local-self Government has a three tier system. The unit of administration at the village level is Gaon Panchayat; the unit at the block level is Kshettra Samiti; and the unit at the district level is Zila Parishad. There are 55 Zila Parishads, 875 Kshettra Samitis and 72,834 gaon panchayats.

123. *Evolution of Local Self-Government in rural areas*—Panchayats have been in existence in our country from times immemorial. The panchayats which came into existence in the first part of the twentieth century were, however, different from the old panchayats. The U. P.

Village Panchayat Act, 1920 was passed with a view to assist the administration of civil and criminal justice in rural areas, and also to effect improvements in the sanitation and other concerns of villages. The progress made by the panchayats under the Act was, however, disappointing. In 1922, the number of panchayats was 3,830 which number increased to 4,733 by 1940-41. Only one-quarter of the rural population was brought within the panchayats' orbit, and their distribution over the province was uneven and irregular. There was no significant change in the number of coverage of the panchayats until the enactment of U. P. Panchayat Raj Act, 1947. This Act gave power to the panchayats to levy taxes, manage their funds, make bye-laws, prepare their budgets and maintain and establish school dispensaries. The aim of the legislation thus was to revitalise this important institution at village level. By 1949, the number of panchayats increased to 35,000. After the second general elections in 1955, the number went up to 72,409. As noticed before, the present number of Panchayats is 72,834.

124. The local body at district level, formerly called the district board, came into existence during the later part of the nineteenth century. District committees were formed under an Act of 1871. The committees had no element of Self-Government and they hardly touched the village life. Lord Ripon's resolution of 1882 recommended the setting up of rural boards similar to municipal boards. The unit of administration was to be small, as far as possible, the sub-division or the tehsil. In pursuance, of this, the U. P. District Boards Act was passed in 1883. The legislation created a two-tier system with a District Board and a number of Sub-District Boards in each of the districts. The functions entrusted to rural boards were similar to those made over to municipalities, the principal ones being communications, education and sanitation. These functions continued almost without change till the establishment of Antarim Zila Parishads in 1958.

125. Kshettra Samitis were the last to come on the scene, after the enactment of U. P. Kshettra Samitis and Zila Parishads Adhiniyam in 1961. They are committees formed for administering development programmes at the block level. The jurisdiction of Kshettra Samitis is, therefore, co-terminus with that of the khand or development block.

126. The recommendation for decentralised democracy with three tiers was first made in the report of the Balwant Rai Mehta Committee, 1957. This Committee felt that the mode of working of development blocks had not proceeded in evoking popular initiative to the desired level. The committee observed in its report that local interest, supervision and care were necessary to ensure that the expenditure incurred on local bodies conformed with the needs and wishes of the locality. The Planning Commission, while submitting its proposals for the Second Five Year Plan, had also stressed the need for creating within the district a well organised democratic structure of administration in which the village panchayats were organically linked with popular organisation at a higher level. The Committee

did not find district boards suitable for the purpose in view of their size. They felt that the block offered an area large enough for functions which the village panchayats could not perform and yet small enough to attract the interest and service of the residents. It was, therefore, proposed that there should be a panchayat samiti at the block level to provide an organic link between the village panchayats and the Zila Parishad. The committee observed that the State Government were spending large sums of money on rural development mainly through their own machinery and only small amounts through village panchayats. It was, therefore, recommended that all Central and State funds for the area of block should invariably be assigned to the Panchayat Samiti to be spent by it directly or indirectly. The funds to be given to the gaon panchayats and the Panchayat Samitis were to be channelised through the District Board.

127. *Constitution and functions of rural local bodies*—A gaon sabha is constituted for a village or group of villages and consists of all adults residing in the area. The Pradhan is elected by members of the gaon sabha and his term expires with the term of the gaon panchayat. The Up Pradhan is elected annually by the gaon panchayat from amongst its members. The area of the gaon sabha is divided by the Prescribed Authority into a number of constituencies for election of members of the gaon panchayat. The gaon panchayat is the executive committee of the gaon sabha and consists of the Pradhan, Up Pradhan and members. The normal term of the gaon panchayat is five years.

128. A Kshetra Samiti is constituted for every khand or development block. It consists of all Pradhans of constituent gaon sabhas, all Chairmen of contiguous town area committees and Presidents of notified area committees, representatives of co-operative societies within the Khand all members of Parliament and the State legislature of the area. There is provision to co-opt women, scheduled caste members and persons interested in planning and development. The members of specified categories elect the Pramukh, and a senior as well as a junior Up Pramukh. The normal term of a Kshetra Samiti is five years.

129. A Zila Parishad has been constituted for every revenue district. It consists of the Adhyaksha and Upadhyaksha, both elected by the members, Pramukhs of all Kshetra Samitis, persons chosen by every Kshetra Samiti from its members, Presidents of all municipalities, representatives of cane unions and co-operative institutions, persons nominated by the State Government and all members of the Parliament and the State legislature from the district. There is provision to co-opt women and scheduled caste members. The normal term of a Zila Parishad is five years.

130. The functions of Zila Parishad have been laid down in section 33 and Part A of Schedule II of the U. P. Kshetra Samitis and Zila Parishads Adhiniyam, 1961. These functions, apart from envisaging the supervision of the activities of panchayats and Kshetra Samitis of the district also extend over a large field covering animal husbandry, village and cottage industries, medical and public health, education, public

works, relief work, planning and statistics and administration. Similarly, the functions of Kshetra Samitis as laid down in Schedule I of the Adhiniyam cover extensive fields like agriculture, co-operation, minor irrigation, animal husbandry, cottage industries, medical and public health, education, harijan welfare, public works and supervision over gaon sabhas.

131. The various functions of Panchayats are contained in sections 15 to 20 of the U. P. Panchayat Raj Act, 1947. The important obligatory functions of the Gaon Panchayats are construction and maintenance of public streets, medical relief, public health and sanitation, establishment and maintenance of primary schools, construction and regulation of sources of water-supply for drinking purposes and assisting the development of agriculture, commerce and industry. A number of discretionary functions have also been given to gaon panchayats like planting of trees, medical treatment of cattle, establishment of improved seed and implement stores, maintenance of library or reading room etc.

132. *Taxation powers of rural local bodies*—The taxation powers of rural local bodies are given in Annexure 4. Taxation powers of panchayats are contained in section 37 of the U. P. Panchayat Raj Act, 1947. According to this a gaon panchayat can levy a tax on land not exceeding 25 paise in a rupee on the amount of land revenue payable, a tax on theatre, cinema or similar entertainment temporarily stationed in the area of the gaon sabha, a tax on animals and vehicles other than mechanically propelled, a tax on persons exposing goods for sale in markets, *hats* or *melas* belonging to or under the control of the gaon sabha, fees on the registration of animals sold in any market or place belonging to or under the control of gaon sabha, fees for use of slaughter houses and encamping grounds, a water rate where water is supplied by the gaon sabha and a tax for cleaning private latrines and drains, where such cleaning is done through the agency of the gaon sabha.

133. Kshetra Samitis have not been given any taxation powers under the law, but they have been authorised to charge fees for the use or occupation of any immovable property vesting in or entrusted to the management of Kshetra Samiti, a fee for any licence, sanction or permission which it is entitled or required to grant and with the previous sanction of the State Government, it may fix and levy school fees and other fees. It can also impose licence fee in respect of markets established, maintained or managed by it. These powers are enumerated in sections 142 to 145 of the Adhiniyam.

134. Zila Parishads have been empowered to levy a tax on circumstances and property and also any other tax which the State legislature can impose in the State and the imposition of which by the Zila Parishads has been authorised by the State Government. Zila Parishads can also impose tolls and fee which Kshetra Samitis can impose under sections 142 to 145 of the Adhiniyam.

135. Thus, in practice, Kshetra Samitis do not have any independent resources except the grants and funds of the various schemes which are executed at the block level. Since in U. P.

the Kshetra Samitis have been relegated to the second position after Zila Parishad, we will concern ourselves with the finances of panchayats and Zila Parishads.

136. *Gaon Panchayats*—The total revenue derived by panchayats in 1972-73 was Rs.2.33

crores, which works out to the meagre amount of Rs.320 per panchayat per year. During the five years period from 1968-69 to 1972-73, the total revenue of panchayats and the expenditure incurred by them is shown in the following table:

TABLE 14  
*Income and Expenditure of Gaon Panchayats in Uttar Pradesh 1968-69 to 1972-73*  
(Rs. in Lakhs)

Items	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6
1. Tax (Panchayat tax) ..	94.95 (33.8)	93.89 (33.4)	101.93 (35.1)	95.96 (33.2)	98.73 (42.4)
2. Licence fee .. ..	0.63 (0.2)	0.33 (0.1)	0.37 (0.1)	0.32 (0.1)	0.98 (0.4)
3. Grants .. ..	48.12 (17.1)	39.44 (14.0)	48.32 (16.6)	45.63 (15.8)	43.21 (18.6)
4. Other sources .. ..	82.96 (29.5)	93.97 (33.5)	80.44 (27.7)	72.99 (25.2)	49.09 (21.1)
5. Land Management Committee Forest Panchayats.	54.45 (19.4)	53.39 (19.0)	59.59 (20.5)	74.32 (25.7)	40.69 (17.5)
<b>Total Income ..</b>	<b>281.11</b> <b>(100.0)</b>	<b>281.02</b> <b>(100.0)</b>	<b>290.65</b> <b>(100.0)</b>	<b>289.22</b> <b>(100.0)</b>	<b>232.70</b> <b>(100.0)</b>
1. General Administration .. ..	27.85 (9.2)	24.74 (9.2)	31.41 (10.2)	27.26 (10.4)	31.35 (14.6)
2. Construction and development work	225.02 (74.1)	200.03 (74.6)	231.66 (75.4)	170.95 (65.5)	144.86 (67.2)
3. Other works .. ..	50.75 (16.7)	43.57 (16.2)	44.32 (14.4)	62.70 (24.1)	39.22 (17.2)
<b>Total Expenditure</b>	<b>303.62</b> <b>(100.0)</b>	<b>268.34</b> <b>(100.0)</b>	<b>307.33</b> <b>(100.0)</b>	<b>260.91</b> <b>(100.0)</b>	<b>215.43</b> <b>(100.0)</b>

Source—Panchayat Raj Directorate, U. P.

Note—Figures in bracket indicate the percentage distribution of Income/Expenditure.

137. In 1969-70 the total income of panchayats registered a slight fall as compared to 1968-69. In 1970-71, however, it touched the peak figure of Rs.290.65 lakhs. Thereafter it began to decline and the total income of panchayats in 1972-73 was Rs.232.70 lakhs which showed a fall of 17.2 per cent as compared to 1968-69. The tax revenue slightly increased during the period under review. The non-tax revenue recorded a sharp fall of 34.3 per cent during the same period. The quantum of grants in 1972-73 was also less by 10.2 per cent as compared to 1968-69.

138. The Uttar Pradesh Government have since taken some measure to increase the resources of gaon panchayats. The tax on land could until recently be levied at a rate not exceeding 6 paise in a rupee on the amount of land revenue payable therefor. The rate has since been increased to 25 paise in a rupee under an Ordinance dated November 24, 1972 (replaced by an amending Act in January, 1973). Out of the revenues derived from land development tax levied from July, 1971, nearly 25 per cent

amount in allocated to the Kshetra Samitis and gaon panchayats. The details of the allocation are, however, still being worked out by the State Government and the proceeds have not yet accrued to the local bodies.

139. In this State the problem of inadequacy of finances would appear to be more acute in the case of rural local bodies than in the case of urban local bodies. The panchayat raj institutions can hardly be expected to play any important role in the planned economic development of the State, unless their financial position is strengthened. The position of panchayats in some other States would appear to be much better. In a district of Maharashtra, an officer of U. P. Government examined the affairs of two gaon panchayats, and found that the small gaon panchayat having a population of 1,171 derived an income of Rs.2,350 and the bigger panchayat having a population of 8,135 derived the income of Rs.49,000. This better position is partly due to a liberal grant policy and partly to better exploitation of own resources. In Maharashtra,

the entire amount of ordinary land revenue is transferred by the State to the panchayats. We are informed that in Gujarat also, the entire land revenue is transferred to the panchayati raj institutions. In Andhra Pradesh, there is a compulsory land cess of 31 paise per rupee for the panchayats. In Tamilnadu the Panchayat Unions at the development block level levy a local cess, and a portion of the local cess is also paid to the panchayats. Several States are reported to be levying an education cess and transferring a portion of the proceeds to the village panchayats.

140. *Levy of house tax*—In the U. P. Panchayat Raj Act, 1947, there is no provision for imposition of a tax on building. In Rajasthan, the panchayats have been authorised to levy house tax, although it is not compulsory. The buildings valued at less than Rs.500 are exempted from the tax, and on buildings having a higher valuation, the maximum amount of the tax ranges from Rs.2 to Rs.25. House tax is also levied by panchayats in Maharashtra and in some progressive panchayats it is a good source of revenue. In Tamilnadu the levy of house tax is obligatory on panchayats subject to the maximum and minimum rates laid down by the Government. Further on every rupee of house tax collected by a village panchayat an equal amount is paid by the Government as grant called the village house-tax matching grant. We were informed that the income from house tax was nearly Rs.2 crores in Tamilnadu. The minimum rate of levying the tax was 12 paise per rupee of capital value. The Balwant Rai Mehta Committee, 1957 as well as the U. P. Panchayat Raj Resources Committee, 1964 had recommended the levy of house tax by gaon panchayats. Recognising the dire need of the gaon panchayats for additional resources and on the considerations mentioned above, we feel that the gaon panchayats in this State should be empowered to levy a house tax on pucca houses in their jurisdiction. We recommend that necessary provisions to this effect should be made in section 37 of the U. P. Panchayat Raj Act, 1947. In rural areas the houses are seldom let out on rent, the house tax should, therefore, be determined on the basis of capital value. We recommend that the tax should be levied on pucca houses only at rates varying from 0.25 to 1.00 per cent of the capital value. We further recommend that the State Government should give a house-tax-matching-grant to the panchayats which should be equal to the house tax collected by the gaon panchayats. This will induce the panchayats to levy higher tax rates and what is more important, collect more efficiently.

141. *Levy of tax on land*—We have mentioned earlier that the gaon panchayats are at present empowered to levy a tax on land not exceeding 25 paise in a rupee on the amount of land revenue payable therefor. We find that in Tamilnadu, the Panchayat Unions levy a local cess at a uniform rate of 45 paise in a rupee of land revenue. 4/9th of the proceeds therefrom are apportioned to meet a part of elementary education expenditure. The balance is distributed between the panchayats and panchayat unions. A surcharge on the local cess is also levied by the panchayat unions subject to a maximum of Rs.2.50 in the rupee of land revenue.

We found that out of 374 panchayat unions in Tamilnadu, 229 were levying the surcharge at rates ranging from 45 paise to Rs.1.50 and the remaining between Rs.1.50 and Rs.2.50. The Government also paid a local-cess-surcharge-matching-grant to the unions. In Maharashtra, the State Government levied a cess at the rate of 20 paise on every rupee of land revenue, which rate can be increased up to 100 paise on every rupee if the village panchayat passed a resolution. The Zila Parishads and Panchayat Samitis are also empowered in Maharashtra to increase the rate of cess up to 180 paise in a rupee over and above the minimum rate of 20 paise in a rupee. The increase made by the Zila Parishad and the Panchayat Samiti together should not, however, exceed the said maximum limit of increase. The Zila Parishads are also given a local-cess-matching-grant for the increase in cess in excess of 20 paise in a rupee. The working group appointed by U. P. Government in connection with the Fourth Plan recommended that the panchayats should be authorised to levy tax on land at a minimum compulsory rate of 25 paise in a rupee, with a provision that the rate of this tax could be increased to 50 paise in a rupee in the event of passing of a resolution to that effect by the gaon panchayat. We have already pointed out in para 139 that some of the States were transferring the total amount of land revenue to the panchayats, and in some other States, the rate of compulsory land cess was higher. We feel that the gaon panchayats should derive more income from a tax or cess on land to enable them to discharge their functions more efficiently. We, therefore recommend that the gaon panchayats should be empowered to levy the tax on land up to 50 paise in a rupee on the amount of land revenue payable therefor, and that section 37 of the U. P. Panchayat Raj Act, 1947 should be amended accordingly. If all the gaon panchayats levy the tax at the maximum rate suggested above, we have estimated in Annexure 8 that the additional revenue derived by them would be of the order of Rs.5.00 crores.

142. *Other taxes*—We further feel that the levy of tax on animals and vehicles other than mechanically propelled vehicles kept within the area of the gaon sabha and plied for hire, should also be made obligatory for the gaon panchayats. They should be further empowered to levy a cycle tax. We are informed that the gaon panchayats in Maharashtra as well as Rajasthan are levying this tax. In Tamilnadu the village panchayats are levying the cycle tax at rates ranging from Rs.1.15 to Rs.10. The licensing and regulatory powers of gaon panchayats should be widened to enable them to earn additional revenues by way of licence fees.

143. The figures of collections and arrears of panchayat tax in U. P. are given in Annexure 25. It would be seen that the collections were low up to 1966-67 and the arrears of the tax were substantial. The collections were much better (96.2 per cent) in 1968-69 and have been over 90 per cent thereafter. The position of collections, would, therefore, appear to be satisfactory especially in comparison with that of urban local bodies.

144. *Zila Parishad*—The income of Zila Parishads from different sources namely tax, non tax and grants for the years 1969-70, 1970-71 and 1971-72 is given in the following table:

TABLE 15  
Income of Zila Parishads in Uttar Pradesh 1969-70 to 1971-72 (Lakhs Rs.)

Years	Tax Revenue	Non-Tax Receipts	Grants	Total
1969-70	146.27	298.26	3,226.20	3,670.73
1970-71	347.38	387.15	2,592.69	3,327.22
1971-72	236.26	366.57	5,300.26	5,903.09

Source—Economics & Statistics Directorate, U. P.  
(Figures are provisional).

The income derived from each of its sources separately is given in Annexure 26. The figures of income and expenditure of 24 Zila Parishads of the State are shown in Annexure 27.

145. The income derived by Zila Parishads in 1969-70 was Rs.36.71 crores. Out of this Rs.32.26 crores, that is 87.9 per cent was contributed by grants-in-aid. The tax and non-tax revenue accounted for only 4.0 and 8.1 per cent respectively. The position in 1971-72 remained more or less the same as in 1969-70. Grants-in-aid contributed 89.8 per cent of the total income and the share of tax and non-tax revenue was only 4.0 and 6.2 per cent respectively. It will thus be seen that the annual tax and non-tax income of Zila Parishads account for nearly 10 per cent only of their budget and 90 per cent of the expenditure is required to be met by Government grants.

146. We notice that all the Zila Parishads, which have replied to the questionnaire prepared by us, have expressed the view that the sources of revenue assigned to them are not adequate. They have suggested measures covering a wide range for augmenting their resources. They have either replied that the restrictions imposed by the Constitution should be removed and the rates of the circumstances or property tax should be revised or that they should be empowered to levy a tax on professions and trades etc. A few Zila Parishads have suggested that they should be empowered to levy a surcharge on land revenue, electricity duty, irrigation rates and stamp duty on deeds of transfer of immovable property in rural areas.

147. *Circumstances and property tax*—The main source of tax revenue of Zila Parishads is the circumstances and property tax. The State Government and consequently the Zila Parishad is not empowered to levy this tax afresh under the Constitution. The continued levy of the old tax is valid under the transitional provisions of Article 277 of the Constitution of India. Those Zila Parishads which were levying this tax before the adoption of the Constitution are allowed to impose it but not others. Even those that are levying it are not permitted to enhance the rates. The minimum rate also cannot be altered. This tax is at present being levied only by 29 Zila Parishads and their income from this source amounted to Rs.72.31 lakhs in 1971-72.

148. The circumstances and property tax is popularly known as "Haisiyat Tax". It is imposed on any person residing or carrying business in rural areas whose total income is not less than Rs.600 per annum, provided that the person taxed has resided or carried on business for a total period of six months in the year under assessment. The maximum rate of the tax is 2 per cent of the annual taxable income and the maximum amount of the tax that can be realised from an assessee is Rs.2,000 per year. The tax is levied at a flat rate. Taxable income for the purposes of this tax means estimated gross income, but does not include the income of the following classes:

(i) "Agricultural Income" as defined in the Income Tax Act of 1922.

(ii) Income on which any tax has previously been imposed under section 128 of the U. P. Municipalities Act, 1916 and section 172 of U. P. Nagar Mahapalika Adhiniyam, 1959.

(iii) Income on which any tax has previously been imposed by any other Parishad.

(iv) Income on which any tax has been previously imposed under section 14 of the U. P. Town Areas Act, 1914.

149. The mode of assessment of circumstances and property tax as adopted at present is rather crude. The Inspector of the Zila Parishad, on the basis of local knowledge, estimates the income of the persons by making on the spot enquiries. After he has made an assessment of the gross annual income of the assessee, the demand notice is served on him for payment of the tax assessed. The assessee is afforded an opportunity to file an objection before the assessing authority.

150. We find that the circumstances and property tax is now almost a defunct tax. Its administration has become cumbersome and the cost of collection is very high. It has been estimated that the collection cost is nearly 50 per cent of the tax. The U. P. Panchayat Raj Resources Committee, 1964 observed\* in its report that the expenditure on collection of the tax ranged from 21 per cent to 73 per cent of the tax revenue of the Zila Parishads. It is, therefore, appropriate that this tax is abolished altogether. In its place we recommended that the Zila Parishads should get a share from tax on professions, trades, callings and employments levied by the State Government. We have already suggested in Appendix 'A' the rates at which the tax on professions etc. should be levied in the jurisdiction of the Zila Parishads. In respect of self employed persons, we have suggested the rates for Zila Parishads as different from those for other local bodies, but we have suggested the same rates in regard to salaried classes and the traders and businessmen.

151. *Statistical unit*—In the course of our enquiry we were greatly handicapped by the paucity of statistical data pertaining to urban local bodies. While the Bureau of Economics and Statistics maintains statistics regarding the revenues of urban local bodies from different sources, there is no systematic compiling of data regarding detailed bases of different taxes, rates etc. on a comparative basis. We had to obtain this information on the basis of detailed replies to our questionnaires. Aggregate rateable value for different slabs of house tax, or the rateable value

\*Para 5.2 of the report of U. P. Panchayat Raj Resources Committee, 1964.

of houses exempted from the tax was not readily available even with the Corporations. This information could easily be compiled from the quinquennial assessment list which all Corporations and municipal boards maintain. The data on vital problems like the value of concessions of owner occupied houses, rent control houses, Central Government property, excess water charges etc. were also not worked out. We learnt that each of the octroi check posts were required to submit daily returns giving information of the commoditywise arrivals and the tax collected. But this information is not consolidated. In the absence of these data, decisions on change in octroi rates are apt to become haphazard, opportunistic and unscientific. The position regarding financial statistics of rural local bodies is even more unsatisfactory. It is imperative for local tax purposes that these data are available with a minimum time lag at a central place. We recommend that, to begin with, a properly staffed statistical cell be established in the Directorate of Local Bodies for this purpose. It could later on take up the task of evaluating the experiments of different local bodies, and prove a vehicle for exchange of information and experience. For the rural local bodies, a similar cell may be established in the Panchayat Raj Directorate.

#### *Summary of Recommendations*

##### A—URBAN LOCAL BODIES

1. The functions and responsibilities of local bodies are fast expanding. But their ability to mobilize resources is not commensurate with the functions assigned. The need to put the finances of local bodies on a sound footing has become imperative, if they are to perform their duties efficiently. We are strictly concerned with only a part of the former problem. (Para 2)

2. The tax powers of the local bodies and the State are not demarcated. The local bodies derive their powers under the State laws. The committees appointed in the past have not suggested any amendment in the Constitution for demarcating the powers of taxation of local authorities. They have, however, suggested that a convention be established by which certain sources of revenue like taxes on lands and buildings, octroi, taxes on vehicles other than mechanically propelled and taxes on animals and boats should be the exclusive preserve of the local bodies. We think that some such division is highly essential on the basis of which they can use a tax power best. (Para 4)

3. The Rural Urban Relationship Committee, 1966, recommended setting up of a Municipal Finance Commission in each State to go into the financial requirements of the local bodies for meeting their financial obligations. The State Government would then be in a position to include the recommendations of the Municipal Finance Commission while submitting their proposals to the Finance Commission and the Planning Commission. The Municipal Finance Commission would also incidentally discharge the onerous job of comparing the tax efforts of local bodies and lay down norms. (Para 7)

4. In U. P. there are at present 5 Nagar Mahapalika, 168 Municipal Boards, 45 Notified

Area Committees and 323 Town Area Committees (Para 8).

5. Nagar Mahapalikas have a wide range of obligatory and discretionary functions, the important ones being construction and maintenance of roads, public health and sanitation, primary education, medical relief, water supply, drainage and street lighting (Para 10).

6. The municipal boards are generally constituted in bigger towns with urban characteristics. They are categorized into four classes according to their incomes. The functions of the municipal boards relate mainly to providing basic civic amenities like supply of drinking water, sanitation, construction and maintenance of streets and their lighting, public health measures and elementary education. (Para 11 to 13).

7. In the case of corporations, property tax, tax on vehicles other than mechanically propelled and tax on animals are compulsory. They are further empowered to levy taxes on trade callings and professions, octroi, terminal taxes and tolls, tax on advertisement, betterment tax and a tax on deeds of transfer of immovable property. The municipal boards are also empowered to levy these taxes. Both the corporations and municipal boards can further levy any other tax which the State legislature has the power to impose under the Constitution (Para 17).

8. The State Government exercises some control over the taxation powers of the local bodies. The local body is required to send proposals for any tax to the State Government and obtain its sanction. The State Government is further empowered to vary the proposed rates and in case an increase is suggested, the proposal is referred to the local body. (Para 19).

9. The total revenue of urban local bodies went up from Rs.1858 lakhs in 1961-62 to Rs.3767 lakhs in 1971-72 showing a rise of 102.7 per cent. Tax revenue increased by 146.6 per cent and non-tax revenue by only 31.4 per cent. The total tax revenue of urban local bodies in 1961-62 was 0.47 per cent of the State income at current prices. In 1971-72 this ratio decreased to 0.44 per cent. This shows that the tax effort of the urban local bodies to mobilize an increasing proportion of State income during the decade was not adequate. Similarly, the ratio of non-tax revenue to State income shows a decline from 0.28 per cent in 1961-62 to 0.13 per cent in 1971-72 (Para 20 to 22).

10. Local taxation is mainly based on benefit principle. Citizens are required to pay in proportion to the benefit which they derive from services rendered. Property and service taxes are typical examples of local taxation based on benefit principle. The distinct benefits of various civic amenities are immediately perceptible to the people. It is this direct relationship between the tax and the benefits flowing from it that imparts its distinct flavour to a local tax. (Para 24 to 27).

11. The local authorities claim a share of motor vehicles tax and the entertainment tax collected by the State on the ground that the taxes are of a local character. While we feel that the claim of local bodies to a share in motor vehicles tax is not tenable, they have a greater claim to a portion of the entertainment tax say one-half. (Para 28)

12. The revenue from property and service taxes of all urban local bodies in 1971-72 was Rs.432 lakhs which constituted 19.6 per cent of the total tax revenue. During the decade 1961-71 the revenue from this source went up by 89.5 per cent which, however, was less than the percentage rise of 145.6 in total tax revenue. The buoyancy of property and service taxes for the said period works out to 0.51. (Para 29 and 30).

13. The yield from property tax during the decade 1961-71 should have shown better results for three reasons. Firstly, the physical counter-part of the tax has expanded and the number of houses has increased. Secondly, urban population in the State went up by 30.68 per cent and pressure of population in urban areas has pushed up urban property values and rents above the rise in income. Thirdly, the rates of property taxes were raised by local bodies. It is, therefore, a matter of concern that the property tax has not responded adequately. (Para 31 to 33).

14. It is obligatory for the Corporation to levy property tax. The maximum and minimum rates prescribed are 25 and 15 per cent respectively. This includes house tax, water tax, drainage and conservancy tax. Nagar Mahapalika Agra is levying property tax at a flat rate of 25 per cent. Other Mahapalikas are levying it on a graduated slab system, the maximum being 25 per cent, except in Varanasi where it is 20 per cent. (Para 34).

15. In some other States the maximum rate of property tax is higher than 25 per cent. e.g. in West Bengal it is 30 per cent and in Bihar and Orissa it is between 35 to 36 per cent. The maximum rate is higher than 25 per cent in Karnataka, Tamil Nadu and Andhra Pradesh also. The cost of services, particularly the maintenance of waterworks has increased. The waterworks undertakings are generally running at a loss, and in 1972-73, there was a gap of Rs.18.5 lakhs in the income and expenditure of the waterworks in Nagar Mahapalikas of this State. Water taxes cannot be raised by the Corporations as the property taxes levied by them already add up to 25 per cent. It is, therefore, recommended that the minimum and maximum rates prescribed for levying property and service taxes in the corporations should be raised to 20 and 30 per cent respectively of the annual rental value. The existing provision, that the buildings having their annual rateable value up to Rs.180, as may be resolved by the Corporation, shall be exempted from the levy of property taxes, may continue. (Para 35 to 37).

16. Owner occupied houses obtain at present a concession of 25 per cent in annual rental value for property taxation. A similar concession is given in some other States also. We are not in favour of disturbing the present concession, which should, however, not be granted in respect of water tax or drainage tax which are in the nature of serving charges. (Para 38).

17. For municipal boards property tax is optional. It should be made obligatory and the U. P. Municipalities Act, 1916 should be amended. A minimum rate of 10 per cent and a maximum rate of 30 per cent should be prescribed for

property taxes in Municipal Boards. Buildings having annual rental value up to Rs.120, as may be resolved by the municipality, may be exempted from levy of the taxes. (Para 39 and 40).

18. Annual Rental Value is the basis of property taxation. The tax based on capital value has larger resource potential, but a change over from the existing system will present a number of serious problems. Besides, in urban areas as houses are rented more often than sold, rental value becomes easier to ascertain. We recommend that the present method of assessment based on the annual rental value should continue except in special cases where rental value cannot be ascertained. (Para 42).

19. At present the annual rental value of the property is determined by each local body with the help of an assessment officer and the staff under him. The assessee can file objection against the assessed value. The objections are heard by the executive committee or a sub-committee thereof. This committee can reduce, raise or uphold the proposed assessment. Finally, the valuation is authenticated by the chairman of the committee. The municipal staff deployed for preparing assessment list is not properly trained for the purpose. The committee which hears the objections is amenable to various pressures. All this results in gross under assessment. (Para 44 and 45).

20. To measure the extent of under assessment the Regional Centre of Research and Training in Municipal Administration, University of Lucknow (RCMA) conducted a sample survey within the Lucknow Corporation. The findings of the survey were:

(a) For properties under rent control, the committee reduced the assessment proposed by the assessment officer by 24.6 per cent. The R. C. M. A. estimated the under-assessment to the extent of 140.9 per cent.

(b) For buildings which were outside the purview of Rent Control Act, the committee reduced the assessment by 40.7 per cent. According to the estimates of the R. C. M. A., these should have been assessed at 180.5 per cent higher than the committee. (Para 46).

21. To curb the evil of under assessment a central valuation organization would appear necessary. It is learnt that the State Government has already taken a decision in this regard. The proposal of the State Government envisages an independent valuation organization headed by a chief valuation officer covering all Corporations and the Municipal Boards. We welcome the reported decision of the State Government but in order that the process may not become arbitrary, it is imperative that proper training is imparted to the assessing officer and staff of the local bodies in the technique of assessment. (Para 49 to 51).

22. The rents for the buildings under rent control have remained frozen. This limits the ability of the local bodies to increase tax receipts from such buildings. Since the cost of rendering the civic services is fast increasing, it should be justifiable to ask the tenants of rent control houses to bear an increased burden. The rent control in U. K. does not adversely effect the determination of annual value. We feel that there is adequate justification for determining the annual rental

value of such houses on the basis of their fair letting value and that the difference between the amount of property tax levied on the landlord and the amount which would be leviable on him if the said tax were calculated on the amount of controlled rent he receives should be borne by the occupier. If, however, the legal hitch in taking as reasonable annual value a base different from that of controlled rent proves insuperable, it should be possible to differentiate houses according to the year of construction and levy property taxes on this basis.

(Paras 53 to 57)

23. The Government of India is not paying property taxes in full. It pays only the service charges to the local body which varies from 33 per cent to 75 per cent according to the services provided. We think this to be unfair. We understand that the Government of India have drafted the 'Union Properties (Local Authorities Taxation) Bill, 1971' whereby Union properties would be liable to pay local taxes. We welcome this move and hope that it will be implemented soon.

(Para 58)

24. The State Government also pays service charges only in respect of some of the properties such as courts, jails etc. We recommended that the State Government should withdraw the partial exemption from property taxes granted to its properties.

(Para 59)

25. When a building is built, rebuilt or enlarged, the owner is required to give notice thereof to the corporation or the municipal board. A failure to do so is punishable under the U. P. Municipalities Act, 1916, but a similar provision does not exist in the Nagar Mahapalika Adhiniyam. We recommend that the provisions contained in sub-section (2) of section 148 of the Municipalities Act should be incorporated in the Nagar Mahapalika Adhiniyam also.

(Para 60)

26. The value of land in urban areas is rising at a rapid pace. This has come as a boon to speculators in real estate. A tax on vacant lands is being levied by the local bodies in a number of States. This potential source of revenue should be exploited in this State also. The main reason for taxing vacant lands would be to check unhealthy speculation in real estate in urban areas and ensure speedy use of land. We recommend that a tax should be imposed on vacant lands in urban areas at the rate of Rs.5 per one thousand sq. feet. Where the vacant land is appurtenant to a building, area in excess of twice the constructed area of the building should be subject to the tax. Where there is no building on the vacant land, tax should be levied on the entire area. The tax should, however, be levied after the physical availability of building material like cement etc. improves.

(Paras 61 to 64)

27. The position of demand, collection and arrears of property and service taxes is utterly unsatisfactory. In 1972-73, two fifths of the tax dues in corporations remained uncollected. In municipal boards the position was much worse.

It is disheartening that tax arrears should accumulate to this extent in a sphere where the tax evader can be easily traced and proceeded against. The Directorate of Local Bodies has given us several suggestions for improving collections. We agree with them that a penal interest rate should be charged on those who do not pay the tax in time and that norms should be prescribed for the collection staff and those collecting much less should be dealt with departmentally. Collection centres should be increased, if necessary. The facility of depositing municipal dues in the banks should be extended to the citizens. A vigorous collection drive should be launched.

(Paras 65 and 66)

28. Octroi accounts for more than one half of the tax revenues of local bodies, and accordingly occupies a pride of place in their finances. The income from octroi, terminal taxes and tolls increased from Rs.5.90 crores in 1961-62 to Rs.12.17 crores in 1971-72. In the latter year, octroi constituted 55.1 per cent of the total tax revenue. The buoyancy of octroi during the period was only 0.61.

(Paras 67 and 68)

29. A study of rates in the five corporations and some municipal boards reveals that there is wide variation in the rates. For instance, the rate of octroi on tea in Kanpur is only Rs.2 per quintal as against Rs.5.50 in Agra, and Rs.10 in Varanasi. One important reason for wide variation in rates is that only some of the corporations and municipal boards have revised their rates. Besides, octroi is being levied on the basis of the weight of the commodity, which renders it to be price inelastic. It is also levied at low rates in advalorem terms. We feel that if it is decided to continue octroi, the present rates should be raised to such an extent that when translated into advalorem rates, they range between half per cent and one per cent of the value of the commodity. We have indicated the rates which we consider suitable for levying octroi on some commodities and the State Government should prepare a standard schedule on these lines to serve as a guideline to the urban local bodies for amending their schedules.

(Paras 71 and 72)

30. Octroi is a tax on goods and animals brought within the limits of a local body either by rail or road transport for consumption, use or sale. Terminal taxes have, more or less, the same characteristics. Octroi is fundamentally an inequitable tax as it is not on entire consumption but only a part of it. The administration of this tax is cumbersome and vexatious. It slows down movement of goods. Octroi has been found to be an undesirable tax by almost every committee that examined its working in the past. The various committees have recommended that octroi should be abolished as soon as satisfactory arrangements were made for compensating the local bodies for the loss.

(Paras 74 to 76)

31. The views expressed by the representatives of local bodies are against the abolition of octroi. With very few exceptions, municipal boards that have replied to our questionnaire

have opposed the abolition of octroi. They contend that octroi is their major source of income and its regular and steady receipts help them to meet their day to day financial obligations. It was also urged before us that octroi being an indirect tax, no difficulties were encountered in its collection and the people did not feel its pinch. This shows how hard pressed the local bodies are, and how reluctant they are to lose even an objectionable source of revenue. Accepting its obnoxious nature, we agree with the conclusions reached by various committees that octroi should be abolished as soon as administratively feasible.

(Para 79)

32. The alternatives are: (a) municipal sales tax, (b) municipal surcharge on State sales tax, (c) surcharge on sales tax by State and (d) multi-point turnover tax. Both octroi and sales tax are indirect taxes. Sales tax makes no distinction between goods internally produced and goods brought from outside. It is an advalorem tax while octroi in U. P. is levied on the weight of the commodity. The sales tax is preferred as it does not hinder the free flow of trade within the State. The cost of collection of sales tax is also low as compared to octroi. The advantage of octroi is that by law and by convention, its coverage is much greater than sales tax, and it may prove productive for some local bodies which may not gain proportionately from a tax on consumption.

(Paras 81 to 83)

33. A municipal sales tax raises many practical difficulties. If the tax rate is not uniform for all local bodies, as is bound to happen, if it is meant to compensate loss from octroi, a situation may arise when the traders and customers try to shift their retail outlets and purchase centres outside the taxing unit. It can thus, be adopted with advantage by the bigger municipalities only, where there is little possibility of such evasion. It may also have to be selective. Majority of local Government in U. S. A. are levying a selective sales tax. In practice, it is levied on items like motor fuel, alcoholic beverages, tobacco products, gas and electricity.

(Paras 85 to 87)

34. A municipal surcharge on sales tax is simple to administer. A common tax base for all local bodies, identical to the tax base of sales tax in the State, can be introduced and the same agency can collect the State and local sales tax. The scheme is no doubt simple to administer but its drawback as an alternative to octroi is that sales tax is levied in this State at first point and is collected from wholesalers and importers. A surcharge would, thus, benefit bigger towns and smaller local bodies would gain less in proportion to their consumption.

(Paras 88 to 90)

35. In the corporations, revenue from octroi etc., in 1972-73 was 12.5 per cent of the sales tax receipts collected from the area. During 1969-70 to 1972-73, the receipts of sales tax increased by 55.5 per cent against the increase of 23.0 per cent in the income of octroi.

(Para 91)

36. The third alternative would be a uniform State surcharge on sales tax to replace octroi. The income of all urban local bodies from octroi in 1971-72 was Rs.12.17 crores; the corresponding

income from sales tax was Rs.64.96 crores. The proportional surcharge on sales tax, to make up the loss on account of the abolition of octroi, comes to 19 per cent. Such a high rate of surcharge would be at present out of question.

(Paras 93 and 94)

37. We, therefore, feel that the best alternative is to levy a turn over tax, which should be in tune with the existing sales tax structure in the State to facilitate collections by the same agency. In 1968, the Sales Tax Department estimated the total gross turnover for the State at Rs.1,000 crores. Since then the total turnover has increased considerably. A one per cent surcharge levied on that turnover would yield enough to compensate the local bodies for loss of octroi. The revenue would also grow faster than octroi.

(Para 95)

38. The local bodies which are at present levying octroi should be given the amount of their average net collection during the three years preceding the year in which octroi is abolished. For future years, the quantum of compensation must include the normal anticipated rise of octroi. For local bodies not levying octroi, they should be paid one fourth average *per capita* octroi proceeds to compensate them for the loss of their right to levy octroi. Every five years the position of the fund should be reviewed and the rate of the turnover tax should be adjusted.

(Para 96)

39. The total abolition of octroi etc., would constitute a major step and can be implemented after effecting the necessary amendments in law and after detailed administrative arrangements are worked out. Until the switchover, we suggest a partial abolition of octroi. The number of municipal boards deriving an income of less than Rs.5.00 lakhs from octroi, terminal taxes and tolls in 1971-72 was 99 and their income from octroi etc. in 1973-74 is estimated at Rs.2.49 crores. Adding up the income of Rs.0.99 crores of the town area/notified area committees, the local bodies will have to be compensated to the tune of Rs.3.48 crores. We recommend the abolition of octroi in those local bodies. The State Government should compensate them for the loss for a period of five years, and the determined compensation should be paid in quarterly instalments, each in the beginning of the quarter. The position should be reviewed at the end of five years. The compensatory grant should be met by the State Government from the additional revenues which would accrue to it as a result of implementing the proposals made by this committee.

(Para 97)

40. Our recommendation for abolition of octroi etc. will not apply to the passenger tax collected at pilgrim centres and in some hill stations, as well as the collection of tolls on vehicles for the purpose of recovering the capital cost of new large works, such as bridges on rivers etc.

(Para 98)

41. From April 1, 1966 the U. P. Government levied a tax on professions, trades, callings and employments on a graduated slab system. The

revenue derived from the source was Rs.176 lakhs in 1970-71. Because of the ease of collection and assessment, the main burden of the tax fell on salaried classes. Among the employees also, those in the organised sectors became more liable. The tax was later on dropped on the recommendations of the Taxation Enquiry Committee, 1968, which was of the view that this tax should be left for utilisation by the local bodies.

(Paras 99 to 101)

42. The urban local bodies are empowered to levy the tax under the respective municipal laws. Only two of the five corporations were levying the tax and they derived a nominal amount from the source. The income derived by the 11 municipal boards levying the tax was less than Rupees one lakh. The local bodies do not appear to have taken any advantage of State withdrawal from the field. We, accordingly, recommend that the State Government should levy the tax, but the proceeds should be distributed to the local bodies.

(Paras 102 and 103)

43. If properly administered, the tax should become an important source of revenue. It must broadly embrace all similarly situated people. With a low tax ceiling of Rs.250 per annum, it is not worthwhile for the State to set up an elaborate machinery for administering it. It should be levied as a sort of license tax. In regard to persons getting fixed emoluments, the tax should be deducted at source by the employer. In respect having an annual turnover of more than Rs.12,000 and should be collected by the Sales Tax Department. From persons engaged in professions such as lawyers, doctors etc., the tax should be realised at specified rates in the form of a licence fee.

(Paras 104 and 105)

44. We have suggested a schedule for levying the tax by the State Government. In respect of salaried classes, we have proposed uniform rates irrespective of the class of local body wherein the person resides. For traders and businessmen, we have suggested four slabs of income for determining the amount of tax. In regard to selfemployed persons, we have suggested lower rates for smaller local bodies, and higher rates for corporations and municipal boards. We estimate that the State would derive a revenue of Rs.8.07 crores from the source. We recommend that the tax proceeds should be distributed among the local bodies on the basis of origin.

(Paras 106 and 107)

45. Tax on vehicles other than mechanically propelled and on animals is compulsory in the case of corporations. The receipts from the source have remained more or less stationary. In municipal boards, the tax is optional, and in 1971-72 only 77 out of 155 municipal boards were levying the tax. It was noticed that the rates of tax varied widely. In some of the municipal boards, the rate schedules prepared more than 3 decades back were in force. It is imperative that the rates are revised by the municipal boards and it would be appropriate for the State Government to specify minimum and maximum rates according to the class and type of urban local body.

(Paras 108 to 111)

46. In recent years there has been a marked increase in the receipts from theatre and show tax levied by the corporations. The cost of services rendered to the places of entertainment has since increased substantially. It is, therefore, suggested that a uniform rate of Rs.20 per show for grade I and Rs.10 per show for grade II cinemas may be levied in all corporations and class I municipal boards. For the remaining municipalities, it should be Rs.10 and Rs.5 for grade I and grade II cinemas respectively.

(Paras 112 and 113)

47. Advertisement tax can be levied by the corporations and with the approval of the Government, by the municipalities also. At present this tax is being levied by all corporations except Agra. The revenue from this source is showing a rising trend which is likely to continue. In corporations, the rates have a wide variation in some cases. It is recommended that all the municipal boards should also be empowered to levy this tax. Corporations with lower rates should explore the possibility of raising them.

(Paras 114 to 116)

48. The existing procedure for imposition or alteration of taxes is quite cumbersome. In course of their evidence before the committee, the representatives of the local bodies complained of protracted delay on the part of State Government to accord sanction to the fresh proposals of taxation or for revision of rates. In some cases it took nearly 3 to 4 years to revise the schedules. We, therefore, feel that the procedure should be simplified. The State Government should prescribe the minimum and maximum rates of the compulsory and important optional taxes and frame guidelines for the local bodies. Within those rates, the local bodies should be left free to decide the precise rates of levying a tax. They should need permission of the State Government only if reduction was proposed in the current rate of any tax.

(Para 117)

49. The non-tax revenues in the past contributed substantial amounts to the local funds but now its relative share towards the total income of the local bodies has considerably declined. The revenue from non-tax sources consists of tehbazari, licence fee, income from municipal property, nazul land, fines etc. We find wide variations in the rates of licence fees in different municipal boards. In some municipal boards, the rates have not been revised over a long period of time. This is the main reason that the income from non-tax sources has remained practically stagnant. We feel that there is enough scope for upward revision of the Schedule rates of licence fees for which the State Government should give guidelines by specifying the minimum and maximum rates for each class of urban local body. We further recommend that these rates should be revised once in every five years.

(Paras 118 and 119)

50. An entertainment tax has a distinct local basis. We find that in a number of States the proceeds of entertainment tax are allocated to the local bodies. We recommend that 50 per cent of the revenue from entertainment tax should

be given as grant to the local bodies, on the basis of collections made from the cinemas and theatres within the jurisdiction of the local bodies.

(Para 120)

#### B—RURAL LOCAL BODIES

51. The rural local-self-Government in U. P. has a three tier system. The unit of administration at the village level is gaon panchayat which is the executive committee of the gaon sabha. The gaon sabha is constituted for a village or group of villages. The unit at block or khand level is the Kshetra Samiti. The unit at the district level is Zila Parishad. At present there are 55 Zila Parishads, 875 Kshetra Samitis and 72,834 gaon panchayats in the State.

(Para 122)

52. The functions entrusted to erstwhile district boards were similar to those made over to municipalities. These functions continued almost without change till the establishment of Antarim Zila Parishads in 1958, constituted into Zila Parishads under the U. P. Kshetra Samitis and Zila Parishads Adhiniyam, 1961. The functions of the Zila Parishad extend over a large field including animal husbandry, village industries, medical and public health, education, public works, relief work and planning. The functions of Kshetra Samitis cover agriculture, co-operation, minor irrigation and animal husbandry etc. The functions of gaon panchayats are construction and maintenance of public streets, medical relief, public health and sanitation, primary education, construction and regulation of sources of drinking water and assisting development of agriculture, commerce and industry.

(Paras 124 to 126)

53. The taxation powers of gaon panchayat include the levy of a tax on land not exceeding 25 paise in a rupee on the amount of land revenue, a tax on theatre etc., tax on animals and vehicles, tax on persons exposing goods for sale in markets, fees on the registration of animals sold in markets, fees for the use of slaughter houses, a water rate and a tax for cleaning private latrines and drains. Kshetra Samitis have not been given any powers of taxation, but they have been authorised to charge fees for the use or occupation of immovable property vesting in the samiti and to impose certain specified licence fees with the permission of the Government. Zila Parishads have been empowered to levy a tax on circumstances and property and also any other tax which the State Legislature can impose in the State.

(Paras 132 to 134)

54. In 1968-69 the total income of panchayats was Rs.281.11 lakhs, which declined to Rs.232.70 lakhs in 1972-73. The tax revenue slightly increased during the period but the non-tax revenue registered a fall of 34.3 per cent. The grants-in-aid varied between 43 lakhs to 48 lakhs.

(Paras 136 and 137)

55. In U. P., the problem of inadequacy of finances is acute in the case of rural local bodies. The average income of a gaon panchayat is nearly Rs.320 per year. The position of panchayats in some other States is better. In Maharashtra, the entire amount of ordinary land reve-

nue is transferred to the panchayats by the State. In Gujarat also, the entire land revenue is transferred to the Panchayat Raj Institutions.

(Para 139)

56. In U. P. Panchayat Raj Act, 1947, there is no provision for imposition of a tax on buildings. In Rajasthan, the panchayats have been authorised to levy a house tax, although it is not obligatory. In Tamilnadu the levy of house tax is obligatory on panchayats subject to the maximum and minimum rates laid down by the Government. The State Government also pays a village house-tax-matching-grant. Recognising the dire need of the gaon panchayats for additional resources, we recommend that the gaon panchayats should be empowered to levy a house tax on pucca houses. As the houses in rural areas are seldom let out on rent, the house tax should be determined on the basis of capital value and levied at rates varying from 0.25 to 1.00 per cent of the capital value. We further recommend that the State Government should give a house-tax-matching-grant to the panchayats, which should be equal to the house tax collected by them.

(Para 140)

57. In Tamilnadu, the panchayat unions levy a local cess at a uniform rate of 45 paise in a rupee of land revenue. In Maharashtra, the State Government levied a cess at the rate of 20 paise on every rupee of land revenue, which rate could be increased upto 100 paise on every rupee if the village panchayat passed a resolution. We recommend that the gaon panchayats in U. P. should be empowered to levy tax on land up to 50 paise in a rupee on the amount of land revenue payable therefore, and that section 37 of the U. P. Panchayat Raj Act, 1947 should be amended accordingly. We estimate the additional revenue that could accrue to the panchayats as a result of implementing the proposal at Rs.5.00 crores.

(Para 141)

58. We recommend that the levy of tax on animals and vehicles other than mechanically propelled vehicles kept within the area of the gaon sabha and plied for hire, should also be made obligatory for the gaon panchayat. They should further be empowered to levy a cycle tax. The licensing and regulatory powers of gaon panchayats should be widened to enable them to earn additional revenues by way of licence fees.

(Para 142)

59. The income of Zila Parishad in 1969-70 was Rs.36.71 crores. 87.9 per cent of that income was from grants-in-aid, 4.0 per cent from taxes, and 8.1 per cent from non-tax revenue. The finances of the Zila Parishads are mostly dependent on Government grants.

(Paras 144 and 145)

60. All the Zila Parishads, that have replied to the questionnaire, have expressed the view that the sources of revenue assigned to them are not adequate.\* The main source of tax revenue of Zila Parishads is the circumstances and property tax. Only 29 Zila Parishads are levying the tax, their total income from this source being

Rs.72.31 lakhs in 1971-72. In view of the provisions contained in the Constitution, only those Zila Parishads which were levying the tax before the adoption of the Constitution are allowed to impose it. Further they are not permitted to enhance the rates.

(Paras 146 and 147)

61. We find that the circumstances and property tax is now almost a defunct tax. Its administration is cumbersome and the cost of collection of the tax in some of the Zila Parishads is as high as 50 per cent. We, therefore, recommend that this tax should be abolished and the Zila Parishads should get a share from tax on professions, trades, callings and employments levied by the State Government. We have suggested in Appendix 'A' the rates at which the tax on professions etc. should be levied in the jurisdiction of the Zila Parishads. In respect of self employed persons, we have suggested the rates for Zila Parishads as different from those for other local bodies, but we have suggested the same rates in regard to salaried classes and the traders and businessmen.

(Para 150)

62. In the course of our enquiry we were greatly handicapped by the paucity of statistical data pertaining to urban local bodies. The position regarding financial statistics of rural local bodies is even more unsatisfactory. It is imperative for local tax purposes that data regarding different taxes levied by local bodies including their proceeds, rate, coverage, concessions etc. are available with a minimum time lag at a central place. We recommend that to begin with a properly staffed statistical unit be established in the Directorate of Local Bodies for this purpose. For the rural local bodies, a similar unit may be established in the Panchayat Raj Directorate.

(Para 151)

#### APPENDIX 'A'

Rates for levy of Tax on Professions, Trades and Callings in Urban and Rural Local bodies

(A) For salaried classes on the basis of their annual total gross income

Sl. no.	Where the annual salary income	Annual tax payable
1	2	3
		Rs.
1	exceeds Rs.3,600 but does not exceed Rs.6,000	50
2	exceeds Rs.6,000 but does not exceed Rs.12,000	100
3	exceeds Rs.12,000 but does not exceed Rs.20,000	200
4	exceeds Rs.20,000	250

(B) For self employed persons Rates of tax (Annual)

Type of Profession	Rates of tax (Annual)	
	Corporations and class I, and II Municipal Boards	Other Urban Local Bodies and Zila Parishads
	2	3
1. Architects, Engineers and Technologists.	200	100
2. Contractors and Auctioneers	200	100

	1	2	3
3. Physicians and Surgeons—			
(a) Allopathic		200	100
(b) Ayurvedic		100	50
(c) Unani		100	50
(d) Homeopathic		100	50
4. Naturopaths		50	25
5. Dental Surgeons		100	50
6. Professional Nurses		50	25
7. Midwives		20	10
8. Legal Practitioners		200	100
9. Automobile repairs and Servicing		100	50
10. Money lenders and bankers		200	100
11. Dyers, Dry Cleaners and Launderers.		100	50
12. Photographers		100	50
13. Hair dressing saloons		50	25
14. Tailoring shops		50	25
15. Actuary, cost and work accounts		200	100
16. Sales representatives and Medical representatives.		100	50
17. Travel agents		100	50
18. All income tax payers not covered otherwise.		150	75

C. For traders and businessmen having an annual turnover of Rs.12,000 and above

Sl. No.	Where the annual gross turnover	Annual tax payable
1	2	3
1	exceeds Rs.12,000 but does not exceed Rs.50,000	50
2	exceeds Rs.50,000 but does not exceed Rs.1,00,000	100
3	exceeds Rs.1,00,000 but does not exceed Rs.2,00,000	200
4	Above Rs.2,00,000	250

#### (CHAPTER XI)

##### List of Annexures

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Annexure	Position of demand, collection and arrears of property and service taxes in Municipal Boards—classwise.	ANNEXURE 2 <i>Duties and powers of the Mahapalika</i>
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Annexure 16	Schedule of octroi rates of certain important commodities in seven Municipal Boards in U. P.	Obligatory duties of the Mahapalika. It shall be incumbent on the Mahapalika to make reasonable and adequate provision, by any means or measures which it is lawfully competent to it to use or to take, for each of the following matters, namely,—
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Annexure 18	Cost of collection of octroi, terminal and toll tax in the Municipal Corporations 1968-69 to 1972-73.	(ii) the naming or numbering of streets and of public places vesting in the Mahapalika and the numbering of premises;
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Annexure 22	Schedule of Rates of Taxes on Vehicles and animals in KAVAI Towns of Uttar Pradesh.	(vi) supplying, constructing and maintaining in accordance with the general system approved by the Mahapalika receptacles, fittings pipes and other appliances whatsoever on or for the use of premises for receiving and conducting the sewage thereof into drains under the control of the Mahapalika;
Annexure 23	Schedule of Tax on Advertisement—Kanpur, Allahabad, Varanasi and Lucknow.	(vii) the management and maintenance of all Mahapalika waterworks and the construction or acquisition of new works necessary for a sufficient supply of water for public and private purposes;
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Annexure 25	Position of demand, arrear and collection of Panchayat Tax in U. P. (1960-61 to 1973-74).	(ix) the lighting of public streets, Mahapalika markets and public buildings and other public places vested in the Mahapalika;
Annexure 26	Income of Zila Parishads in U. P. (1969-70 to 1971-72).	(x) the establishment, maintenance or supports of public hospitals and dispensaries including hospitals for the isolation and treatment of persons suffering or suspected to be infected with a contagious or infectious disease and carrying out other measures necessary for public medical relief;
Annexure 27	Ordinary income and revenue expenditure of Zila Parishads in U. P. (1968-69 to 1972-73).	(xi) preventing and checking the spread of contagious, infectious and dangerous diseases;

## ANNEXURE I

Number of Local Bodies in Uttar Pradesh according to types of Local Bodies and their population according to 1971 Census:

Types of Body	Number of bodies	Population in thousands	Average population per body in thousand	Population in col. 3 as percent of total population of Urban L. B.
1 Municipal Corporations	5	3570	714	26.5
2 Municipal Boards	168	7132	42	53.1
Class I	43	4268	99	31.8
Class II	36	1362	38	10.1
Class III	41	894	22	6.7
Class IV	48	608	13	4.5
3 Notified Area Committees	45	480*	11	3.6
4 Town Area Committees	323	2257*	7	16.8
5 Zila Parishads	55	74902*	1387	—
6 Kshettra Samities	875	74902*	86	—
7 Gaon Panchayats	72834	74902*	1	—

\*Estimated.

NOTE—(Population of 1 NAG and 14 TACs have been estimated as 1971 Census population figures could not be available).

Source: 1971 Census—Paper I of 1972 published by Registrar General, India and the Directorate of Census Operations, U. P.

(xviii) the reclamation of unhealthy localities, the removal of noxious vegetation and generally the abatement of all nuisances;

(xix) the regulation and abatement of offensive and dangerous trades, callings or practices including prostitution;

(xx) the maintenance, fixing and regulation of places for the disposal of the dead and the provision of new places for the said purpose and disposing of unclaimed dead bodies or aiding within its means any arrangement made with the same objects by an other institution;

(xxi) the construction and maintenance of public markets and slaughter houses and the regulation of all markets and slaughter-houses;

(xxii) the securing or removal of dangerous buildings and places ;

(xxiii) maintaining hydrants and rendering such assistance, including the maintaining or managing of a fire bridge in extinguishing fires and protecting life and property when fires occur, as the State Government may by general or special order direct from time to time ;

(xxiv) the removal of obstructions and projections in or upon streets, bridges and other public places ;

(xxv) establishing, maintaining, aiding and suitably accommodating schools for primary education including nursery education ;

(xxvi) establishing and maintaining or granting aid to institutions of physical culture ;

(xxvii) maintaining or contributing to the maintenance of veterinary hospitals ;

(xxviii) the construction or acquisition and maintenance of cattle-pounds ;

(xxix) the construction, maintenance, alteration and improvement of public streets, bridges, sub-ways, culverts, causeways, and the like ;

(xxx) planting and maintaining trees on road sides and other public places ;

(xxxii) regulation of traffic and provision of traffic signs ;

(xxxiii) assisting by constructing and maintaining residential quarters, by giving loans in the proper housing of Mahapalika conservancy staff and all sections of working classes ;

(xxxiiii) town planning and improvement including slum clearance and preparation and execution of housing schemes and laying out of new streets ;

(xxxv) maintaining and developing the value of property vested in, or entrusted to the management of the Mahapalika ;

(xxxvi) the maintenance of a Mahapalika office and of all public monuments and open space and other property vesting in the Mahapalika ;

(xxxvii) the issue of a Bulletin reporting proceedings or substance of proceedings of the Mahapalika and of its committees and giving other information about the activities of the Mahapalika ;

(xxxviii) prompt attention to official letters and preparation and submission of such return, statements and reports as the State Government requires the Mahapalika to submit ; and

(xxxix) fulfilment of any obligation imposed by or under the Act or any other law for the time being in force.

Section 115. *Discretionary duties of Mahapalika*—The Mahapalika may, in its discretion, provide from time to time, either wholly or partly, for all or any of the following matters namely :

(i) the organization, maintenance or management of institutions including lunatic asylums, leper homes, orphanages and rescue homes for women, within or without the City for the care of persons who are infirm, sick or incurable ; or for the care and training of blind, deaf, mute, or otherwise disabled persons or of handicapped children ;

(ii) the provision of milk to expectant or nursing mothers or infants or school children ;

(iii) Swimming pools, public wash houses, bathing places and other institutions designed for the improvement and construction of bathing ghats on river banks.

(iv) dairies or farms within or without the City for the supply, distribution and processing of milk or milk products for the benefit of the residents of the City ;

(v) the construction and maintenance in public streets or places of drinking fountains or drinking sheds or stand-posts for human beings and water troughs for animals ;

(vi) encouraging music and other fine arts and providing music in public place or places of public resort ;

(vii) the making grants to educational and cultural institutions situated within and outside the City ;

(viii) the provision of public parks, gardens, play grounds and recreation-grounds installing statues and beautifying the City ;

(ix) the holding of exhibitions, athletics or games ;

(x) the regulation of lodging houses, camping grounds and rest-houses in the City ;

(xi) the construction, establishment and maintenance of theatres, rest-houses and other public buildings ;

(xii) the organization or maintenance, in times of scarcity, of shops or stalls for the sale of necessaries of life ;

(xiii) the building or purchase and maintenance of dwellings for Mahapalika officers and servants ;

(xiv) the grant of loans for building purposes to Mahapalika servants on such terms and subject to such conditions as may be prescribed by the Mahapalika ;

(xv) any other measures for the welfare of Mahapalika servants or any class of them ;

(xvi) with the State Government's previous sanction, the purchase of any undertaking for the supply of electrical energy or gas or the starting or subsidizing of any such undertaking which may be in the general interest of the public ;

(xvii) with the State Government's previous sanction the construction, purchase, organization, maintenance or management of tramways, trackless trams or motor transport facilities for the conveyance of the public or goods within or without the City ;

(xviii) the furtherance of educational objects other than those mentioned in clause (xxv) of Section 114 and making grants to educational institutions within or without the City ;

(xix) the establishment and maintenance or the aiding of libraries, museums and art galleries, botanical or zoological collections and the purchase or construction of buildings therefor ;

(xx) construction, establishment, maintenance or contributions to the maintenance of baths, bathing ghats, washing places, tanks, wells, dams and other works of public utility ;

(xxi) the construction or maintenance of infirmaries or hospitals for animals ;

(xxii) the destruction of birds or animals causing a nuisance or of vermin, and the confinement or destruction of stray or ownerless dogs ;

(xxiii) contributions towards any public fund raised for the relief of human suffering within the City or for the public welfare ;

(xxiv) presentation of civic addresses and holding of civic receptions ;

(xxv) the acquisition and maintenance of grazing grounds and the establishment and maintenance of a breeding stud ;

(xxvi) grant of loans or other facilities to any person, society or institution interested in the provision of dwellings or the execution of house schemes ;

(xxvii) the provision of poor relief ;

(xxviii) the building or purchase and maintenance of gaushalas and of sanitary stables of horses, ponies or cattle used in hackney carriages or cart ;

(xxix) surveys of buildings or land ;

(xxx) relief measures to meet any calamity affecting the public in the City ;

(xxxi) the adoption of any measure likely to promote the public safety, health or convenience other than a measure specified in section 114 or in the other clauses of this section ;

(xxxii) subject to the provision in the budget, the making of a contribution towards any public ceremony or entertainment in the City.

(xxxiii) the establishment and maintenance of tourist bureau ;

(xxxiv) the establishment and maintenance of a press and workshop for Mahapalika work as also for undertaking private work on charges in spare time ;

(xxxv) making arrangement for preparation of compost manure from nightsoil and rubbish ;

(xxxvi) taking measures to promote trade and industry and establishing a Mahapalika bank ;

(xxxvii) establishing Labour Welfare Centres for its employees and subsidizing the activities of any association, union or club of such employees by grant or loan for its general advancement ;

(xxxviii) organizing or contributing to municipal board unions.

(xxxix) making provision for removal of social disabilities of Scheduled Castes and Backward Classes ;

(xl) taking measures for the control and relief of beggary ;

(xli) with the previous sanction of the State Government the setting up and maintenance of a Mahapalika police force for taking over and discharging such police duties and in such manner as may be prescribed ;

(xlii) with previous sanction of the State Government the undertaking of any commercial duty providing or promoting amenity or employment or removing unemployment ;

(xliii) the doing of anything whereupon expenditure is declared by the State Government or by the Mahapalika with the sanction of the State Government to be an appropriate charge on the Mahapalika fund :

Provided that the State Government may in respect of any Mahapalika or all Mahapalikas by notification in the official *Gazette*, declare any of the functions mentioned in this section to be a duty of the Mahapalika or all Mahapalikas and thereupon the provisions of this Act shall apply thereto as if it had been a duty imposed by section 11A.

### ANNEXURE 3

#### *Duties of Municipal Board*

##### *Section 7 of the U. P. Municipalities Act, 1916*

(1) It shall be the duty of every board to make reasonable provision within the municipality for—

(a) lighting public streets and places ;

(b) watering public streets and places ;

(bb) making a survey, and erection of boundary marks, of the municipality ;

(c) cleaning public streets, places and drains, removing noxious vegetation, and abating all public nuisances ;

(d) regulating offensive, dangerous or obnoxious trades, callings or practices ;

(dd) confinement, removal or destruction of stray dogs and dangerous animals ;

(e) removing, on the ground of public safety, health or convenience, undesirable obstructions and projections in streets or public places ;

(f) securing or removing dangerous buildings or places,

(g) acquiring, maintaining, changing and regulating places for the disposal of the dead (and making arrangement for the disposal of unclaimed dead bodies after ascertaining from the police in writing that there is no objection to do so ;

(h) constructing, altering and maintaining public streets, culverts, markets, slaughter houses, latrines, privies, urinals, drains, drainage works and sewerage works ;

(hh) reclaiming unhealthy localities ;

(i) planting and maintaining trees on road sides and other public places ;

(j) providing a sufficient supply of pure and wholesome water where the health of the inhabitants is endangered by the insufficiency or unwholesomeness of the existing supply, guarding from pollution water used for human consumption and preventing polluted water from being so used ;

(jj) maintaining in addition to any other source of water supply, public wells, if any, in working condition, guarding from pollution their water and keeping it fit for human consumption ;

(k) registering births and deaths ;

(l) establishing and maintaining a system of public vaccination ;

(m) establishing, maintaining or supporting public hospitals and dispensaries, and providing public medical relief ;

(mm) establishing and maintaining maternity centres and child welfare clinics ;

(n) maintaining or contributing to the maintenance of veterinary hospitals ;

(nn) establishing and maintaining or granting aid to institutions of physical culture ;

(o) establishing and maintaining primary schools ;

(p) rendering assistance in extinguishing fires and protecting life and property when fires occur ;

(q) protecting, maintaining and developing the property vested in, or entrusted to the management of the board ;

(qq) maintaining the finances of the board in satisfactory condition and meeting its liabilities ;

(r) prompt attention to official letters and preparation of such returns, statements and reports as the State Government requires the board to submit ; and

(s) fulfilling any obligation imposed by law upon it.

#### *Discretionary functions of Boards*

Section 8 of the U. P. Municipalities Act, 1916—

(1) A board may make provision, within the limits of the municipality, and with the sanction, of the Prescribed Authority outside such limits for—

(a) laying out, in areas whether previously built upon or not, new public streets and acquiring land for that purpose and for the construction of buildings, and their compounds, to about on such streets ;

(aa) preparing and executing Master Plan ;

(b) constructing, establishing, maintaining or contributing to the maintenance of public parks, gardens, libraries, museums, reading rooms, radio receiving stations, lepers, homes, orphanages, baby folds and rescue homes for women, lunatic asylums, halls, offices, dharmashalas, rest-houses, encamping-grounds, poorhouses, dairies, baths, bathing ghats washing places, drinking fountains tanks, wells, dams and other works of public utility ;

(c) \* \* \*

(d) furthering educational objects by measures other than the establishment and maintenance of primary schools ;

(e) taking a census, and granting rewards for information which may tend to secure the correct registration of vital statistics ;

(ee) granting rewards for information leading to the detection of evasion of tax imposed under this Act, or the detection of the causing of injury to or encroachment on property vested in or entrusted to the management and control of the board ;

(f) \* \* \*

(g) giving relief, on the occurrence of local calamities, by the establishment and maintenance of relief works or otherwise ;

(h) \* \* \*

(i) securing or assisting to secure suitable places for the carrying on of any trade or manufacture mentioned under sub-head (a) of heading G of section 298 ;

(j) establishing and maintaining a farm or factory for the disposal of sewage ;

(jj) making arrangements for preparation of compost manure from nightsoil and rubbish ;

(k) constructing, subsidizing or guaranteeing tramways, rail-roads or other means of locomotion and electric or gas lighting or electric or gas power works ;

(kk) promoting tourist traffic ;

(l) holding fairs and exhibitions ;

(ll) preparing and executing house and Town Planning Schemes ;

(lll) taking measures to promote trade and industry ;

(llll) supply of milk ;

(l) establishing Labour Welfare Centres for its employees and subsidizing the activities of any association, union or club of such employees by grant of loan, for its general advancement;

(ll) organising or contributing to Municipal Board Unions;

(m) adopting any measure, other than a measure specified in Section 7 or in the foregoing provisions of this section, likely to promote the public safety, health, or convenience;

(mm) removing social disability of Scheduled Castes and Backward Classes in such manner as may be prescribed;

(mmm) taking measures for the control of beggary;

(n) the doing of anything whereon expenditure is declared by the State Government or by the board with the sanction in the case of cities of the State Government, and in the case of the Municipalities of the Prescribed Authority to be an appropriate charge on the Municipal fund;

Provided that the State Government may in respect of any municipality or all municipalities, by notification in the official Gazette, declare any of the functions mentioned in this section to be a duty of the board or boards concerned and thereupon the provisions of this Act shall apply thereto as if it had been a duty imposed by section 7.

(2) A board may make provision for the extension beyond the limits of the municipality of the benefits of any municipal undertaking;

Provided that no provision shall be made for the extension of the benefits of a municipal undertaking for the supply of water to any local area which comprises or contains the whole or a portion of a cantonment without the previous sanction of the Central Government.

(3) \* \* \*

#### ANNEXURE 4

#### TAXATION POWERS OF LOCAL BODIES

##### 1. Corporations

*The U. P. Nagar Mahapalika Adhiniyam, 1959. Section 172.*—(1) For the purposes of this Act and subject to the provisions thereof and of Article 285 of the Constitution of India the Mahapalika shall impose the following taxes, namely:

(a) property taxes.

(b) a tax on vehicles other than mechanically propelled vehicles and other conveyances plying for hire or kept within the city or on boats moored therein.

(c) a tax on animals used for riding, driving, draught or burden, when kept within the city.

(2) In addition to the taxes specified in sub-section (1) the Mahapalika may for the purposes of this Act and subject to the provisions thereof impose any of the following taxes, namely

(a) a tax on trades, calling and professions and holding of public or private appointment.

(b) an octroi on goods or animals brought within the city for consumption, use or sale therein;

(c) a tax on goods exported from or imported into the city in which an octroi was in force at the commencement of the Constitution of India;

(d) a toll on vehicles and other conveyances and animals and laden coolies entering the city;

(e) a tax on dogs kept within the city;

(f) a betterment tax;

(g) a tax on deeds of transfer of immovable property situated within the city;

(h) a tax on advertisements not being advertisements published in newspapers;

(i) a theatre tax; and

(j) any other tax which the State Legislature has the power under the Constitution of India to impose in the State;

Provided that octroi on goods under Cl. (b) and a tax under Cl. (e) shall not be levied at the same time.

##### 2. Municipalities

*The U. P. Municipalities Act, 1916. Section 128.*—(1) Subject to any general rules or special orders of the State Government in this behalf, the taxes which a board may impose in the whole or any part of a municipality are:

(i) a tax on the annual value of buildings or lands or of both;

(ii) a tax on trades and callings carried on within the municipal limits and serving special advantages from or imposing special burdens on municipal services;

(iii) a tax on trades, callings and vocations including all employments remunerated by salary or fees;

(iv) (a) a theatre tax which means a tax on amusements or entertainments;

(v) a tax on vehicles and other conveyances plying for hire or kept within the municipality or on boats moored therein;

(vi) a tax on dogs kept within the municipality;

(vii) a tax on dogs kept within the municipality; draught or burden, when kept within the municipality;

(viii) a toll on vehicles and other conveyances, animals and laden coolies entering the municipality;

(ix) an octroi on goods or animals brought within the municipality for consumption, use or sale therein;

(x) a tax on inhabitances assessed according to their circumstances and property;

(xi) a water-tax on the annual value of buildings or lands or of both;

(x-a) a drainage tax on the annual value of buildings leviable on such buildings as are situated within a distance to be fixed by rule in this behalf for each municipality from the nearest sewer line;

(xii) a scavenging tax;

(xiii) a conservancy tax for the collection, removal and disposal of excrementitious and polluted matter from privies, urinals, and cesspools;

(xiv) a tax on goods imported into, or exported from any municipality on which an octroi was in force on the sixth day of July, 1917, or with the previous sanction of the Central Government, any other municipality;

(xv) (\* \* \*)

(xvi) a tax on deeds of transfer of immovable property situated within the limits of the municipality;

(xvii) any other tax which the State Legislature has power to impose in the State under the Constitution;

##### 3. Notified Areas

*The U. P. Municipalities Act, 1916. Section 98B.*—(1) The State Government may by notification—

(a) \* \* \*

(b) impose in the whole or part of such area, any tax which might be imposed therein under the provisions of this or any other Act, if the said area were a municipality;

(c) \* \* \*

##### 4. Town Areas

*The U. P. Town Areas Act, 1914. Section 14.*—(1) Subject to any general rules or special orders of the State Government in this behalf the taxes which a committee may impose are the following:

(a) \* \* \*

(b) \* \* \*

(c) \* \* \*

(d) a tax on trades, callings or professions not exceeding such rates as may be prescribed.

(e) a tax upon a building payable by the owner thereof not exceeding such rate as may be prescribed provided that such owner is not already assessed under (a), (b), or (c) above;

(f) a tax on person assessed according to their circumstances and property not exceeding such rate and subject to such limitations and restrictions as may be prescribed;

(g) any other tax, being one of the taxes mentioned in sub-section (1) of section 128 of the U. P. Municipalities Act, 1916.

5. Zila Parishads

*The U. P. Kshetra Samities and Zila Parishads Adhinyam, 1961. Section 119.*—(1) The taxes which the Zila Parishad may impose or continue the imposition of for the purpose of this Act shall be the following, namely:

(a) a tax on Circumstances and Property;

(b) any other tax which the State Legislature has the power under the Constitution of India, including Article 277 thereof to impose in the State and of which imposition by the Zila Parishad has been authorised by the State Government.

6. Gaon Sabha and Gaon Panchayats

*The U. P. Panchayat Raj Act, 1947. Section 37.*—(1) Subject to the rules made or directions given or restrictions imposed by the State Government, a Gaon Sabha may levy—

(a) In areas where the rights, title and interest of intermediaries have been acquired under section 4 of the U. P. Zamindari Abolition and Land Reforms Act, 1950, a tax on land exceeding twenty-five paise in a rupee on the amount of land revenue payable thereof:

Provided that where the land is in the actual cultivation of a person other than the person liable to pay land revenue thereof, the tax shall be payable by the person in actual cultivation;

(b) in areas other than those referred to in clause (a) a tax on rent not exceeding twenty-five paise in a rupee on the amount of rent payable by a tenant by whatever name called, under the law in force relating to land tenures:

Provided that where the land is in the actual cultivation of the person liable to pay land revenue thereof, the tax shall not exceed 25 paise in a rupee on the amount of land revenue for such land;

(c) a tax on theatre, cinema or similar entertainment temporarily stationed in the area of the Gaon Sabha, not exceeding five rupees per diem:

Provided that in the case of theatre, cinema or similar entertainment temporarily stationed in the area of the Gaon Sabha, a tax not exceeding five rupees per diem may be levied;

(d) a tax payable by the owner thereof on animals and vehicles other than mechanically propelled vehicles kept within the area of the Gaon Sabha and plied for hire, at the rate—

(i) in the case of animals, not exceeding three rupees per animal per annum;

(ii) in the case of vehicles, not exceeding six rupees per vehicle per annum;

(e) a tax on persons, not being persons assessed to tax under clause (c), exposing goods for sale in markets, hats, or melas belonging to or under the control of the Gaon Sabha concerned;

(f) fees on the registration of animals sold in any market or place belonging to or under the control of the Gaon Sabha;

(g) fees for the use of slaughter-houses and encamping grounds;

(h) water rate where water for domestic consumption is supplied by the Gaon Sabha;

(i) a tax for cleaning private latrines and drains payable by the owners or occupiers of the houses to which the private latrine or drain is attached with such cleaning is done through the agency of the Gaon Sabha;

(j) Deleted by U. P. Act 33 of 1961; and

(k) an irrigation rate where water for irrigation purpose is supplied by the Gaon Sabha from any small irrigation project constructed or maintained by it.

(2) The taxes, rates and fees under sub-section (1) shall be imposed, assessed and realized in such manner and at such times as may be prescribed.

ANNEXURE 5

Census Houses and the uses to which they are put—1961 and 1971

Occupied census houses used as

Name of city	Total Census houses (No.)	Census houses vacant at the time of house listing	Residence	Shop-cum-Residence	Workshop cum-residence including h/h industry	Hotels, Sarais, Dharamshala, Tourist homes, etc.	Shops including eating houses	Business houses and offices	Factories, workshop and workshed	Restaurants, sweetmeat shop and eating places	Places of entertainment and Com. gathering, Panchayatghar, etc.	Places of worship (Temple etc.)	Others
1	2	3	4	5	6	7	8	9	10	11	13	13	14
<b>1. Lucknow:</b>													
(1961) ..	1,29,008	4,120	1,04,629	1,042	632	292	9,021	573	3,829	318	143	..	4,409
(1971) ..	1,35,280	6,500	1,08,180	1,715	670	270	9,100	615	2,560	655	65	1,135	3,815
<b>2. Kanpur:</b>													
(1961) ..	1,97,136	7,090	1,60,925	1,204	429	421	14,286	836	3,892	22	906	..	7,125
(1971) ..	2,72,490	8,075	2,22,875	2,435	2,055	295	15,870	2,075	7,895	1,840	110	1,195	7,770
<b>3. Agra:</b>													
(1961) ..	81,982	2,392	58,084	304	784	240	11,071	370	3,798	231	113	..	4,595
(1971) ..	1,19,105	4,685	87,310	330	1,435	440	11,180	750	6,975	785	125	1,175	3,915
<b>4. Allahabad:</b>													
(1961) ..	92,719	3,280	72,403	1,852	386	455	4,928	543	2,128	68	926	..	5,750
(1971) ..	1,01,535	4,570	77,765	2,500	1,050	100	5,065	1,320	2,525	865	40	1,040	4,695
<b>5. Varanasi:</b>													
(1961) ..	79,281	1,938	50,033	2,140	5,545	233	10,060	296	2,579	18	12.95	..	5,144
(1971) ..	85,230	5,075	53,430	2,450	6,190	200	7,320	650	3,205	985	50	1,435	4,240
Total (1971)	7,13,640	28,905	6,49,500	9,430	11,400	1,305	48,535	5,410	23,100	5,130	390	5,980	24,435
(1961) ..	5,80,120	18,820	4,46,074	6,542	7,776	1,641	49,366	2,618	16,226	657	3,383	..	27,023

( 397 )

Source—General Report and Housing Reports of 1961 and 1971 Census.

NOTE—In this table 1971 data is based on 20% sample of census houses which give information pertaining to the uses to which census houses are put. With minor changes, the 1971 data corresponds to table E of 1961. Unlike the table E-1 of 1961, the Educational Institutions, Public Health and Medical Institutions, etc., have not been shown separately in this table at the 1971 census but have been included under "Others". In 1961 this had been prepared on full count basis.

**ANNEXURE 6**

*Income and Expenditure on Waterworks undertakings in Nagar Mahapalikas in U. P. during 1972-73 (Actual)*

Name of the Corporations	Income				Total	Revenue Expenditure					Total	
	Water tax and ratio of its levy	Water charges and its percentage to water tax	Metre rent	Others	Income Cols. 2 to 5	Establishment Charges	Storage Charges	Repair and Maintenance Charges	Repayment of loan (Principal) 2	Interest of loan	Others	Expenditure
1	2	3	4	5	6	7	8	9	10	11	12	13
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Lucknow ..	25,51,544 (80%)	10,17,146 (39.9)	17,480	7,54,310	43,40,480	10,81,262	20,73,579	6,13,314	2,52,514	4,80,174	99,779	46,00,622
2. Kanpur ..	51,36,659 (6.25%)	26,55,704 (51.7)	1,32,453	1,11,184	80,36,000	14,46,754	26,24,377	11,82,390	8,82,811	9,14,304	1,79,160	72,29,796
3. Agra .. ..	20,53,095 (13%)	13,69,692 (66.7)	41,045	87,833	35,51,665	8,48,510	13,95,461	3,60,747	13,76,416	..	1,85,634	41,66,768
4. Allahabad ..	28,17,141 (14%)	8,40,849 (29.8)	21,137	30,578	37,09,705	3,95,749	19,726	3,13,985	..	15,48,110	16,64,642	39,42,212
5. Varanasi ..	25,97,388 (12%)	3,32,933 (12.8)	10,945	16,626	29,57,892	6,83,222	23,69,155	91,333	3,55,688	6,82,926	2,37,871	44,20,195
<b>Total ..</b>	<b>1,51,55,827</b>	<b>62,16,324</b> (41.0)	<b>2,23,060</b>	<b>10,00,531</b>	<b>2,25,95,742</b>	<b>44,55,497</b>	<b>84,82,298</b>	<b>25,61,769</b>	<b>28,67,429</b>	<b>36,25,514</b>	<b>23,67,086</b>	<b>2,43,59,593</b>
									<b>64,92,943</b>			

Source : Budget of the Corporations.

(7.8%) gap in Income and Expenditure.

( 308 )

## ANNEXURE 7

*Per capita incidence of property and service taxes of Municipal Corporations in U. P.*

Name of the Corporations	1968-69			1969-70			1970-71			1971-72			1972-73		
	Amount (Rs. in Lakhs)	Amount as % of Tax Rev.	Per capita incidence (Rs.)	Amount (Rs. in Lakhs)	Amount as % of Tax Rev.	Per-capita incidence (Rs.)	Amount (Rs. in Lakhs)	Amount as % of Tax Rev.	Per-capital incidence (Rs.)	Amount (Rs. in lakhs)	Amount as % of Tax Rev.	Per-capita incidence (Rs.)	Amount (Rs. in lakhs)	Amount as % of Tax Rev.	Per capita incidence (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. Lucknow ..	46	44.2	6.47	56	47.9	7.66	67	51.1	8.90	63	47.0	8.26	72	47.9	9.28
2. Kanpur ..	117	54.2	10.71	112	55.7	9.98	118	62.1	10.24	134	62.6	11.26	152	63.9	12.45
3. Agra ..	29	40.8	5.04	31	36.9	5.35	31	31.6	5.27	33	30.6	5.39	36	31.5	5.76
4. Allahabad ..	40	44.4	8.52	42	36.8	8.59	39	33.9	7.92	40	32.8	7.99	47	34.2	9.22
5. Varanasi ..	34	36.2	6.02	34	35.1	5.95	40	38.8	6.76	38	33.0	6.45	39	32.4	6.43
<b>Total all Corporations.</b>	<b>266</b>	<b>46.3</b>	<b>7.81</b>	<b>275</b>	<b>44.9</b>	<b>7.87</b>	<b>295</b>	<b>46.3</b>	<b>8.27</b>	<b>308</b>	<b>44.4</b>	<b>8.42</b>	<b>346</b>	<b>45.5</b>	<b>9.25</b>

Source—Budgets of Corporations.

NOTE—Per capita incidence have been calculated on the basis of projected population. (1961—1971 Census).

## ANNEXURE 8

Estimate of additional revenues on implementation of measures recommended by Committee ;

## A—PROPERTY TAXES

In 1971-72, the average rate at which property tax was being levied by municipal boards was 6.25 per cent. A minimum rate of 10 per cent and a maximum rate of 30 per cent has been recommended for levying property levying it at a rate lower than 10 per cent increase in the rate of the said minimum rate, an additional revenue of the order of 60 per cent of the present receipts will accrue from this source. Moreover, it has been recommended that the tax be made obligatory for municipal boards. An additional revenue of 20 per cent is expected from the widening of its coverage. The revenue from property taxes is thus estimated to increase by 80 per cent when these recommendations are implemented.

2. The total revenue demand from property taxes of the municipal board was Rs.126 lakhs (estimated) in 1971-72. With the annual average growth rate of 4.7 per cent, the revenue demand for 1974-75 is estimated at Rs. 149 lakhs. The increase of 80 per cent is thus likely to yield an additional revenue of the order of Rs.119 lakhs to the municipal boards.

3. In the case of municipal corporations, the maximum limit of property taxes has been recommended to be raised from 25 per cent to 30 per cent. Assuming that all corporations would levy these taxes at the proposed maximum rates, the revenue from this source will go up by 20 per cent. In 1972-73 the current revenue demand from property and service taxes was Rs.371 lakhs in the corporations. With the growth rate of 9.7 per cent, the revenue demand for 1974-75 is estimated at Rs. 446 lakhs, and the additional revenue from the measure as Rs. 89 lakhs.

4. The sample properties surveyed by the Regional Centre in Municipal Administration, Lucknow University covered properties under the Rent Control Act as well as those outside it. The two types of property were proposed for assessment at Rs. 7.67 lakhs and Rs. 8.04 lakhs respectively. The centre estimated that if the rent control properties were assessed on the basis of fair letting value, their rateable value would increase by 140.9 per cent. Taking the ratio of the rateable value of the rent control houses to those outside it as the same as in the above sample we have worked out the total rateable value of rent control houses in corporations and municipal boards. As the revenue demand for all properties in corporations and municipal boards is estimated as Rs.595 lakhs in 1974-75, the rateable value of rent control houses would come to  $\frac{595 \times 7.67}{15.71} = \text{Rs.}290.49$  lakhs. If rent control pro-

perties are assessed on the basis of their fair letting value, it is estimated that the revenue from property taxes would increase by 140.9 per cent i.e. by Rs. 409 lakhs.

5. It has been recommended that the Central and State Government properties should pay the property taxes as payable by private owner of property, and the exemptions should be withdrawn. As there is no information regarding the rateable value of such buildings, the additional revenue likely to accrue to total bodies could not be estimated.

6. It has been recommended that vacant land should be taxed, after excluding twice the constructed area on land on which a building stands, at the rate of Rs. 5 per thousand square ft. There is no data regarding vacant lands, and the additional revenues could not be estimated.

7. From property taxes, the additional revenues thus estimated are :

- (a) As a result of increase in rates—  
(i) in municipal boards ...Rs. 119.00 lakhs  
(ii) in corporations ... Rs. 89.00 lakhs

(b) As a result of assessment of rent control houses on the basis of fair letting value in corporation and municipal boards.

Rs. 409 lakhs

Total Rs. 617 lakhs.

## B—REVISION OF OCTROI RATES

1. It has been recommended that the present rates on weight basis should be revised on *ad valorem* basis at rates ranging between half per cent and one per cent of the value of the commodity. The rates considered suitable by the committee have been indicated for a few commodities. As the revised rates could not be worked out for all commodities, and as figures for commoditywise

collections were not available from the local bodies, the additional revenues could not be estimated.

## C—TAX ON PROFESSIONS, TRADES, CALLINGS AND EMPLOYMENTS

## 1. For Salaried Classes—

According to the Directorate of Training and Employment, there were 14.77 lakh employees in the public sector and 5.63 lakhs in the private sector during the quarter ending June 1973. On the basis of the classification of State Government employees in different income ranges as on March 31, 1972 available from the Economics and Statistics Division of the State Planning Institute U. P., it was found that 63 per cent of the total employees were drawing less than Rs.2,400 per annum. From August 1, 1972 the pay scales of the State Government employees have been revised and it is estimated that the percentage of those who were drawing less than Rs.2,400 per annum then is now equal to those who were drawing less than Rs.3,600 per annum in 1973-74. On this assumption the total number of employees who will be liable to pay profession tax can be taken as 37 per cent of the total employees in the public and private sector. Hence out of 20.40 lakh employees in both sectors 7.55 lakhs are expected to be covered by the proposed tax. We have estimated from the data of State employees according to income ranges collected by the Economics and Statistics Division that the average rate of proposed profession tax per employee will come to Rs.75 per annum. The levy of tax on salaried classes is, therefore, likely to yield Rs.5.66 crores annually to the local bodies.

## 2. For self-employed professions

The occupational statistics on the basis of 20 per cent sample data collected during 1971 Census is still being compiled by the Census Directorate of the State. However, the provisional occupational statistics of Kanpur City have been utilised in estimating the revenue from this source. It has further been estimated that the figures for the State as a whole can be taken as 10 times those of Kanpur City, as the urban population of the State is ten times that of Kanpur City. Thus, on the basis of occupational statistics (provisional) for Kanpur City, we have estimated that the total revenue from this tax on self-employed professional classes would be of the order of about Rs.60 lakhs. Rs.6 lakhs for Kanpur City and Rs.54 lakhs for rest of the State.

## 3. For traders and businessmen having an annual turnover of Rs.12,000 and above per annum

The estimation is shown in the table below:

Serial no.	Gross annual turnover Slab.	Annual Fee payable (Rs.)	No. of Dealers* in 1972-73	Estimated Annual Revenue (Rs. 3 × 4)
1	2	3	4	5
1	Exceeds Rs.12,000 but does not exceed Rs.50,000.	50	68,607	34,30,350
2	Exceeds Rs. 50,000 but does not exceed Rs.1,00,000.	100	40,061	40,06,100
3	Exceeds Rs. 1,00,000 but does not exceed Rs.2,00,000	200	27,283	54,56,600
4	Above Rs.2,00,000	250	20,972	52,43,000
Total			1,56,923	1,81,36,000

\*Source—Sales-tax, Commissioner, U. P.

4. Thus the total estimated revenue from the proposed profession tax will be about Rs.8.07 crores. The

break up of the estimated tax yield according to salaries, professions and trades is as follows:

	(Rs. in crores)
1. For salaried classes	5.56
2. For self-employed professions	0.60
3. For traders and businessmen	1.81
<b>Total</b>	<b>8.07</b>

**D—THEATRE AND SHOW TAX**

1. It has been recommended that the rates of theatre and show tax should be raised to Rs.20 for grade I and Rs.10 for grade II cinemas in corporations and class I municipal boards, and that the rates should be Rs.10 and Rs.5 for grade I and grade II cinemas, respectively in other local bodies. The information regarding receipts from this tax are available for the corporations only—these being Rs.5.55 lakhs in 1972-73, when the rates in force were Rs.5 for grade I and Rs.3 for grade II cinemas. It is estimated that 60 per cent cinemas in KAVAL cities are grade I and 40 per cent are grade II. Accordingly it is estimated that the additional revenues that would accrue to the corporations would be of the order Rs.17.00 lakhs approximately. It has not been possible to estimate the additional revenues likely to accrue to other local bodies.

**E—OTHER TAXES AND NON-TAX REVENUES**

1. It has been recommended that the corporations and municipal boards should revise the rates of tax on vehicles and animals and that the State Government should specify the minimum and maximum rates according to the class and type of urban local body. In regard to tax on advertisements, it has been recommended that the corporations with lower rates should explore the possibility of raising them and that all municipal boards should be specifically empowered to levy the tax. For licence fees also, a revision of rates has been suggested. As the quantum of increase could not be specified for each category of local body, it has not been possible to estimate additional revenues from the above sources.

**F—LEVY OF HOUSE TAX AND OTHER TAXES BY GAON PANCHAYATS**

1. It has been recommended that the gaon panchayats should levy a house tax on pucca houses on the basis of capital value at rates ranging from 0.25 to 1.00 per cent of the capital value. As it is not possible to estimate the capital value, the additional revenues could not be estimated.

2. It has been recommended that the gaon panchayats should compulsorily levy the tax on animals and vehicles plying for hire and that they should be empowered to levy a cycle tax. It has not been possible to estimate revenues from the source.

3. It has been recommended that the gaon panchayats should be empowered to levy tax on land up to 50 paise in a rupee on land revenue payable therefor. At present, they are empowered to levy the tax up to 25 paise in a rupee. In 1970-71, prior to the granting of exemption to holdings of less than 6.25 acres, the receipts from land revenue were Rs.21.95 crores for the State. The exemption has since been withdrawn. In view of the dire need of the gaon panchayats for additional resources, it is assumed that most of them will levy the tax at the maximum rate. It is thus estimated that the additional revenue that would accrue to gaon panchayats would be of the order of Rs.5.00 crores.

**G—ZILA PARISHADS**

1. It has been recommended that the proceeds of the tax on professions, trades, callings and employments, collected from the jurisdiction of Zila Parishads, should be allocated to them by way of grant. The receipts from the tax have been estimated in para C (B) above.

**H—ADDITIONAL REVENUES (TOTAL)**

1. The additional revenues from the abovementioned sources are thus estimated as below:

1. Property taxes	Rs.6.17 crores
2. Profession tax	Rs.8.07 crores
3. Theatre and Show tax	Rs.0.17 crores
4. Tax on Land (by Gaon Panchayats)	Rs.5.00 crores
<b>Total</b>	<b>Rs.19.41 crores</b>

**ANNEXURE—9**

**Rates of House Tax in Municipal Boards in U. P.**

**1. House tax at fiat rates (on the annual rental value.**

Serial no.	Name of the Municipal Boards	Per cent (1972)
1	2	3
1	Srinagar	2.0
2	Shamli	3.2
3	Kandhla	3.5
4	Mathura	4.0
5	Gonda	4.0
6	Almora	4.5
7	Kotdwara	5.0
8	Rishikesh	5.0
9	Jalaun	5.0
10	Orai	5.0
11	Mauranipur	5.0
12	Pauri-Garhwal	5.0
13	Charkhari	5.0
14	Manglaur	5.0
15	Moradabad	5.0
16	Debai	5.0
17	Moghalsarai	5.0
18	Kosi	5.0
19	Baraut	5.0
20	Muzaffarnagar	5.0
21	Tilhar	5.0
22	Chandausi	5.0
23	Pihani	5.0
24	Fatehpur-Sikri	5.0
25	Sambhal	5.0
26	Jalesar	5.0
27	Ganj Dundwara	5.0
28	Chandpur	5.0
29	Kakrala	5.0
30	Rae Baroli	5.0
31	Ballia	5.0
32	Hapur	5.0
33	Mirzapur	5.0
34	Badaun	5.0
35	Nagina	5.0
36	Najibabad	5.0
37	Vikasnagar	5.0

1	2	3	1	2	3		
38	Sirsaganj	.. .. .	5.0	81	Kulpi	.. .. .	10.0
39	Rudrapur	.. .. .	5.0	82	Mussoorie	.. .. .	10.0
40	Gangoh	.. .. .	5.0	83	Bareilly	.. .. .	10.0
41	Rath	.. .. .	5.0	84	Sultanpur	.. .. .	10.0
42	Sandi	.. .. .	5.0	85	Jaspur	.. .. .	10.0
43	Sandila	.. .. .	5.0	86	Naini Tal	.. .. .	12.5
44	Sahabad	.. .. .	5.0	87	Hardwar	.. .. .	5.0
45	Kasganj	.. .. .	5.0	88	Rampur	.. .. .	5.0
46	Etah	.. .. .	5.0	house tax of slab system (on the annual rental value)			
47	Bhadohi	.. .. .	5.25	1	Faizabad	.. .. .	2.5 to 6.0
48	Khatauli	.. .. .	6.0	2	Balrampur	.. .. .	3.0 to 5.0
49	Pithoragarh	.. .. .	6.0	3	Dhanaura	.. .. .	3.0 to 10.0
50	Auraiya	.. .. .	6.0	4	Jhansi	.. .. .	3.2 to 5.0
51	Shahjahanpur	.. .. .	6.0	5	Dehra Dun	.. .. .	3.5 to 7.0
52	Tanakpur	.. .. .	6.0	6	Khairabad	.. .. .	3.5 to 5.0
53	Kiratpur	.. .. .	6.0	7	Roorkee	.. .. .	4.25 to 12.50
54	Etawah	.. .. .	6.0	8	Vrindaban	.. .. .	4.5 to 9.0
55	Ghaziabad	.. .. .	6.0	9	Ramnagar	.. .. .	4.7 to 9.8
56	Jahangirabad	.. .. .	6.0	10	Ferozabad	.. .. .	5.0 to 6.25
57	Bahraich	.. .. .	6.25	11	Sitapur	.. .. .	5.0 to 6.25
58	Bulandshahr	.. .. .	6.25	12	Amroha	.. .. .	5.0 to 10.0
59	Anupshahr	.. .. .	6.25	13	Farrukhabad—Fatehgarh	.. .. .	6.25 to 12.0
60	Bindki	.. .. .	6.25	14	Aligarh	.. .. .	6.25 to 12.5
61	Hasanpur	.. .. .	6.25	15	Konch	.. .. .	7.0 to 8.0
62	Dogadda	.. .. .	6.25	Source: L. S. G. Department, U. P.			
63	Fatehpur	.. .. .	6.25	ANNEXURE 10			
64	Shikohabad	.. .. .	6.25	Break up of 103 Municipal Boards according to rates of House Tax			
65	Lalitpur	.. .. .	6.25	Rates as per-centage of annual rental value			
66	Padrauna	.. .. .	6.25	All Municipal Boards			
67	Biswan	.. .. .	6.25	Municipal Boards			
68	Nimsar	.. .. .	6.25	Class I			
69	Deoband	.. .. .	6.25	Class II			
70	Jaunpur	.. .. .	7.0	Class III			
71	Sahaswan	.. .. .	7.0	Class IV			
72	Khurja	.. .. .	7.0	Class V			
73	Aonla	.. .. .	7.0	Class VI			
74	Saharanpur	.. .. .	7.5	Class VII			
75	Hardoi	.. .. .	7.5	Class VIII			
76	Pilkhuwa	.. .. .	7.5	Class IX			
77	Haldwani-cum-Kathgodam	.. .. .	7.5	Class X			
78	Marehra	.. .. .	8.0	Class XI			
79	Chitrakut Dham	.. .. .	8.3	Class XII			
80	Meerut	.. .. .	8.25	Class XIII			
				Total			
				103			
				34			
				18			
				29			
				22			
NOTE—There are 15 municipal boards which levy the tax on a progressive scale. They have been counted in that slab of rates in which their maximum rate falls.							
Source : L. S. G. Department, U. P.							

## ANNEXURE 11

## Synopsis of the replies to questionnaire received from local bodies

## A—MUNICIPAL BOARDS

A class-wise break-up of the municipal boards who have replied to the questionnaire is as under:

Class I	...	...	...	25
Class II	...	...	...	19
Class III	...	...	...	16
Class IV	...	...	...	19
			Total	79

2. Out of 79 municipal boards, 11 consider their sources of revenue adequate while the remaining 68 consider these inadequate. 13 municipal boards have suggested sharing of State taxes, particularly of sales-tax and entertainment tax. One board (Unnao) wants that the rates of licence fees, which have not been revised since long should be doubled. Jalaun has urged that the powers of levy and collection of all State taxes within the jurisdiction of the board should be conferred upon it. Maudaha has contended that it should be empowered to levy entertainment tax. Shikohabad has pointed out that the amounts assigned to local bodies as compensation for the loss on account of promulgation of U. P. Motor Vehicles Act, 1939 was determined 35 years back and should be increased. Khurja has demanded an additional grant of 33 per cent to meet the increase in pay and allowances of its staff. Bareilly has suggested that levying house tax should be made obligatory for municipal boards.

3. Seven Municipal Boards viz., Mainpuri, Baraut, Hathras, Azamgarh, Bangarmanu, Tanda and Nautanwa are not levying any house tax. The remaining 72 boards are levying it at rates ranging from 4.25 to 10 per cent.

4. The opinion for and against the establishment of a Central Valuation Organization is evenly divided 37 being in favour of such an agency and 40 against it. 2 boards have expressed no opinion. Etawah and Uttar Kashi, which favour its formation, have expressed the view that the Central Valuation Organization should only lay down guidelines and keep a watch over the functioning of the assessment machinery. Banda has strongly opposed its creation on the ground that it would restrict the autonomy of local bodies. Vrindaban has suggested that the objections filed by assesses should be thoroughly investigated.

5. Forty-six municipal boards want the assessment to be done quinquennially, 15 triennially, 1 biennially and 7 annually; 10 have expressed no opinion.

6. Six municipal boards have expressed no views in regard to octroi abolition. With the exception of Azamgarh, Ganjdundwara and Aonla, the remaining 70 boards are against the abolition of octroi. Their general plea is that octroi boards and its abolition will cripple their finances, unless the Government was prepared to compensate them for the loss in the form of a grant with no strings attached, which grant should increase at a fixed rate every year. Nawabganj has contended that since octroi was an indirect tax, no difficulties were encountered in its collection and there was no question of arrears also. The persons on whom the burden fell did not feel its pinch. If a strict watch was kept over the checkpoints and if officials were alive to the difficulties of the importers, much of the abuses of octroi and tolls could be eradicated. The local bodies were not in a position to impose and administer successfully any tax having the same revenue potential. Azamgarh municipal board, which has favoured the abolition of octroi, is not levying even a house tax.

7. Forty-nine municipal boards have favoured the imposition of a tax on vacant lands and 6 have suggested levying it on Capital Value. 20 boards were against its imposition. They have contended that the owners did not derive any income from vacant land; not much vacant land was available and that it would amount to fresh taxation. Jalaun has expressed the view that it should be levied only in cities having more than one lakh population. 7 boards have expressed no opinion. Almora, Bindki and Sambhal municipal boards have informed that they are levying a tax on vacant lands.

8. Out of 79 municipal boards, 40 are not levying any theatre or show tax. Of these, 11 have informed that they propose to levy the tax and are taking necessary steps in this regard. 25 municipal boards are not levying the tax because there are no cinema houses within their limits. Saharanpur and Meerut, whose population exceeds 2 lakhs, are not levying this tax. Meerut has informed that there is no scope for this tax. Saharanpur is, however, considering its imposition. 37 municipal boards are levying this tax at an average rate of Rs.5 per show. 2 municipal boards have not furnished information in this regard.

9. Seven municipal boards viz., Hardwar, Mainpuri, Swar, Banda, Lalitpur, Meerut and Unnao have favoured levying a tax on professions, 64 municipal boards are against levying this tax. According to them, the people were already over taxed, the general public was opposed to it, and that its assessment and collection would raise many difficulties. 8 municipal boards have refrained from expressing any opinion in the matter.

## B—NOTIFIED AREA COMMITTEES

Out of 45 N. A. Cs., 15 have replied to the questionnaire.

2. Nine N. A. Cs. regard their sources as inadequate, while 2 consider these to be adequate. Lohaghat favours levying house tax. 3 N. A. Cs. viz., Railway Settlement Jhansi, Moghalsarai and Khalilabad do not levy any taxes.

3. Only 4 are levying circumstances and property taxes and 5 house tax.

4. Out of 11 N. A. Cs. that are levying taxes, 10 are levying tolls. 9 are against the abolition of octroi, tolls etc.

5. None are levying a tax on profession, trades and callings.

6. Out of the 5 N. A. Cs. that are levying house tax, 4 are against setting up of a Central Valuation Organization. Only 1 viz. Modinagar has favoured it.

## C—TOWN AREA COMMITTEES

Out of 323 Town Area Committees, 136 have replied to the questionnaire issued to them.

2. Only 23 TACs regarded their sources of revenue adequate while 92 regarded these as inadequate. 9 TACs want a share of the State taxes like entertainment tax, motor vehicles tax and sales-tax. Some of the TACs have urged for an increase in the rates of taxes, fees and toll tax. One TAC has complained of inordinate delay at Government level in according approval to the proposal for levying new taxes or an upward revision of their rates. 21 TACs did not express any opinion on this point.

3. The main sources of tax revenue of TACs are circumstances and property tax and tolls. Out of 136 TACs, 94 are levying C. P. Tax. The number of those levying only tolls is 32. There are 10 TACs which are levying no taxes at all. 6 are levying house tax at an average rate of 5 per cent of the annual rental value.

4. Most of the TACs have expressed their views regarding the establishment of a central valuation organization, although only 6 of them are at present levying house tax. The opinion for and against central valuation organization is evenly divided—59 favour it and 54 are against it. 23 TACs have not expressed their views in the matter.

5. Only 1 TAC is levying theatre and show tax. 68 have informed that there are no cinemas within their jurisdiction, while 40 are not levying it. Eleven have, however, sent their proposals for its imposition. 2 are in favour of this tax while 11 are against it. Four have expressed no views.

6. Profession tax is being levied by 7 TACs, 87 are against its imposition, 10 favour it and 2 have sent their proposals in this regard. 30 did not express any views in the matter.

7. Fifty-one TACs are not levying any octroi, tolls etc. Out of the 85 TACs that are levying octroi, tolls etc. are against its abolition and only 4 have favoured it. 19 TACs did not express their views on this question. 2 want that tolls should be made an obligatory tax for the Town Area Committee.

## D—ZILA PARISHADS

Out of the 54 Zila Parishads, 26 have replied to the questionnaire issued to them. Their classification according to the economic regions of the State is as follows:

Western Region	...	...	4
Hill Region	...	...	8
Central Region	...	...	3
Eastern Region	...	...	8
Bundelkhand Region	...	...	3
Total	...	...	26

2. Only 11 Zila Parishads are levying circumstances and property tax—5 in the Eastern Region, 3 in hill region, 2 in Central and 1 in Bundelkhand Region. The remaining 15 Zila Parishads are not levying any taxes, and these derive their income mainly from various government grants and licence fees. Only 2 Zila Parishads viz., Tehri and Jaunpur are levying tolls.

3. All Zila Parishads have expressed the view that the sources of revenue assigned to them are not adequate. They have suggested measures, covering a wide range, for augmenting them. These measures can be categorised under following four heads:

- (i) Imposition of fresh taxes.
- (ii) Imposition of licence fees on new items.
- (iii) Upward revision of rates of existing licence fees.
- (v) Sharing of State taxes and imposition of surcharges.

4. Three Zila Parishads (Mathura, Jaunpur and Fatehpur) want that they should be empowered to levy property tax. Four (Fatehpur, Hamirpur, Banda and Pithoragarh) are in favour of levying circumstances and property tax and want constitutional obstacles to be removed. Zila Parishad, Tehri, on the other hand, has pleaded for its total abolition. 3 Zila Parishads namely, Allahabad, HarDOI and Pauri-Garhwal, have suggested that the C. P. tax due from salaried sector should be deducted at source. Zila Parishads, Chamoli and HarDOI have expressed the view that the C. P. tax be realised as land revenue. Zila Parishad, Allahabad wants a proportionate share of land revenue. Zila Parishad, Hamirpur would like to levy profession tax. Almora has pleaded for a tax on the export of minerals from the district. Zila Parishad, Pithoragarh wants that a tax on the sale of horns and skins be levied. Zila Parishad, Naini Tal has expressed the view that a tax on vegetables and fruits sent outside and on transportation of timber by water should be levied and wants that the licence fee of flour mills run by water energy locally termed as "Gharats" be doubled. Zila Parishad, Aligarh is of the opinion that a house tax be levied in rural areas.

5. Only Zila Parishad, Ballia has suggested imposition of licence fee on some new items such as slaughter houses, meat and fish sellers, cattle fairs and exhibitions.

6. Four Zila Parishads (Pratapgarh, Azamgarh, Jalaun and Kheri) want that the rates of circumstances and property tax should be revised. Zila Parishad, Dehra Dun wants that its maximum limit should be raised from Rs.2,000 to Rs.10,000. Zila Parishads, Jaunpur and Pithoragarh have pleaded for an upward revision of rates of licence fees. Jaunpur wants the rates of toll to be revised.

7. As regards sharing of State taxes or levying a surcharge the Zila Parishads have put forward several suggestions. Zila Parishad, Mathura wants to levy a surcharge on land revenue, electricity rates, canal and tubewell rates and 2 per cent on stamp duty on deeds of transfer of immovable property. Azamgarh demands a share of sales-tax. Tehri would like to levy a surcharge of 20 per cent on land revenue and wants 25 per cent share of the income from minerals and forests of the district. Zila Parishad, Fatehpur has suggested that 15 per cent of the Land Development Tax should accrue to it. Dehra Dun has demanded a share of 5 per cent in the income derived by Government from auction of forests in the district. Zila Parishad, Allahabad has demanded 25 per cent share of the tax on motor vehicles and excise duty. Zila Parishad, Chamoli has desired that a tax on pilgrims and on all vehicles entering its jurisdiction should be levied.

8. Zila Parishad, Fatehpur has informed that out of the income derived by it from nazul lands, it has to pay 25 per cent to the Government. It wants to be freed from this obligation.

## ANNEXURE 12

## Property Taxation in U. K. and U. S. A.

## A—PROPERTY TAXATION IN U. K.

The property tax on the rates as it is generally called, is the most important source of revenue of local authorities in U. K. It has been defined as a local tax at so much in a pound upon the annual value of property which is beneficially occupied.

2. The annual value is based on the rent which the property might be expected to command if let from year to year. The valuation of property is done by valuation officers of the Board of Inland Revenue. There is a right to appeal to the local valuation board and from its decision to the land tribunal. In order to avoid the liability to pay a tax, the premises must be completely empty.

3. In order to calculate the rate in a particular year, the expenditure that is to be covered by it is first determined by the local authority concerned. The total annual value of a property in a rateable area is thus ascertained from the valuation list which is the record of all rateable property in the area of the rating authority. The rate per pound is worked out by dividing the amount required by the estimated yield of the Penny rate, making allowance for cost of collection, defaults in payments, empty premises etc.

4. In general the rate is payable by the occupier of the property. But the owner is liable in case where special difficulty arises in ascertaining the occupier. The owner, however, is entitled to a rebate of 10 per cent to 15 per cent of the amount payable, if he takes payment before the specified date. The owner can claim reimbursement of the amount paid from the tenant. This process of rating the owner is called "Compounding". Few local authorities prefer all taxes collected from owners even if the arrangement for payment is made by instalments.

5. *Method of assessment*—The net annual value is determined by deducting the cost of insurance and repairs from the amount of rent expected to be collected. There is no uniform method of valuation, and various methods are employed for assessing the annual rental value of different type of property. The methods thus adopted are:—(1) Rental method, (2) Structural or Contractor's test, (3) Accounts basis:

(i) According to rental method all the information pertaining to rents prevailing in the area for similar types of building is collected. By working out an average, the standard rent for that area is calculated. The properties are valued on the basis of that standard. This method is adopted in the valuations of residential buildings, shops, offices, banks and small industrial premises.

(ii) The structural method consists in estimating the capital value of the site and buildings and then the rental value of the buildings is worked out on the basis of the rate of interest or the normal return which the owner might expect from capital invested.

(iii) Under accounts basis, the net annual value is brought out through accounts. All expenses, such as interest on capital invested, reasonable profit and an amount to cover the risk involved in the business are deducted from the gross receipts. The cost of maintenance and insurance is also set aside. The balance thus arrived at is taken as the net annual value for rating purposes. This method is applied to public utility undertakings like transport services, water supply and markets.

6. *Concessions and exemptions*—Agricultural land and buildings, churches and buildings used exclusively for religious purposes, premises of scientific and literary societies and schools are exempted from rating. Similarly, property owned or rented by the Crown, or occupied for Crown purposes is exempt from assessment, but rating authorities are compensated by a grant to cover this loss.

## B—PROPERTY TAXATION IN U. S. A.

The property tax is the most important source of revenue of the local authorities in U. S. A. Its importance has increased considerably in the post-war years. Property taxes were long regarded as income inelastic and, therefore, not very responsive to overall economic growth. During the period 1946-65, the property tax in U. S. A. rose at an average annual rate of 8.1 per cent. The local property tax in 1946 amounted to 2.4 per cent of the gross national product which, went up to 3.6 per cent in 1965. The real estate tax brought 22.2 billion dollars to the

finances of local Government in 1965 as against only 4.7 billion dollars in 1946. The elasticity of the tax during the period was 1.8. This shows that property taxes during post-war period 1964-65 rose nearly twice as fast as Gross National Product at current prices.

2. This impressive rise in income from property taxes was on account of the following three reasons:

I. Assessment levels were raised.

II. Post-war real estate and construction boom greatly expanded the tax base.

III. Rate of property taxation was pushed up.

3. In U. S. A. the property tax is administered by local governments within the broad guidelines set forth by the State. The local unit fixes the tax rates annually keeping in mind the norms laid down by the State. All property within an assessment district is first assessed by a uniform method. The percentage assessed value to market value is applicable to almost all the properties of the district. The tax is levied on the market value of property. As market value of property is difficult to ascertain from year to year, the assessed value remains unaltered for

10 or more years. The local assesses tend to under assess the properties to avoid possible inequities and litigation. The local governments exercise considerable powers in enhancing the rate of property tax and their revision.

4. Differential rates of property tax have been adopted. Some types of property are valued at a high percentage of market value while others at a low percentage thereof.

5. Although the rates of growth of property taxes in U. S. A. has slowed down since 1961 yet an optimistic estimate of income elasticity of property taxes in future is not ruled out. "In many small Government the suburban property taxes are considered particularly suitable instrument of financing elementary education. The tax payer is interested strongly in the neighbourhood school, observes how his taxes are being utilised and through his representations on school boards, can influence their dispositions".\* The tax-payer will be more willing to carry a higher tax load if the tax he is paying is an equitable one.

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\*Financing Local Government by Juan-de-Torres, page 61. The Conference Board, Studies in Business Economics, Number ninety-six.

**ANNEXURE 13**

*Position of demand, collection and arrears of Property and Service Taxes in the Municipal Corporations in U. P.*

(Rs. in '000) (actuals)

Name of Corporation	1968-69						1972-73					
	Current demand	Arrear	Total	Collections	Balance	Percentage of Col. 5 to 4	Current demand	Arrear	Total	Collections	Balance	Percentage of cols. 11 to 10
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Lucknow	6200.00	1400.00	7600.00	4397.28	3202.72	57.9	9300.00	1300.00	10600.00	6908.45	3691.55	65.2
2. Kanpur	13345.74	2960.46	16306.20	11726.65	4579.55	71.9	14583.40	10042.43	24625.83	15179.65	9446.18	61.6
3. Agra	3606.66	2913.39	6520.05	2717.10	3802.95	41.7	4350.91	7049.33	11400.24	3570.38	7829.86	31.3
4. Allahabad	3461.15	1206.42	4667.57	4005.33	662.24	85.8	4686.05	213.95	4900.00	4682.80	217.20	95.6
5. Varanasi	3171.10	1553.22	4724.32	3370.33	1353.99	71.3	4204.01	875.99	5080.00	3922.26	1157.74	77.2
Total	29784.65	10033.49	39818.14	26216.69	13601.45	65.8	37124.37	19481.70	56606.07	34263.54	22342.53	60.5

Source—Municipal Corporations.

**ANNEXURE 14**

*Position of demand, collection and arrears of Property and Service Taxes in Municipal Boards classwise 1968-69 and 1972-73*

(Rs. in '000)(actuals)

Class of Municipal Boards	Number of Boards included	1968-69						1972-73						
		Current demand	Arrear	Total demand	Collection	Balance (Remissions)	Percentage of col. 6 to 5	Current demand	Arrear	Total demand	Collections	Balance (Remissions)	Percentage of cols. 12 to 11	
I	2	3	4	5	6	7	8	9	10	11	12	13	14	15
I	20	21	6436.12	10520.81	16956.93	4792.81	12150.04 (14.08)	28.3	8376.41	14631.87	23208.28	6566.80	16564.20 (77.28)	28.3
II	14	17	1490.52	2618.35	4108.87	1167.57	2935.72 (5.58)	28.4	2878.16	5842.05	8720.21	1969.24	6735.55 (15.42)	22.6
III	11	13	492.33	778.94	1271.27	375.57	896.09 (0.39)*	29.5	649.01	1439.14	2088.15	588.31	1499.84 (Nil)	28.2
IV	7	8	144.45	259.57	404.02	117.15	286.87	29.0	200.11	369.14	569.25	183.98	370.66 (14.61)	32.3
Total	52	59	8563.42	14177.67	22741.09	6453.10	16268.72 (19.66) (0.39)*	28.4	12103.69	22482.20	34585.89	9308.33	25170.25 (107.31)	26.9

Source—Municipal Boards.

NOTE—Figures in brackets in the column of 'balance' are remissions.

\*Excess receipt.

## ANNEXURE 15

Schedule of Octroi rates of certain important commodities in seven Municipal Boards in U. P.

Serial no.	Name of goods	Unit	CORPORATIONS					Variation— Maximum— Minimum ratio
			Agra	Allahabad	Varanasi	Kanpur	Lucknow	
1	2	3	4	5	6	7	8	9
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	All kinds of coarse grains	Per Qtl.	0.25	0.20	0.20	0.20	0.08	3.1
2	Grains, wheat, gram, barley, rice	"	0.25	0.30	0.30	0.30	0.12	2.5
3	Ghee, butter, cream, refined edible oils, vegetable ghee.	"	3.00	3.50	3.50	1.50	1.34	2.6
4	All kinds of refined sugar, Khandsari sugar, misri, batasa etc.	"	0.60	0.90	0.90	0.50	0.52	1.8
5	Cocoa, coffee, Kahva	"	10.00	10.00	10.00	..	3.34	3.0
6	Tea of all kinds	"	5.50	8.00	10.00	2.00	3.34	5.0
7	Cold drinks	"	2.00	2.90	0.80	3.00	0.34	8.8
8	All kinds of vegetable and edible roots.	"	0.40	0.80	0.80	0.25	0.09	8.9
9	Bread	"	2.50	2.00	2.00	2.50	4.03	2.0
10	Dry fruits	"	3.00	10.00	10.00	2.00	2.69	5.0
11	Betel leaves	"	1.50	4.30	4.00	1.00	2.00	4.3
12	Catechu (Kattha)	"	3.00	6.70	..	2.75	2.00	3.4
13	Manufactured betel nut and pan ka masala.	"	7.00	18.70	..	4.00	2.00	9.4
14	Wine (foreign liquor)	"	25.00	25.00	25.00	30.00	Nil.	1.2
15	Horned cattle & animals, slaughter buffalo and calf.	Each.	1.50	1.50	1.50	3.00	1.50	2.0
16	Firewood, charcoal coft coke etc.	Per Qtl.	0.25	0.20	0.20	0.20	0.05	5.0
17	Cooking gas viz. Indane etc.	"	0.50	..	..	1.50	2.69	5.4
18	All kinds of soap for washing & soap powders viz. Magic, Surf etc.	"	1.25	5.00	5.00	1.25	1.34	4.0
19	Toilet soap for bathing etc.	"	5.50	5.30	5.00	3.50	1.34	4.1
20	Methylated spirit and denatured spirit	"	1.50	1.50	1.25	5.00	1.00	5.0
21	Candle	"	2.50	5.00	5.00	2.00	1.34	3.7
22	Soot strings and Newar rope etc.	"	2.25	5.50	5.50	1.00	0.84	6.5
23	Lime of stone, yellow or red clay ramraj etc.	"	0.35	0.50	0.05	0.25	0.03	16.7
24	Clay of all kinds	"	0.20	..	..	..	..	..
25	Cement, S. W. pipes, hume pipes, etc.	"	0.75	1.00	1.00	1.00	1.34	1.8
26	Fire clay bricks	"	1.00	1.50	7.00	0.70	0.34	20.6
					(per thousand).			
27	Sand (Balu) Kankar lime	"	0.20	0.17	0.05	0.10	0.03	6.7
28	Burnt bricks (per thousand)	"	1.25	2.00	2.00	..	..	1.6
29	Glasswares etc.	Per Qtl.	4.50	4.00	4.00	2.00	..	2.2
30	Glass bangles etc.	"	3.50	15.00	15.00	1.00	1.00	15.0
31	Furnitures of all kinds made of wood or cane.	"	2.50	5.00	5.00	2.00	2.00	2.5
32	Distemper varnish & all kinds of liquid paints etc.	"	2.50	5.00	5.00	2.50	2.69	2.0
33	Gas cylinder	Each (Big) Small	2.00 1.50	..	..	1.50	0.34	5.9
34	Medicines and drugs etc.	Per Qtl.	4.00	12.00	12.00	2.50	6.69	4.8

1	2	3	4	5	6	7	8	9
35	All kinds of acid	.. .. Per Qtl.	Rs. 0.75	Rs. 1.50	Rs. 1.50	Rs. 2.00	Rs. 0.52	3.8
36	Perfumed oils	.. .. "	5.50	6.70	..	..	2.69	2.5
37	Unmanufactured tobacco leaves of country tobacco and stalk etc.	.. .. "	0.50	1.10	1.00	1.00	1.00	2.2
38	All kinds of cigarette etc.	.. .. "	4.00	25.00	25.00	5.00	13.37	6.2
39	Bidi	.. .. "	2.00	4.00	4.00	1.00	2.69	4.0
40	Jarda, Kimam etc.	.. .. "	8.00	10.70	10.00	5.00	2.69	4.0
41	Rui, cotton, etc.	.. .. "	0.75	2.00	5.00	1.00	0.34	14.7
42	Woollen thread and knitting thread	.. .. "	2.00	16.00	15.00	2.50	5.37	8.0
43	Cotton and mercerised cotton, cotton thread.	.. .. "	0.50	..	1.00	2.50	1.00	5.0
44	Cotton cloth	.. .. "	1.25	6.00	6.00	1.25	2.00	4.8
45	Handloom cloth	.. .. "	0.75	..	5.00	..	2.00	6.7
46	Readymade cotton cloth	.. .. "	5.12	20.00	..	4.00	4.03	5.0
47	Stationery goods	.. .. "	0.50	10.70	5.00	1.25	2.69	21.4
48	Untanned leather and hide	.. .. "	1.00	0.67	0.50	0.50	0.17	5.9
49	Leather shoes, chappals, etc.	.. .. "	4.00	25.00	25.00	3.00	5.37	8.3
50	Sheets of iron or galvansied iron, etc.	.. .. "	0.35	1.00	1.00	0.60	0.52	2.9
51	Utensils & other articles of brass etc.	.. .. "	3.50	12.00	10.00	2.00	2.00	6.0
52	Motor lorry, truck etc.	.. Each	50.00	50.00	50.00	50.00	20.00	2.5
53	Two-wheeled cycles etc.	.. Per Qtl.	3.00	6.00	6.00	2.00	3.34	3.0
54	Old tyre tubes of motor lorry, car etc.	.. .. "	3.00	2.10	2.00	0.75	2.69	4.0
55	All kinds of watches, time pieces etc.	.. .. "	10.00	26.70	25.00	10.00	6.69	4.0
56	Valuable electrical goods	.. .. "	10.00	15.00	10.00	25.00	2.69	9.3
57	Torch, radio, radiograms transistor and other parts.	.. .. "	7.00	30.00	30.00	8.00	6.69	4.5

Source—Municipal Corporations.

### ANNEXURE 16

#### Schedule of Octroi rates of certain important Com modities in Seven Municipal Boards in U. P.

Items	Units	MUNICIPAL BOARDS							Variation	
		Meerut	Mirzapur	Chandausi	Tilhar	Sandila	Chunar	Deoband	Maximum	Minimum Ratio
1	2	3	4	5	6	7	8	9	10	
1. Wheat	.. Per Qtl.	Rs. 0.50	Rs. 0.25	Rs. 0.25	..	..	Rs. 0.34	Rs. 0.12	4.2	
2. Rice	.. .. "	1.00	0.25	0.40	..	..	0.34	0.12	8.3	
3. Ghee, butter, cream etc.	.. .. "	4.00	5.35	1.40	..	8.00	5.36	3.00	5.7	
4. Castor, vegetable oil & refined oil.	.. .. "	5.00	4.00	4.00	3.80	..	6.03	0.40	15.1	
5. Sugar	.. .. "	1.00	0.80	1.40	1.25	1.50	1.34	1.00	1.9	
6. Gur, rab, shakker etc.	.. .. "	0.20	0.40	0.70	1.00	0.75	0.34	0.65	5.0	
7. Pan leaves	.. .. "	4.00	5.35	2.80	4.00	7.00	3.34	3.00	2.5	
8. Imported liquor	.. .. "	25.00	26.75	N.A.	8.00	8.00	N. A.	N. A.	3.3	
9. Cigar, Cigarettes	.. .. "	30.00	13.40	6.80	8.00	18.00	0.06 (Per Re.)	50.00	7.4	

1	2	3	4	5	6	7	8	9	10	11
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
10	Biri and chewing tobacco, etc.	Per Qtl.	7.00	2.70	N.A.	4.00	5.00	..	15.00	5.6
11	Raw tobacco and stalks.	..	1.00	0.80	1.40	1.25	N. A.	2.68	N. A.	3.4
12	Plastic & plastic goods	..	12.00	10.70	N. A.	N. A.	20.00	N. A.	N. A.	1.9
13	Medicines-Allopathic etc.	..	7.00	10.70	4.00	6.00	10.80	0.06	12.00	3.0
14	Vegetable (all kinds)	..	1.00	0.15	0.80	..	0.50	(Per Rs.) 0.05	0.05	6.7
15	Rui (cotton) ..	..	3.00	4.00	0.40	1.00	N. A.	(Per Rs.) N. A.	3.00	10.0
16	Cement pipes and other products.	..	1.00	0.80	0.80	0.64	0.65	N. A.	0.50	2.0
17	Cloth (cotton)		4.00	5.00	3.40	8.00	8.00	13.40	N. A.	3.9
18	Iron bars, Girders, angle iron etc.	..	1.00	1.35	1.80	2.64	3.00	N. A.	N. A.	3.0
19	Timber	..	1.00	..	..	..	..	..	..	..
20	Bricks	.. per thousand.	2.00	1.00	..	..	1.25	..	..	2.0
21	Furniture of all kinds.	Per Qtl.	7.00	10.70	0.80	..	8.00	..	5.00	13.4
22	Electrical goods.	Do.	12.00	8.00	4.00	8.00	15.00	0.06 (per Rs.)	8.00	3.8
23	Cycles	.. Do.	12.00	8.00	2.80	2.00 (each).	10.00	..	6.00	4.3
24	Motor car, trucks etc.	Each	250.00	25.00	N.A.	25.00	30.00 (per Qt l.)	..	3.00	83.3
25	Refrigerators and others etc.	Per Qtl.	30.00	25.00 (Each.)	N.A.	N.A.	..	..	15.00	2.00

## ANNEXURE—17

*Schedule of Octroi rates of a few important commodities in Lucknow City on an ad valorem basis and revised rates proposed by Committee*

Name of the article	Rate of tax (Rs.)				Proposed rate			
	On weight basis		On ad valorem basis		Ad valorem rate selected	Weight basis tax rate		
	Unit	Tax	Unit	Tax				
1	2		3		4	5		
1. Vegetable ghee ..	..	Per Qtl.	1.34	Per Rs.100	..	0.12	0.50	5.58
2. Refined sugar ..	..	..	0.52	Ditto	..	0.10	0.50	2.60
3. Tea (Brookebond)	..	..	3.34	Ditto	..	0.21	0.50	7.95
4. Cold drinks (Cococola)	..	..	0.34	Ditto	..	0.10	1.00	3.40
5. Wine-Rum	..	..	Nil	Ditto	..	0.30*	*On average basis of other KAVAL towns.	
6 Toilet Soap for bathing-lux	..	..	1.34	Ditto	..	0.80	0.50	8.38
7. Petrol	..	..	1.00	Ditto	..	0.32	1.00	3.12
8. Cement	..	..	1.34	Ditto	..	4.45	..	..
9. Woollen thread (Knitting wool) Average Quality.	..	..	5.37	Ditto	..	0.06	0.50	53.70
10. Cotton cloth-long cloth	..	..	2.00	Ditto	..	0.13	0.50	7.69
11. Watches (HMT Make)	..	..	6.69	Ditto	..	0.05	1.00	133.80

NOTE : The current wholesale/retail prices prevailing in Lucknow City were utilised for converting the present octroi rate (maundage) into *ad valorem* rates by dividing the present octroi rate by the money value of one Quintal of the commodity and multiplying it by 100 to arrive at *ad valorem* tax rate per Rs.100.

**ANNEXURE 18**

*Cost of Collection of Octroi, Terminal and Toll Tax in the Municipal Corporations—1968-69 to 1972-73*

	1968-69			1969-70			1970-71			1971-72			1972-73		
	Octroi, Terminal and Toll Tax	Cost of collection	Cost as percentage of receipts	Octroi, Terminal and Toll Tax	Cost of collection	Cost as percentage of receipts	Octroi, Terminal and toll Tax	Cost of collection	Cost as percentage of receipts	Octroi, Terminal and toll Tax	Cost of collection	Cost as percentage of receipts	Octroi, Terminal and toll Tax	Cost of collection	Cost as percentage of receipts
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Lucknow ..	52.07	3.99	7.7	54.90	4.50	8.2	57.65	5.00	8.7	63.38	5.00	7.9	70.10	6.61	9.4
Kanpur ..	89.93	5.40	6.0	78.75	5.63	7.1	60.82	5.08	8.4	69.97	5.74	8.2	72.16	6.28	8.7
Agra ..	39.97	3.46	8.7	49.94	4.15	8.3	63.71	4.49	7.0	71.97	4.42	6.1	74.12	5.89	7.9
Allahabad* ..	46.57	1.77	3.8	68.20	1.71	2.5	71.42	1.94	2.7	78.69	1.78	2.3	86.07	1.93	2.2
Varanasi ..	50.32	4.04	8.0	52.29	4.30	8.2	53.49	4.24	7.9	65.13	4.35	6.7	71.56	6.38	8.9
Total all corporations	278.86	18.66	6.7	304.08	20.29	6.7	307.09	20.75	6.8	349.14	21.29	6.1	374.01	27.09	7.2

\*Clarification sought from Municipal Corporation, Allahabad-revealed that certain items of cost were inadvertently omitted by them. They have informed that their cost of collection is about 7.0 per cent.  
(Source—Budgets of Corporations)

**ANNEXURE 19**

*Sales Tax receipts and revenue from Octroi, terminal taxes and tolls in KAVAL TOWNS—1969-70 to 1972-73*

Name of the Towns	1969-70			1970-71			1971-72			1972-73					
	Sales Tax receipts	Receipts from Octroi Terminal Tax and Tolls	Percentage of Octroi receipts to Sales tax receipts	Sales Tax receipts	Receipts from Octroi Terminal Tax and Tolls	Percentage of Octroi receipts to Sales tax receipts	Sales Tax receipts	Receipts from Octroi Terminal Tax and Tolls	Percentage of Octroi receipts to Sales tax receipts	Sales Tax receipts	Receipts from Octroi Terminal Tax and Tolls	Percentage of Octroi receipts to Sales tax receipts			
1	2	3	4	5	6	7	8	9	10	11	12	13			
1. Lucknow ..	..	..	..	556.35	54.90	9.9	634.74	57.65	9.1	804.53	63.38	7.9	877.22	70.10	8.0
2. Kanpur ..	..	..	..	769.68	78.75	10.2	823.69	60.82	7.4	923.06	69.97	7.6	1099.38	72.16	6.6
3. Agra ..	..	..	..	275.75	49.94	18.1	307.77	63.71	20.7	371.55	71.97	19.4	484.54	74.12	15.3
4. Allahabad ..	..	..	..	155.85	68.20	43.8	206.02	71.42	34.7	235.45	78.69	33.4	296.20	86.07	29.1
5. Varanasi ..	..	..	..	163.14	52.29	32.1	171.86	53.49	31.1	195.43	65.13	33.3	229.71	71.56	31.2
Total	..	..	..	1920.77	304.08	15.8	2144.08	307.09	14.3	2530.02	349.14	13.8	2987.05	374.01	12.5

Source : For receipts from octroi, terminal taxes and tolls, budgets of Municipal Corporations; for sales tax receipts, Sales Tax Department.  
NOTE : Figures of receipts from Sales tax pertain to the districts, as separate figures for the corporation limits or even for urban area were not available.

## ANNEXURE 20

*Income of Municipal Boards from Octroi, Terminal Taxes and Tolls in 1971-72*

Slab of Income from Octroi, Terminal taxes and Tolls	Name of Municipal Board whose Income falls in the slab	Income 1971-72 (Rs.)	Population (according to 1971 Census)	Per capita Income (Rs.)
1	2	3	4	5
1. Below Rs.1.00 lakhs	1. Colonelganj .. .. .	88,175	11,743	7.51
	2. Mongra—Badshahpur (T) .. .. .	24,165	9,377	2.58
	3. Chunar .. .. .	71,346	10,240	6.97
	4. Bagheswar (T) .. .. .	56,494	4,314	13.10
	5. Jaspur .. .. .	80,122	13,186	6.08
	6. Tehri (T) .. .. .	92,107	5,480	16.81
	7. Hamirpur (T) .. .. .	56,428	14,783	3.82
	8. Mahoba (T) .. .. .	82,460	29,707	2.78
	9. Charkhari (T) .. .. .	27,831	15,776	1.76
	10. Rath (T) .. .. .	76,706	23,061	3.33
	11. Maudaha (T) .. .. .	69,553	14,629	4.75
	12. Achhnera .. .. .	95,033	12,202	7.79
	13. Bilsa (T) .. .. .	81,112	10,100	8.03
	14. Kakrala (T) .. .. .	8,611	14,460	0.60
	15. Marehra .. .. .	44,308	11,506	3.85
	16. Kaimganj (T) .. .. .	92,685	15,154	6.12
	17. Mohammedi .. .. .	67,462	14,908	4.52
	18. Misrikh (T) .. .. .	56,735	6,832	8.30
	Total .. .. .	11,71,323	2,37,458	4.93
2. Rs.1.00 lakh but below 2.50 lakhs	1. Ghazipur .. .. .	2,18,745	45,635	4.79
	2. Pratapgarh (Bela) .. .. .	2,16,055	27,909	7.74
	3. Nawabganj (T) .. .. .	1,18,916	7,284	16.33
	4. Pithoragarh (T) .. .. .	1,25,006	11,942	10.47
	5. Vikasnagar .. .. .	1,32,614	7,066	18.77
	6. Srinagar (T) .. .. .	1,71,522	5,566	30.23
	7. Pauri (T) .. .. .	1,36,332	8,878	15.86
	8. Kotdwara .. .. .	2,28,770	11,457	19.97
	9. Dogadda (T) .. .. .	1,15,428	1,696	68.06
	10. Ramnagar (T) .. .. .	1,18,661	17,495	6.78
	11. Tanakpur (T) .. .. .	1,58,450	6,003	26.40
	12. Uttar Kashi (T) .. .. .	1,04,602	6,020	17.38
	13. Attarra .. .. .	1,76,684	17,231	10.25
	14. Chitrakut Dham .. .. .	1,92,366	17,794	10.81
	15. Jalaun .. .. .	1,28,577	19,574	6.57
	16. Kalpi .. .. .	1,38,685	21,334	6.50
	17. Konch .. .. .	1,56,316	28,403	5.50
	18. Mauranipur (T) .. .. .	1,73,561	25,651	6.77
	19. Fatehpur Sikari .. .. .	1,75,524	13,561	12.94

1	2	3	4	5
	20. Atrauli .. .. .	1,73,663	20,980	8.28
	21. Sikandara Rao .. .. .	1,20,255	17,253	6.97
	22. Aonla .. .. .	1,93,070	21,836	8.84
	23. Faridpur .. .. .	2,27,942	17,955	12.70
	24. Nehtaur (T) .. .. .	2,32,626	20,286	11.47
	25. Kiratpur .. .. .	1,14,350	25,147	4.55
	26. Afzalgarh (T) .. .. .	1,87,231	10,765	17.39
	27. Sahsawan (T) .. .. .	1,04,582	27,266	3.84
	28. Debai (T) .. .. .	1,58,864	17,042	9.32
	29. Anupshahar (T) .. .. .	1,07,009	12,253	8.73
	30. Jahangirabad (T) .. .. .	1,52,254	21,578	7.06
	31. Soron .. .. .	2,21,126	17,153	12.89
	32. Jalesar .. .. .	2,34,304	18,087	12.95
	33. Ganj-undwara .. .. .	1,17,681	17,275	6.81
	34. Aliganj .. .. .	1,15,894	10,211	11.35
	35. Auraiya (T) .. .. .	2,11,975	25,517	8.31
	36. Kannauj (T) .. .. .	1,19,068	28,187	4.22
	37. Chibramau (T) .. .. .	1,81,741	15,726	11.56
	38. Dhanaura (T) .. .. .	1,88,917	8,410	22.46
	39. Bilari .. .. .	1,89,609	11,620	16.32
	40. Kandhla .. .. .	1,89,409	20,061	9.44
	41. Manglaur (T) .. .. .	2,36,995	19,723	12.02
	42. Gangoh .. .. .	1,53,126	24,300	6.30
	43. Bindki .. .. .	2,11,516	17,243	12.27
	44. Sandi .. .. .	1,33,410	11,567	11.53
	45. Sandila .. .. .	1,81,490	22,365	8.11
	46. Pihani .. .. .	1,05,922	13,511	7.84
	47. Bilgram .. .. .	1,23,071	13,106	9.39
	48. Golagokarnnath (T) .. .. .	1,21,937	21,677	5.63
	49. Biswan (T) .. .. .	1,10,665	19,336	5.72
	50. Khairabad (T) .. .. .	2,36,150	17,335	13.62
	Total .. .. .	81,42,666	8,65,270	9.41
3. Rs.2.50 lakhs but below Rs.5.00 lakhs	1. Bahraich .. .. .	4,52,095	73,931	6.12
	2. Ballia (T) .. .. .	3,50,836	47,101	7.45
	3. Padrauna .. .. .	3,09,700	19,450	15.92
	4. Tanda (T) .. .. .	4,85,188	41,611	11.66
	5. Balrampur .. .. .	3,13,643	36,191	8.67
	6. Bhadohi .. .. .	3,05,311	23,250	13.13
	7. Ramnagar .. .. .	3,35,479	17,241	19.46
	8. Kashipur .. .. .	4,86,366	33,457	14.54
	9. Banda .. .. .	3,47,731	50,575	6.88
	10. Orai .. .. .	2,72,288	42,513	6.40

1	2	3	4	5			
	11. Bijnor..	..	..	..	2,95,809	43,290	6.83
	12. Chandpur	..	..	..	2,52,792	28,179	8.97
	13. Dhampur	..	..	..	3,97,385	22,639	17.35
	14. Nagina	..	..	..	3,01,805	37,066	8.14
	15. Najibabad	..	..	..	3,41,862	42,586	8.03
	16. Ujhani	..	..	..	4,59,312	22,140	20.75
	17. Mainpuri (T)	..	..	..	4,87,192	43,849	11.11
	18. Sirsaganj (T)	..	..	..	3,46,715	10,572	32.80
	19. Vrindaban	..	..	..	3,03,730	29,460	10.31
	20. Kosi (T)	..	..	..	4,88,209	19,105	25.55
	21. Mawana (T)	..	..	..	3,78,685	24,858	15.23
	22. Hasanpur	..	..	..	3,12,852	22,063	14.18
	23. Kairana	..	..	..	2,68,763	32,353	8.31
	24. Bisalpur (T)	..	..	..	4,23,251	19,891	21.28
	25. Deoband	..	..	..	4,14,085	38,194	10.84
	26. Roorkee (T)	..	..	..	3,82,789	47,561	8.05
	27. Tilhar	..	..	..	2,82,323	23,325	10.52
	28. Hardoi	..	..	..	4,37,492	46,639	9.38
	29. Sahabad	..	..	..	3,27,616	33,408	9.81
	30. Kheri-Lakhimpur (T)	..	..	..	4,01,540	43,752	9.18
	31. Rae Bareli	..	..	..	3,05,757	38,765	7.89
				Total	1,12,68,601	10,58,527	10.65
4. Rs.5.00 lakhs but below Rs.10.00 lakhs	1. Azamgarh	..	..	..	5,02,816	40,963	12.27
	2. Mau-Nath-Bhanjan	..	..	..	8,20,596	64,058	12.81
	3. Basti	..	..	..	6,99,232	49,635	4.09
	4. Deoria (T)	..	..	..	6,55,426	38,161	17.18
	5. Gonda	..	..	..	7,51,679	52,662	14.27
	6. Moghalasarai	..	..	..	3,07,909	13,583	59.48
	7. Almora (T)	..	..	..	5,87,205	19,671	29.85
	8. Mussoorie (T)	..	..	..	7,70,383	18,038	42.71
	9. Rishikesh (T)	..	..	..	7,47,754	17,646	42.38
	10. Naini Tal (T)	..	..	..	5,97,839	23,986	24.92
	11. Haldwani-cum-Kathgodam (T)	..	..	..	7,11,896	52,205	13.64
	12. Lalitpur	..	..	..	5,67,906	34,462	16.48
	13. Budaun	..	..	..	5,84,851	72,204	8.10
	14. Sikandarabad (T)	..	..	..	7,60,985	32,031	23.76
	15. Bulandshar (T)	..	..	..	7,02,552	59,505	11.81
	16. Khurja (T)	..	..	..	7,21,458	50,245	14.36
	17. Etah	..	..	..	7,28,590	33,514	21.74
	18. Kasganj	..	..	..	7,66,915	46,467	16.50
	19. Etawah	..	..	..	7,03,654	85,894	8.19
	20. Farrukhabad-cum-Fatehgarh	..	..	..	5,47,465	1,02,768	5.33
	21. Shikohabad	..	..	..	7,50,154	31,442	23.86

1	2	3	4	5				
22. Baraut (T)	..	..	..	..	5,61,802	31,264	17.97	
23. Pilkhuwa (T)	..	..	..	..	7,27,211	23,941	30.38	
24. Chandausi	..	..	..	..	6,44,501	53,393	12.07	
25. Amroha	..	..	..	..	9,02,168	82,702	10.91	
26. Sambhal	..	..	..	..	6,73,210	86,323	7.80	
27. Muzaffarnagar	..	..	..	..	8,83,908	1,14,783	7.70	
28. Khatauli	..	..	..	..	5,36,445	24,495	21.90	
29. Shamli	..	..	..	..	6,21,630	36,959	16.82	
30. Pilibhit	..	..	..	..	8,13,051	68,273	11.91	
31. Hardwar	..	..	..	..	5,55,855	77,864	7.14	
32. Bara Banki (Nawabganj)	..	..	..	..	7,08,720	35,395	20.02	
33. Fatehpur	..	..	..	..	7,02,171	54,665	12.84	
34. Sitapur	..	..	..	..	8,51,695	66,713	12.77	
				Total	..	2,36,69,632	16,95,912	13.96
5. Rs.10.00 lakhs and above.	1. Faizabad	..	..	..	..	13,72,966	1,02,835	13.35
	2. Gorakhpur	..	..	..	..	24,70,460	2,30,911	10.70
	3. Jaunpur	..	..	..	..	10,22,229	80,737	12.66
	4. Mirzapur	..	..	..	..	11,91,651	1,05,939	11.25
	5. Dehra Dun	..	..	..	..	21,16,242	1,66,073	12.74
	6. Jhansi	..	..	..	..	13,81,125	1,73,292	7.97
	7. Firozabad	..	..	..	..	12,38,574	1,33,863	9.25
	8. Aligarh (Koil)	..	..	..	..	26,23,564	2,52,314	10.40
	9. Hathras	..	..	..	..	12,31,136	74,349	16.56
	10. Bareilly	..	..	..	..	32,12,974	2,96,248	10.85
	11. Mathura	..	..	..	..	13,36,744	1,32,028	10.12
	12. Meerut	..	..	..	..	36,83,019	2,70,993	13.59
	13. Ghaziabad (T)	..	..	..	..	26,87,166	1,18,836	22.61
	14. Hapur	..	..	..	..	10,97,531	71,266	15.40
	15. Rampur	..	..	..	..	13,14,498	1,61,417	8.14
	16. Moradabad	..	..	..	..	24,90,884	2,53,590	9.63
	17. Saharanpur	..	..	..	..	21,32,598	2,25,396	9.16
	18. Sahjahanpur	..	..	..	..	17,23,804	1,35,604	12.71
				Total	..	3,43,27,165	29,90,691	11.43

T—Indicates that the Board levies toll only.

Source—Economics and Statistics Directorate, U. P. which is provisional.

## ANNEXURE 21

## Rates of profession tax in Tamil Nadu

Class and half-yearly income							Maximum half yearly tax.
I							2
<i>(A) In Municipalities</i>							
I	More than Rs.15,000	..	..	..	..	..	125·00
II	More than Rs.12,000 but not more than Rs.15,000	..	..	..	..	..	100·00
III	More than Rs.9,000 but not more than Rs.12,000	..	..	..	..	..	75·00
IV	More than Rs.6,000 but not more than Rs.9,000	..	..	..	..	..	50·00
V	More than Rs.4,800 but not more than Rs.6,000	..	..	..	..	..	25·00
VI	More than Rs.3,000 but not more than Rs.4,800	..	..	..	..	..	12·00
VII	More than Rs.1,600 but not more than Rs.3,000	..	..	..	..	..	6·00
VIII	More than Rs.1,200 but not more than Rs.1,600	..	..	..	..	..	4·00
IX	More than Rs.600 but not more than Rs.1,200	..	..	..	..	..	2·00
X	More than Rs.300 but not more than Rs.600	..	..	..	..	..	1·00
<i>(B) In Madras Corporation</i>							
I	More than Rs.15,000	..	..	..	..	..	125·00
II	More than Rs.12,000 but not more than Rs.15,000	..	..	..	..	..	100·00
III	More than Rs.9,000 but not more than Rs.12,000	..	..	..	..	..	75·00
IV	More than Rs.6,000 but not more than Rs.9,000	..	..	..	..	..	50·00
V	More than Rs.4,800 but not more than Rs.6,000	..	..	..	..	..	37·50
VI	More than Rs.3,000 but not more than Rs.4,800	..	..	..	..	..	18·00
VII	More than Rs.1,800 but not more than Rs.3,000	..	..	..	..	..	9·00
<i>(C) In Madurai Corporation</i>							
I	More than Rs.15,000	..	..	..	..	..	125·00
II	More than Rs.12,000 but not more than Rs.15,000	..	..	..	..	..	100·00
III	More than Rs.9,000 but not more than Rs.12,000	..	..	..	..	..	75·00
IV	More than Rs.6,000 but not more than Rs.9,000	..	..	..	..	..	50·00
V	More than Rs.4,800 but not more than Rs.6,000	..	..	..	..	..	37·50
VI	More than Rs.3,000 but not more than Rs.4,800	..	..	..	..	..	18·00
VII	More than Rs.1,800 but not more than Rs.3,000	..	..	..	..	..	9·00
VIII	More than Rs.1,200 but not more than Rs.1,800	..	..	..	..	..	6·00
IX	More than Rs.600 but not more than Rs.1,200	..	..	..	..	..	3·00

## ANNEXURE 22

## Schedule of Rates of Taxes on Vehicles and Animals in KAVAL TOWNS

Serial no.	Description of the Vehicles	Rates per Annum (Rs.)							
		Kanpur		Agra		Allahabad		Varanasi	
		With tyre	Without tyre	With tyre	Without tyre	With tyre	Without tyre	With tyre	Without tyre
1	2	3	4	5	6	7	8	9	10
1	Four wheeled carriage drawn by animals.	40.00	50.00	40.00	50.00	40.00	50.00	N.A.	N.A.
2	Two wheeled carriage drawn by animals.	30.00	40.00	30.00	40.00	30.00	40.00	N.A.	N.A.
3	Two wheeled carriage drawn by man.	15.00	20.00	15.00	20.00	6.00	10.00	N.A.	N.A.
4	Rikshaw Trolleys	30.00	40.00	30.00	40.00	40.00	..	30.00	..
5	Tonga for hire	16.00	20.00	16.00	20.00	16.00	20.00	12.25 to 14.25	..
6	Tonga for own use	12.00	..	12.00	15.00	12.00	15.00	..	..
7	Rikshaw for hire	30.00	50.00	50.00	..	35.00	..	40.00	..
8	Rikshaw for own use	30.00	..	30.00	..	30.00	..	30.00	..
9	Cycle for own use	1.25	..	3.00	..	1.00	..	} 3.00	..
10	Cycle for hire	5.00	..	5.00	..	5.00	..		
11	Boat	10.00	..	10.00	..	15.00	..	1.00 (open) 3.00 (Bajra) 1.50 covered.	..
12	Camel	1.00	..	10.00	..	10.00	..	2.00	..
13	Horse	1.00	..	15.00	..	15.00	..	..	..
14	Bullock/ Buffalo	1.00	..	8.00	..	8.00	..	..	..
15	Donkey	0.50	..	..	..	6.00	..	..	..

Source—Municipal Corporations.

## ANNEXURE 23

## Schedule of Tax on Advertisement— (A) Kanpur.

Serial no.	Particulars	Tax per annum	Tax per month
1	2	3	4
1	Non-illuminated advertisements on land, building, wall, hoardings, frame, post, structures, etc.—	Rs. P.	Rs. P.
	(a) For a space upto 100 sq. decimetres	12.00	1.25
	(b) For every additional 100 sq. decimetres or less	12.00	1.25
2	Illuminated advertisements on land, building, wall or hoardings, frame, post, structures etc.—		
	(a) For a space upto 100 sq. decimetres	24.00	2.50
	(b) For every additional 100 sq. decimetres or less	24.00	2.50
3	Non-illuminated advertisement carried on each motor vehicle or on each vehicle, drawn by bullock, horses or other animals, human beings, cycle or any other device carried on any vehicle or boat—		
	(a) For a space up to 100 sq. decimetres	18.00	1.75
	(b) For every additional 100 sq. decimetres, or less	18.00	1.75
4	Illuminated advertisement boards carried on each motor vehicle or on each vehicle drawn by bullocks, horses or other animals, human beings, cycle or any other device, carried on any vehicle or boat—		
	(a) For a space up to 100 sq. decimetres	36.00	3.50
	(b) For every additional 100 sq. decimetres or less	36.00	3.50

1	2	3	4
		Rs. P.	Rs. P.
5	Non-illuminated advertisement boards carried by sandwich boardmen—		
	(a) For each board not exceeding 50 sq. decimetres .. .. .	12-00	1-25
	(b) For every additional 10 sq. decimetres in area or less .. .. .	4-00	0-50
6	Illuminated advertisement boards carried by sandwich boardmen—		
	(a) For each board not exceeding 50 sq. decimetres .. .. .	24-00	2-50
	(b) For each additional 10 sq. decimetres in area or less .. .. .	6-00	0-75
7	Advertisements exhibited on screens in cinema houses and other public places by means of lantern slides or similar devices, per show—		
	(a) For a space up to 50 sq. decimetres .. .. .	24-00	2-50
	(b) For every additional 10 sq. decimetres or less .. .. .	6-00	0-75
8	Non-illuminated advertisements suspended across streets—		
	(a) For a space up to 100 sq. decimetres .. .. .	24-00	2-50
	(b) For every additional 100 sq. decimetres or less .. .. .	24-00	2-50
9	Illuminated advertisements suspended across streets—		
	(a) For a space up to 100 sq. decimetres .. .. .	48-00	5-00
	(b) For every additional 100 sq. decimetres or less .. .. .	64-00	7-00
10	Non-illuminated advertisement boardings standing blank but bearing the name of the advertiser or with the announcement "TO BE LET" displayed thereon—		
	(a) For a space up to 100 sq. decimetres .. .. .	12-00	1-25
	(b) For every additional 100 sq. decimetres or less .. .. .	12-00	1-25
11	Illuminated advertisement boardings standing blank but bearing the name of the advertiser or with the announcement "TO BE LET" displayed thereon—		
	(a) For a space up to 100 sq. decimetres .. .. .	18-00	1-75
	(b) For every additional 10 sq. decimetres or less .. .. .	2-00	0-25
	<i>N.B.</i> —The tax for item nos. 1, 2, 8, 9, 10 and 11 will be in addition to the rent for space which will be chargeable according to the scale prescribed by the Mahapalika.		
12	Permission to auctioneers to put up not more than two boards of reasonable size advertising each auction sale, other than those in the premises where the auction is held, one, on a prominent site in the locality and one on Mahapalika lamp post.	50-00 (including the rent for exhibiting the board on a Mahapalika lamp-post).	

## B—ALLAHABAD

Serial no.	Particulars	Weekly tax	Monthly tax	Annual tax
1	2	3	4	5
		Rs. P.	Rs. P.	Rs. P.
1	Advertisements on boards, walls, or posts or as illuminated sky signs fixed on private places—			
	(a) For space upto 250 sq. decimetres .. .. .		12-00	120-00
	(b) For space above 250 sq. decimetres to 500 decimetres .. .. .		16-00	160-00
	(c) For space above 500 sq. decimetres to 750 decimetres .. .. .		20-00	200-00
	(d) For space above 750 sq. decimetres to 1,000 decimetres .. .. .		24-00	240-00
	(e) For space above 1,000 sq. decimetres—for every additional 250 decimetres or part thereof .. .. .		4-00	40-00
2	Non-illuminated advertisement boards bearing the name of the advertiser or with the announcement "TO LET"—			
	(a) For space up to 250 sq. decimetres .. .. .		6-00	60-00
	(b) For additional 250 sq. decimetres or part thereof .. .. .		2-50	25-00
3	Non-illuminated advertisement fixed on Mahapalika land or buildings—			
	(a) For space up to 100 sq. decimetres .. .. .		10-00	100-00
	(b) For space exceeding 100 sq. decimetres to 200 sq. decimetres .. .. .		15-00	150-00
	(c) For space exceeding 200 sq. decimetres to 400 but not exceeding 400 sq. decimetres .. .. .		20-00	200-00

1	2	3	4	5
		Rs. P.	Rs. P.	Rs. P.
	(d) For space exceeding 400 sq. decimetres to 600 but not exceeding 600 sq. decimetres.	..	25·00	250·00
	(e) For additional 50 sq. decimetres .. .. .	..	2·00	20·00
4	Advertisements carried on vehicles, animals, human beings, cycles, motors or any other vehicles—			
	(a) For space up to 250 sq. decimetres .. .. .	..	8·00	80·00
	(b) For space exceeding 250 sq. decimetres to 1,000 but not exceeding 1,000 sq. decimetres.	..	11·00	110·00
	(c) For additional 250 sq. decimetres or part thereof .. .. .	..	8·00	80·00
5	Illuminated advertisement displayed through means mentioned at serial 4 above or only fixed on vehicles—			
	(a) For space up to 100 sq. decimetres .. .. .	..	6·00	60·00
	(b) For space exceeding 100 sq. decimetres to 250 but not exceeding 250 sq. decimetres.	..	12·00	120·00
	(c) For space exceeding 250 sq. decimetres to 500 but not exceeding 500 sq. decimetres.	..	20·00	200·00
	(d) For additional 100 sq. decimetres or part thereof .. .. .	..	6·00	60·00
6	Non-illuminated advertisement boards, carried by sandwich board-men—			
	(a) For space up to 100 sq. decimetres .. .. .	1·00	3·00	30·00
	(b) For space exceeding 100sq. decimetres to 250 sq. decimetres but not exceeding 250 sq. decimetres.	2·00	6·00	60·00
	(c) For additional 100 sq. decimetres .. .. .	0·50	1·50	15·00
7	Illuminated advertisement boards, carried by sandwich board-men—			
	(a) For space up to 100 sq. decimetres .. .. .	1·50	4·50	45·00
	(b) For space exceeding 100 sq. decimetres to 250 but not exceeding 250 sq. decimetres.	3·00	9·00	90·00
	(c) For additional 100 sq. decimetres .. .. .	1·00	3·00	30·00
8	Illuminated sky sign and other advertisements not mentioned in 5 and 7 above—			
	(a) For space upto 20 sq. decimetres .. .. .	..	2·50	25·00
	(b) For space exceeding 20 sq. decimetres to 50 but not exceeding 50 sq. decimetres.	..	5·00	50·00
	(c) For space exceeding 50 sq. decimetres to 100 but not exceeding 100 sq. decimetres.	..	8·00	80·00
	(d) For space exceeding 100 sq. decimetres to 250 but not exceeding 250 sq. decimetres.	..	15·00	150·00
	(e) For space exceeding 250 sq. decimetres to 500 but not exceeding 500 sq. decimetres.	..	25·00	250·00
	(f) For additional 100 sq. decimetres or part thereof .. .. .	..	5·00	50·00
9	Illuminated advertisement fixed on Mahapalika land and buildings—			
	(a) For a space up to 20 sq. decimetres .. .. .	..	4·00	40·00
	(b) For space exceeding 20 sq. decimetres to 50 but not exceeding 50 sq. decimetres.	..	6·00	60·00
	(c) For space exceeding 50 sq. decimetres to 100 but not exceeding 100 sq. decimetres.	..	10·00	100·00
	(d) For space exceeding 100 sq. decimetres to 200 but not exceeding 200 sq. decimetres.	..	20·00	200·00
	(e) For space exceeding 200 sq. decimetres to 400 but not exceeding 400 sq. decimetres.	..	30·00	300·00
	(f) For additional 200 sq. decimetres .. .. .	..	3·00	30·00
10	Advertisements exhibited on screen in cinema houses, theatre houses or other places by means of lantern slider—			
	(a) For advertisement made through lantern light .. .. .	3·00	10·00	..
	(b) For advertisement made through films .. .. .	5·00	20·00	..
11	Advertisement on walls and hoardings—			
	(a) For space exceeding 5 decimetres to 7.5 but not exceeding 7.5 decimetres	0·06	0·25	..
	(b) For space exceeding 7.5 decimetres to 10 decimetres but not exceeding 10 decimetres.	0·12	0·50	..
	(c) For additional 65 sq. centimetres or part thereof— .. .. .	0·12	0·37	..

NOTE—Weekly rates are applicable to advertisements displayed in cinemas and theatre houses. Persons who are liable to pay the tax are—

Every person who erects, exhibits, fixes or retains an advertisement upon or over any public or private buildings, walls, boarding or structure.

## (C) VARANASI

Serial no.	Particulars	Rate of tax	
		Per Month	Per Year
1	2	3	4
		Rs. P.	Rs. P.
1	Advertisements on hoarding, walls or posts or in the form of non-illuminated sky-signs—		
	(a) For a space up to 1 sq. mt. .. .. .	..	13.00
	(b) For a space over 1 sq. mt. up to 2½ sq. mt. .. .. .	..	32.50
	(c) For every additional 2½ sq. mt. or less .. .. .	..	26.00
2	Advertisements on cloth hung across streets or foot-path .. .. .		
	(a) In a street up to 6 mt. .. .. .	3.50	..
	(b) In a street over 6 mt. .. .. .	5.25	..
		per mt.	
		per mt.	
3	Advertisement fixed to or against the wall or outer face of a building—		
	(A) No part of which projects on or over a street—		
	(a) For a space up to 1 sq. mt. .. .. .	..	13.00
	(b) For a space over 1 sq. mt. up to 2½ sq. mt. .. .. .	..	32.50
	(c) For every additional 2½ sq. mt. or less .. .. .	..	26.00
	(B) Which projects on or over street—		
	(a) For a space up to 1 sq. mt. .. .. .	..	13.00
	(b) For a space over 1 sq. mt. up to 2½ sq. mt. .. .. .	..	32.50
	(c) For every additional 2½ sq. mt. or less .. .. .	..	26.00
	<i>N. B.</i> —In no case advertisement board should be projected more than 60cm. over the street or paties.		
4	Advertisement hoarding standing blank, but bearing the name of the advertiser on which the announcement "To be let" displayed thereon—		
	(a) For a space of 1 sq. mt. .. .. .	0.55	..
	(b) For a space over 1 sq. mt. up to 2½ sq. mt. .. .. .	1.10	..
	(c) For every additional 2½ sq. mt. or less .. .. .	1.10	..
5	Advertisement boards carried on vehicles or advertisements displayed on the body of the vehicles—		
	(a) For a space up to 1 sq. mt. .. .. .	..	22.00
	(b) For a space over 1 sq. mt. up to 2½ sq. mt. .. .. .	..	45.00
	(c) For a space over 2½ sq. mt. up to 5 sq. mt. .. .. .	..	82.50
	(c) For every additional 5 sq. mt. or less .. .. .	..	82.50
	Provided that in the case of a person advertising in more than one vehicle at a time, the total space advertised in all the vehicles taken together shall be taken into account for the purpose of determination of the tax.		
6	Illuminated advertisement boards carried on vehicles or illuminated advertisement displayed on the body on the vehicles—		
	(a) For a space up to 5 sq. mt. .. .. .	..	165.00
	(b) For every additional 5 sq. mt. or less .. .. .	..	165.00
7	Advertisement boards etc. carried by sandwich boardman—		
	(a) For each board up to 1 sq. mt. .. .. .	1.37	..
	(b) For each board over 1 sq. mt. up to 5 sq. mt. .. .. .	2.75	..
	(c) For every additional 1 sq. mt. or less .. .. .	1.37	..

1	2	3	4
		Rs. P.	Rs. P.
8	Illuminated advertisement boards carried by sandwich boardmen—		
	(a) For each board up to 1 sq. mt. .. ..	2.75	..
	(b) For each board over 1 sq. mt. and up to 2½ sq. mt. .. ..	5.50	..
	(c) For every additional 1 sq. mt. or less .. ..	2.20	..
9	Illuminated sky-signs and advertisement other than those referred to in items 6 and 8—		
	(a) For a space upto 1,858 sq. cm. .. ..	..	16.00
	(b) For a space over 1,858 sq. cm. and up to 4,645 sq. cm. .. ..	..	32.00
	(c) For a space over 4,645 sq. cm. and up to 232 sq. dm. .. ..	..	40.00
	(d) For every additional 232 sq. dm. or less .. ..	..	40.00
10	Advertisements exhibited on screens by means of lantern slides or similar devices including the slides advertisements exhibited on the screen in Cinemat Houses—		
	(a) For a space up to 4,645 sq. cm. .. ..	..	64.00
	(b) For a space over 4,645 sq. cm. and up to 232 sq. dm. .. ..	..	80.00
	(c) For every additional 232 sq. dm. or less .. ..	..	80.00
11	Posters on walls or boarding—		
	(a) For a space not exceeding 1 sq. mt. .. ..	0.15	..
	(b) For every additional up to 1 sq. mt. .. ..	0.10	..

## (D), LUCKNOW

Serial no.	Particulars	Tax per annum	Tax per Quarter	Remarks
1	2	3	4	5
		Rs. P.	Rs. P.	
1	Advertisement carried on each vehicle drawn by bullocks, horses or other animals, human beings or any other device carried on vehicle with out power.	72.00	22.50	..
2	Advertisement carried on vehicles using power and force having two side pannels and one back pannel.	84.00	25.00	Quarterly payment of Rs.6.75 per side and Rs.12.00 per back pannel shall be payable.
3	On illuminated advertisement of item 1 and 2 above	..	25 per cent extra on the rates indicated in item 1 and 2 above.	
4	Advertisement on hoarding boards of size 3.66—2.44 metre	250.00	..	
5	Advertisement on hoarding boards of a greater size of 3.66—2.44 metre and not greater than 6—10—2.44 metre.	500.00	..	
6	Advertisement boards carried by sandwich board men or women	25.00	..	
7	Neon-sign Advertisement displayed on private-buildings including Mahapalika buildings.	600.00	..	
8	Neon-sign advertisement displayed on Mahapalika buildings	300.00	..	
9	Advertisement displayed on Roadways buses in the form of paintings on shelter portion, roof or on Vehicle side.	50.00	..	
10	Advertisements displayed on Banners made of cloth	..	50.00	
11	Advertisement displayed by posters	..	..	16.00 per month or Rs. 5.00 per week.

Source—Municipal Corporations.

## ANNEXURE 24

Income from non-tax sources of Lucknow and Kanpur Municipal Corporations, 1968-69 to 1972-73

(Rs. in Lakhs)

Non tax sources	Lucknow					Kanpur				
	1968-69	1969-70	1970-71	1971-72	1972-73	1968-69	1969-70	1970-71	1971-72	1972-73
1	2	3	4	5	6	7	8	9	10	11
1. Income from property and other sources.	7.63	12.52	18.42	18.01	18.74	25.43	25.93	27.75	26.24	38.58
2. Nazul Land .. ..	..	..	..	..	..	0.76	0.89	0.40	0.42	0.64
3. Drainage and Sanitation Services (excluding tax receipts).	10.18	12.24	26.11	15.03	19.33	19.93	28.88	27.71	29.50	34.19
4. Receipts under Special enactments.	0.91	1.04	0.85	0.47	0.43	1.31	1.29	1.01	1.09	1.23
5. Interest .. ..	1.05	0.21	0.09	0.18	0.22	0.09	0.07	0.00	0.13	0.89
6. Other Misc. Receipts ..	7.40	4.13	3.90	2.96	4.94	9.24	24.17	10.77	5.63	25.89
Total non-tax receipts ..	27.17	30.14	49.37	36.65	43.71	56.76	81.23	67.64	63.01	101.42
	(16.9)	(16.8)	(23.3)	(17.7)	(18.8)	(16.5)	(22.7)	(21.2)	(17.6)	(23.8)

Figures in bracket indicate the percentage to total income.  
Source—Budgets of Corporations.

## ANNEXURE 25

Position of demand, arrear and collection of Panchayat Tax in Uttar Pradesh (Actuals)

(Rs. in '000).

Year	Previous Balance	Present assessment	Total	Remissions	Total Demand	Collections	Balance	Percentage of col. 7 to 6
1	2	3	4	5	6	7	8	9
1960-61 .. ..	25841	8721	34,562	1418	33144	8810	24,334	26.6
1965-66 .. ..	6138	8676	14814	1466	13348	10014	3,334	75.0
1966-67 .. ..	3334	8688	12022	2340	9682	8630	1052	89.1
1967-68 .. ..	1052	9083	10135	589	9546	9016	530	94.4
1968-69 .. ..	530	9359	9889	18	9871	9495	376	96.2
1969-70 .. ..	376	10206	10582	479	10103	9389	714	92.9
1970-71 .. ..	714	10199	10913	233	10680	10193	487	95.4
1971-72 .. ..	487	10139	10626	448	10178	9635	543	94.7
1972-73 .. ..	543	10273	10816	59	10757	9873	884	91.8
1973-74 .. ..	884	28742	29626	1314	28312	26512	1800	93.6

Source—Panchayat Raj Directorate, U. P.

## ANNEXURE 26

Income of Zila Parishads in Uttar Pradesh 1969-70 to 1971-72

(Rs. Lakhs)

Year	Property and Service Taxes	Octroi Terminal Tax and Toll	Other taxes	Total tax Revenue (col. 2+3+4)	Non-Tax Receipts	Grants in aid	Total income (col. 5+6+7).
1	2	3	4	5	6	7	8
1969-70	44.33 (1.2)	0.75 (0.0)	101.19 (2.8)	146.27 (4.0)	298.26 (8.1)	3226.20 (87.9)	3670.73 (100.0)
1970-71 ..	97.26 (2.9)	109.50 (3.3)	140.62 (4.3)	347.38 (10.5)	387.15 (11.6)	2592.69 (77.9)	3327.22 (100.0)
1971-72 ..	72.31 (1.2)	18.13 (0.3)	145.82 (2.5)	236.26 (4.0)	366.57 (6.2)	5300.26 (89.8)	5903.09 (100.0)

Source—Data collected by Economics & Statistics Divisions, U. P., which is provisional.  
NOTE—Figures in bracket indicate percentage of total income.

ANNEXURE 27

Ordinary income and revenue expenditure of twenty-four Zila Parishad in Uttar Pradesh (Actuals)

Years/Items of income and expenditure	1968:69			1969:70			1970:71			1971:72			1972:73		
	Amount (Rs. in lakhs)	Percentage distribution	Per capita (Rs.)	Amount (Rs. in lakhs)	Percentage distribution	Per capita (Rs.)	Amount (Rs. in lakhs)	Percentage distribution	Per capita (Rs.)	Amount (Rs. in lakhs)	Percentage distribution	Per capita (Rs.)	Amount (Rs. in lakhs)	Percentage distribution	Per capita (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
<b>TOTAL INCOME</b>	1,096.33	100.00	3.75	1,527.11	100.00	5.13	1,611.15	100.00	5.32	2,107.05	100.00	6.74	1,311.83	100.00	4.12
<b>1—TAX—REVENUE</b>	12.23	1.11	0.04	13.61	0.89	0.04	14.80	0.92	0.05	15.33	0.73	0.05	15.78	1.20	0.05
(a) Circumstances and property tax	11.65	1.06	0.04	13.14	0.86	0.04	14.14	0.88	0.05	14.60	0.69	0.05	14.82	1.13	0.05
(b) Other taxes	0.58	0.05	0.00	0.47	0.03	0.00	0.66	0.04	0.00	0.73	0.04	0.00	0.96	0.07	0.00
<b>2—NON-TAX—RECEIPTS (excluding grants-in-aid)</b>	82.98	7.57	0.28	98.68	6.46	0.33	97.86	6.07	0.32	132.21	6.27	0.42	155.89	11.88	0.49
<b>3—GRANTS-IN-AID</b>	1,001.12	91.32	3.43	1,414.82	92.65	4.76	1,498.49	93.01	4.95	1,959.51	93.00	6.27	1,140.16	86.92	3.58
(a) Education	821.76	74.96	2.81	1,164.03	76.23	3.91	1,288.43	79.97	4.26	1,390.12	65.97	4.45	722.07	55.04	2.27
(b) Medical and Public Health	1.34	0.12	0.01	1.28	0.08	0.01	1.31	0.08	0.00	0.98	0.05	0.00	0.76	0.06	0.00
(c) Roads and Public Works	30.06	2.74	0.10	20.37	1.33	0.07	90.93	5.65	0.30	377.34	17.91	1.21	251.03	19.14	0.79
(d) Other purposes	147.96	13.50	0.51	229.14	15.01	0.77	117.82	7.31	0.39	191.07	9.07	0.61	166.30	12.68	0.52
<b>4—TOTAL EXPENDITURE.</b>	1,154.39	100.00	3.95	1,484.03	100.00	4.99	1,555.98	100.00	5.14	1,700.40	100.00	5.44	2,095.66	100.00	6.40
(a) General Administration	26.02	2.25	0.09	26.59	1.79	0.09	28.31	1.82	0.09	27.00	1.62	0.09	47.00	2.33	0.15
(b) Medical and Public Health.	26.20	2.27	0.09	26.47	1.78	0.09	29.75	1.91	0.10	28.95	1.70	0.09	28.81	1.41	0.09
(c) Public Works	94.86	8.22	0.32	93.94	6.33	0.32	87.48	5.62	0.29	193.99	11.41	0.62	546.97	26.87	1.72
(d) Education	893.56	77.41	3.06	1,146.24	77.24	3.85	1,226.15	78.80	4.05	1,327.43	78.07	4.24	933.30	45.85	2.93
(e) Water Supply	58.86	5.10	0.20	133.62	9.01	0.45	19.14	1.23	0.06	23.13	1.36	0.08	43.65	2.14	0.14
(f) Others	54.89	4.75	0.19	57.17	3.85	0.19	165.15	10.62	0.55	99.30	5.84	0.32	435.57	21.40	1.37

NOTE—Projected population has been utilised for calculating per capita distribution.  
Source—Zila Parishads.

CHAPTER XII  
STATE IRRIGATION

Both revenue and expenditure problems are closely inter-connected and tax levels which may seem quite reasonable and even low in isolation may turn out to be oppressive because of the expenditure pattern or its inefficiency. As Taxation Committee, however, we are normally not concerned with expenditure and have strictly worked within this confine in dealing with State taxes. A commercial department like Irrigation differs appreciably from a Tax Department like Excise or Sales Tax. The latter only fetches a net revenue; there is no likelihood of its yielding a loss. But in the case of commercial departments, these two sides of revenue and expenditure cannot even logically be viewed separately, for in their case, net receipts with which we are concerned are the result of the surplus of gross receipts over current expenditure and have to be judged in relation to the capital invested. Optimum rate fixation may not yield adequate rate of return if the investment criteria did not take financial profitability into account or investments were made without proper care and prudence. Rate fixation policy has to work within the constraint of the investment decisions taken earlier, and has often to be satisfied with covering variable costs even on strict financial criteria. Current losses could ensue if current expenditure is not wisely made, or if a proper level of service is not maintained. In discussing, therefore, the rate fixation of commercial departments one has to be concerned with investment decisions, level of services and reasonableness of working expenses. It was not possible for us within the time at our disposal to go systematically into all these problems. We have been content to note and comment on some of the important issues to which our attention was drawn.

2. Irrigation is defined as the application of water, by human agency, to assist the growth of crops and fodder. In general, the word does not cover the other objects for which man stores and controls the flow of water, for instance, for household and industrial water supplies, for hydro-electric power, for the provision of navigable channels, etc. These other objects, however, may sometimes share with irrigation the use of works, equipment and waterflows; and they, therefore, have an indirect effect upon the economics of irrigation. In such cases, the economics of irrigation is determined by the share of water set apart for irrigation and expenses which are allocated to it out of the joint cost of the multi-purpose project. Irrigation water may be (i) drawn from the natural flow of streams, (ii) obtained by damming or otherwise regulating the flow of streams, (iii) and pumped from underground sources by means of wells. It may be applied to the crop by flooding, by channels, or by spray.

3. *History*—Among the basic determinants of agricultural productivity, adequate and timely availability of water is the most crucial one.

Playing by itself a protective as well as productive role and being a valuable pre-requisite for the use of other agricultural inputs, irrigation becomes a catalytic agent for improving the productivity of land. In this State, irrigation was taken up as an organised activity much before independence. Some of its canals were built by old emperors. Over and above a very good network of canals for gravity irrigation, lift irrigation was also actively taken up. In the matter of construction of State Tube-wells, Uttar Pradesh is a pioneering State. Construction of State Tube-wells was taken up as early as 1931. Besides public tube-wells, the State has a large number of private wells used for lift irrigation with the help of traditional lift like persian-wheels and mechanical lifts such as pumping sets and pumps operated by oil engines and electric motors.

4. Private irrigation works are mostly small in size and serve only a limited area. They cannot, therefore, take the place of State irrigation works which are invariably bigger in size and necessitate large scale investments which only State can make. While, therefore, the State took all possible measures in the plans to stimulate the construction of private means of irrigation, it also greatly speeded up the erection of public irrigation. In the past, financial viability of a scheme was the main criterion for sanctioning an Irrigation Scheme. Gradually, there has been a shift in this policy and now social benefit; social cost ratio criterion is being adopted in sanctioning irrigation projects.

5. The total expenditure on State's major, medium and minor irrigation works which during the First and Second Plan period was Rs.36.61 crores and Rs.41.10 crores respectively, increased during the Third Plan period to Rs.111.05 crores. The three *ad hoc* Annual Plans (1966-67, 1967-68 and 1968-69) were a period of stagnation; only Rs.66.59 crores were spent. The expenditure during the Fourth Five Year Plan was estimated to be more than double Rs.227.48 crores, taking the total investment in State irrigation works by the end of 1973-74 to Rs.499.66 crores. As a result, the total irrigation potential (which means capacity of an irrigation work to provide irrigation) from State irrigation works which was 30.35 lakh hectares at the beginning of the First Plan period, more than doubled and increased to 65.11 lakh hectares by the end of 1973-74. The actual irrigation from state irrigation works increased from 29.29 lakh hectares to 43.15 lakh hectares during the same period. In so far as irrigation from private source is concerned, the irrigated area at the end of 1973-74 stood at about 49.45 lakh hectares. The State has an ambitious programme to increase irrigation facilities in the Fifth Five-Year Plan by 28 lakh hectares at an estimated cost of Rs.400 crores.

6. *Crops irrigated*—Distribution of cropped area and irrigated area in Kharif and Rabi by crops is given in Table 1.

TABLE I—*Distribution of cropped area and irrigated area in Kharif and Rabi by crops-1973/74.*  
(Lakh hectares)

Name of crop	Total cropped area	Irrigated area	Percentage of column 3 to column 2	C—Others			
				1	2	3	4
1. Oil seed					7.23	0.75	10.35
2. Sugar cane					14.73	9.50	64.48
3. Cotton					0.42	0.40	95.19
4. Jute					0.09	—	—
5. Potato					1.86	1.70	91.30
6. Others					14.30	3.80	26.57
				TOTAL C	38.63	16.15	41.81
				GRAND TOTAL	230.72	92.60	40.13

1	2	3	4
<b>A—Kharif</b>			
1. Rice	44.68	8.82	19.74
2. Jowar	7.04	0.10	1.44
3. Bajra	10.63	0.07	0.65
4. Maize	14.84	2.73	18.41
5. Others	8.82	0.06	0.69
TOTAL A	86.01	11.78	13.70
<b>B—Rabi</b>			
1. Wheat	60.55	43.27	71.46
2. Barley	12.61	9.66	76.60
3. Gram	19.56	5.48	28.02
4. Peas	6.09	6.04	99.20
5. Arhar	5.27	0.03	0.54
6. Masur	2.00	0.19	9.51
TOTAL B	106.08	64.67	60.96

Source: Irrigation Department.

Irrigated area formed about 61 per cent of the cropped rabi area whereas in kharif this was only 14 per cent of cropped area. This indicates that irrigation facilities are made use of chiefly in rabi. From the point of view of irrigation, wheat, barley, sugarcane, rice, peas and gram were important. Wheat accounted for more than half of the total area under irrigation. Irrigated area in this State is 40 per cent of the total cropped area against the all-India average of only 20 per cent. In spite of increased irrigation facilities, average yields of different crops are generally low. It will be seen from Table II below that only in pulses the yield in U. P. is high. In rice, maize, wheat and sugarcane the average yield is less than the all-India average and in case of rice, it is the lowest.

TABLE II—*Per hectare yield of some crops by States*  
(Yield per hectare in Quintals).

State	Rice	Maize	Wheat	Potato	Sugarcane	Pulses
1	2	3	4	5	6	7
Andhra Pradesh	13.69	13.35	..	..	776.00	1.76
Gujarat	12.23	16.17	16.28	239.75	517.83	3.30
Haryana	16.85	15.16	20.93	155.85	450.82	7.12
Maharashtra	12.27	9.98	5.11	42.52	680.02	3.12
Madhya Pradesh	8.41	10.74	7.60	111.57	263.49	4.66
Mysore	16.84	32.26	3.10	43.73	277.33	3.57
Punjab	17.25	15.16	22.61	123.45	411.12	7.68
Rajasthan	11.26	12.26	13.22	..	327.41	4.89
Tamil Nadu	19.74	11.03	..	82.67	773.53	2.23
West Bengal	12.38	9.43	21.88	81.76	470.00	6.74
Uttar Pradesh	9.19	11.82	12.86	92.33	400.72	8.30
India	11.34	12.70	12.99	90.39	484.64	5.16

Source:—Table 6.8—Draft Fifth Five-Year Plan (U. P.)

It is necessary to get maximum benefit out of water by intensive development of the command areas of Irrigation systems.

7. *Distributor of benefits*—With a view to seeing the pattern of benefits due to irrigation to different categories of cultivators, a break up of the irrigated area by different sources according to different categories of holding is given in table III.

TABLE III—*Number of Holdings and areas irrigated by different sources with net area and gross area sown.*  
(Area in Hectare)

Serial no.	Area (Hectare)	Total Holdings			Area irrigated by different sources							Other Sources	Total
		Number	Area	Cropped area (Hectare)	Flow	Canals	Lift	Tanks	Wells	Tube-wells State	Private		
1	2	3	4	5	6	7	8	9	10	11	12	13	
1	Less than 0.5	71,16,591	15,21,670	19,95,784 (131.2)	1,60,669 (10.6)	28,969 (1.9)	39,273 (2.6)	1,84,757 (12.2)	93,085 (6.1)	1,26,474 (8.3)	25,116 (2.3)	6,68,823 (43.9)	
2	0.5—1.0 ..	29,86,638	21,45,859	27,14,573 (128.0)	2,53,100 (11.8)	38,033 (1.8)	49,401 (2.3)	2,81,039 (10.8)	1,17,981 (5.5)	1,81,146 (8.5)	44,653 (2.1)	9,15,273 (42.8)	
3	1.0—2.0 ..	25,91,431	36,42,575	45,48,983 (124.9)	2,52,388 (6.9)	61,172 (1.7)	71,571 (2.0)	6,64,342 (10.0)	1,85,131 (5.1)	5,18,579 (14.2)	66,418 (1.8)	15,19,901 (41.7)	
4	2.0—3.0 ..	10,89,301	26,32,107	32,38,595 (123.0)	3,43,213 (13.0)	40,779 (1.5)	42,652 (1.6)	2,48,400 (9.4)	1,29,705 (4.9)	2,46,597 (9.5)	44,107 (1.7)	10,95,453 (41.6)	
5	3.0—4.0 ..	5,33,765	18,29,241	22,41,850 (122.6)	2,54,364 (13.9)	26,385 (1.4)	24,931 (1.4)	1,60,128 (8.8)	89,201 (4.8)	1,90,473 (10.4)	26,606 (1.5)	7,72,086 (42.2)	
6	4.0—5.0 ..	3,00,489	13,33,858	16,15,893 (121.1)	1,84,756 (13.9)	18,437 (1.4)	16,297 (1.2)	1,07,934 (8.1)	60,777 (4.6)	1,49,027 (11.1)	18,224 (1.4)	5,56,052 (41.7)	
7	5.0—10.0 ..	4,28,585	28,50,156	33,01,698 (115.6)	3,91,040 (13.8)	36,221 (1.3)	36,150 (0.9)	1,89,891 (6.6)	1,44,101 (5.0)	3,09,260 (10.8)	36,849 (1.3)	11,33,512 (39.7)	
8	10.0—20.0..	94,727	12,30,970	13,26,430 (107.8)	1,52,464 (12.4)	12,032 (1.1)	8,714 (0.7)	50,382 (4.1)	37,456 (3.0)	1,07,565 (8.7)	14,798 (1.2)	3,84,311 (31.2)	
9	20.0—30.0..	11,752	2,78,311	2,68,338 (96.4)	22,072 (10.1)	2,305 (0.8)	1,669 (0.6)	66,216 (2.2)	5,313 (1.9)	17,467 (6.4)	3,680 (1.3)	64,722 (23.3)	
10	30.0—40.0..	3,198	1,08,131	98,652 (91.2)	9,184 (8.5)	485 (0.4)	508 (0.5)	1,753 (1.6)	1,860 (1.8)	5,441 (5.0)	1,187 (1.1)	20,418 (18.9)	
11	40.0—50.0..	1,058	46,710	40,497 (86.7)	2,777 (5.9)	213 (0.4)	173 (0.4)	576 (1.2)	732 (1.6)	2,414 (5.2)	636 (1.4)	7,521 (16.1)	
12	50.0 and above	1,406	1,38,150	1,07,432 (77.8)	7,695 (5.1)	254 (0.2)	430 (0.3)	654 (0.5)	2,887 (2.1)	9,590 (6.9)	1,628 (1.2)	22,538 (16.3)	
Total	..	151,58,932	1,77,61,738	2,15,29,775 (121.2)	22,39,212 (12.6)	266,183 (1.5)	2,81,769 (1.6)	15,46,072 (8.7)	8,38,229 (4.7)	1664,733 (9.4)	29412 (1.6)	71,30,610 (40.1)	

Source—1970-71 Agriculture Census

Figures in bracket indicate percentage calculated over column 4 i.e. area.

The table shows that as the size of holdings increases, the percentage area under irrigation decreases. While more than 40 per cent of the area under holdings of less than 5 hectares was irrigated, holdings of more than 20 hectares had less than 20 per cent irrigated area. This feature is partly responsible for the better utilization of land in smaller holdings which is reflected in larger percentage of areas of smaller holdings being double cropped. The cropping intensity has been found to be highest in holdings of less than 0.5 hectares (131.2) and lowest in land holdings of 50 hectares and above (77.8). While 40.1 per cent of the area in the State is irrigated, only 21.2 per cent is double cropped. This demonstrates that there is under-utilisation of irrigation facilities and considerable scope exists for improvement of agricultural productivity. In what follows, we shall be dealing only with public irrigation—first canals and then public tube-wells.

8. *A-Canals—Progress of irrigation*—The development and progress of irrigation schemes is judged by the utilisation of their potential. The Plan documents which indicate utilisation do not represent the actual use of the irrigation facilities, as utilisation of potential is computed by clubbing of maximum area irrigated in Rabi in any of the past years and similarly the maximum area irrigated in Kharif in any of the past years. In this way, the utilization represents the maximum irrigation ever done independently in Rabi and Kharif in the past years. This gives a distorted picture of the actual use of the irrigation facilities. With a view to giving a correct picture of the use of irrigation facilities, we have, in this chapter, given actual area irrigated and not the potential utilised. Table IV gives the irrigation potential, and the area actually irrigated by canals, during different years:

TABLE IV—*Potential and actual irrigation from canals*

(Lakh hectares)			
	Potential	Actual Irrigation	Percentage of column 3 over column 2
1	2	3	4
1951-52	25.87	24.73	95.6
1955-56	29.91	21.26	71.1
1960-61	33.78	25.31	74.9
1965-66	33.34	32.16	96.5
1966-67	39.40	35.05	89.0
1967-68		30.75	78.0
1968-69	39.55	35.74	90.4
1969-70	40.66	35.71	87.8
1970-71	41.18	35.31	85.7
1971-72	42.05	34.67	82.4
1972-73	43.36	35.40	81.6
1973-74	45.77	36.56	79.9

Source: Irrigation Department.

The actual irrigation during the Fourth Five Year Plan period was 83.40 per cent of the potential as compared to 85.76 per cent in the five years preceding 1969-70. This has also coincided with the steady deterioration in the financial returns from canals.

9. *Financial working of canals*—The detailed financial results from canals in this State during different years are shown in Annexure I. A summary of the position is given in table V.

TABLE V—*Financial Return of Canals.*  
(Rs. crores)

Years	Gross receipts	Working expenses	Net revenue	Interest charges	Net results
1	2	3	4	5	6
1964-65	9.43	4.59	4.83	4.78	(+)0.05
1965-66	9.98	5.48	4.50	5.49	(-)0.99
1966-67	9.07	6.57	2.50	6.24	(-)3.74
1967-68	10.55	6.84	3.71	7.66	(-)3.94
1968-69	11.02	7.59	3.43	8.60	(-)5.17
1969-70	11.85	8.38	3.47	9.82	(-)6.35
1970-71	12.88	9.33	2.55	10.95	(-)8.39
1971-72	10.19	8.95	1.24	12.24	(-)10.00
1972-73	14.01	10.46	3.55	14.65	(-)11.11
1973-74(R.E.)	14.25	10.12	4.12	6.58	(-)12.46

Source: Irrigation Department.

Before 1965-66 there was a net surplus on the working of canals. Thereafter, the working expenses including interest charges increased more than gross revenue, resulting in a net deficits. During 1973-74 the loss anticipated was about Rs.12.46 crores. This deterioration can be attributed to the following factors:

(a) Construction costs have greatly increased due to rise in prices and also more and more expensive storage works and pumped canals had to be taken up. The average cost of construction per hectare which was Rs.375 to Rs.500 in 1951-52 has stepped up to Rs.1,500 to Rs.2,000 in 1973-74.

(b) Rising prices have pushed up the cost of maintenance and operation. They have gone up from Rs.9.96 per hectare in 1951-52 to Rs.30.54 per hectare in 1972-73.

(c) The Government has not been able to raise the water rates adequately to cover the rising costs.

(d) At present the accounts of the Irrigation Department are kept without distinction between completed works and works under construction. This distorts the return on capital investment particularly in canals, as new schemes for extending canal irrigation are expensive and it takes many years before benefits accrue to the farmers. There has been a sharp increase in the works in progress. They have increased from Rs.0.05 crores in 1955-56 to about Rs.30 crores in 1973-74. This has led to higher

annual interest charges without a proportionate increase in the area irrigated. Till 1966-67 separate accounts of completed works and those under execution were available but of late, this practice has been discontinued. We would suggest that the financial return should be prepared excluding the expenditure on works in progress. As a direct consequence of this, the interest charges of the construction period should be capitalised.

(e) In many projects, the costs have been much in excess of original estimated, sometimes the addition being disproportionate to the rise in cost of construction, e.g. in the case of Ramganga and Gandak, the sanctioned costs have gone up from Rs.26 crores and Rs.15 crores to Rs.132 crores and Rs.55 crores respectively.

10. *Criteria for irrigation projects*—It may be stated here that at the time of getting the projects sanctioned, the Irrigation Department goes by the social benefit; social cost formula, and generally recommends a project if the ratio is greater than 2:1. It reduces this crucial ratio to 1:1 in the case of backward districts. In working out social benefits only direct primary benefits i.e. those to the farmers are taken account of. The inputs that the latter buy to reap the benefits are taken as costs to which are added depreciation and 10 per cent return on capital investment. The only snag is that while the capital costs are incurred immediately, the benefits take some time to accrue; the calculations by the department take no account of the time lag, and they do not make any prognosis of the time pattern of canal water utilisation. A clear view of the dating process and use of the time discount rate or the rate of interest to transform costs and benefits at different points of time into those at one point are called for. The benefit cost ratio, however, worked out for the projects for which they have given us data are high.

TABLE VI—Benefit cost ratio of certain Projects.

Name of the Project	Benefit cost ratio
1	2
1. Narainpur Pumped Canal	7.83
2. Khara Canal	6.03
3. Kanhar Scheme	2.53
4. Rajghat Canals	3.75
5. Sarda Sahayak	13.28

Source: Irrigation Department.

11. The methodology adopted by the Irrigation Department is best suited to say at what rate irrigation charges should be levied to earn a return when the optimum acreage and yield benefits of irrigation are realised. Since no losses are carried over in irrigation accounting and since much less than 10 per cent rate of interest is allowed for, this should at least ensure a successful financial working, once the irrigation potential is reasonably utilized, if the estimates turn out to be correct. Increase in cost of construction due to price change is one of

the major causes of an upset, but this is almost entirely neutralised by a simultaneous and similar rise in the financial value of the benefit. Experience so far, however, reveals many revisions because of faulty or hasty estimates, e.g. in the case of Ramganga, the revisions have been many which were not only due to rise in price but were also due to changes in designs. As a result, the financial anticipation of the project is expected to go down considerably from what was estimated originally. We found on examination that the irrigated yield estimates used by the Irrigation Department in consultations with the Department of Agriculture are substantially higher than those actually obtained. There is thus an over estimation of the benefits at the time of the project appraisal. No detailed field investigations except one of Sarda Canal, have so far been made to find out the net benefits of irrigation. This failure to evaluate results in a fundamental area of investment must be remedied at the earliest. In order that there may be proper scrutiny of both the benefits and costs to the Government and the community and to ensure optimum results, we suggest that (i) at the time of seeking approval of projects, the Irrigation Department should prepare a project report, setting forth the social costs and benefits on the lines laid down by the Research\* Programmes Committee of the Planning Commission, (ii) it should also prepare a financial statement laying down what water rates it recommends, the likely receipts from them, the working expenses and the financial returns expected from the working of the project over a time horizon of 10 years, (iii) every time there is anticipation of a substantial increase in costs, both these statements should be re-worked before sanction for increased costs is asked for, (iv) with a view to assessing how far the assumptions made out at the time of the sanctioning of projects have turned out to be correct, a survey of the command area of the canal system should be made before the commencement of the project and after implementation of the project, evaluation of the direct primary and other benefits should be carried out periodically till the maximum benefits are realised. If there is a substantial gap between the expected and achieved results, the causes of this gap must be pin pointed and steps suggested to so improve project appraisal procedure as to minimise such gaps.

12. *Need for economy*—As explained in para 9(b), the maintenance expenditure on canals has gone up from Rs.9.96 per hectare in 1951-52 to Rs.30.54 per hectare in 1972-73. Inclusive of interest charges on completed works, the maintenance expenditure on canals in 1972-73 was of the order of Rs.62 per hectare. The Sixth Finance Commission in consultation with the Union Ministry of irrigation and power have adopted the norm of Rs.24.71 per hectare for maintenance of irrigation works including tube-wells, on an all India basis. Judged in this light, the maintenance expenditure incurred in this State even on canals exceeds this norm. This needs a close scrutiny of the maintenance expenditure by the Government.

We understand that sometime back a Committee consisting of officers of the Irrigation and

\* Criteria for appraising the Feasibility of Irrigation Projects R. P. C. 1965, Table 5-1 p. 64.

Finance Departments was constituted for laying down norms for regular and workcharged staff in the Irrigation Department which *inter alia* found that under tube-wells and canals maintenance divisions, there was over staffing both in workcharged and regular establishment. We have looked into the staffing pattern of irrigation divisions and are of the view that there is scope for economy in them. Functionaries like Barkandaz who guard the cash chest of the Assistant Engineer's office are archaic. If payments are centralised in divisional headquarters then there would be no need for guarding of the cash chest. Such a system of centralised payments prevails in the Public Works Department. We feel there should be no practical difficulty in adopting a similar system of centralised payments in the Irrigation Department. As a result of this, the number of clerks in sub-divisions could also be reduced. The justification of retaining such time worn functionaries like waterman and dak runners with modern improved means of communication needs to be examined by the Government. The reduction in the strength of Barkandaz and other non-essential staff can result in a saving of about Rs.1 crore annually in the working expenses.

13. *Need for monitoring*—One of the weakest areas in the implementational frame work is effective concurrent monitoring and evaluation system at each level where executive functions have to be performed. Unless effective systems of this kind are introduced, remedial action cannot be taken in time and delays, over expenditure and inefficient operations became unavoidable. We recommend that there should be an independent Monitoring Cell for all major irrigation works which should, from the various returns regularly submitted in all construction works, tabulate periodical information with relation to:

- (1) Physical progress in relation to targeted programme;
- (2) Financial progress;
- (3) Funding schedule;
- (4) Key construction materials like steel and cement;
- (5) Plant, machinery and foreign exchange requirements;
- (6) Identification of bottlenecks and steps taken to remove them; and
- (7) Creation of irrigation potential and utilisation.

This Cell should liaise with the agricultural authorities and see that the corresponding command area development takes place according to the schedule, so that the irrigation water can be utilised to the best effect.

14. *Cost consciousness*—At present there seems to be lack of cost consciousness in the working of irrigation projects. The objective should be not merely to supply water but to create irrigation facilities at a minimum possible cost. With this end in view, concerted efforts should be made to reduce the use of scarce materials like steel and cement in the construction and maintenance of irrigation projects. This would also help in making available such scarce materials for other key sectors of the economy.

15. *Performance budget*—At present a performance budget of Irrigation Department prepared and presented to the State Legislature. This system was introduced in 1970-71 with a view to correlating the financial outlays with physical targets. But the Performance budget prepared at present gives only an over view of a irrigation works and does not serve as an effective mechanism for the evaluation of the performance of different units or divisions. It is the duty of those engaged in construction and management of irrigation projects to supply water to the right person, in optimum quantities, and at the right time, so as to maximise production. With this objective in view, we recommend that performance budgets should be prepared for each division so that it is judged by physical achievement and financial returns.

16. *Inservice training*—For the efficient operation of irrigation works, management is an important input. We suggest that State Government should regularly send bright young engineers for inservice training to attend management courses. The cost of such training would be repaid many fold if the operation of irrigation works improve even marginally.

17. *Inventory control*—Over the years, there has been increasing mechanisation in the execution of irrigation projects. With increasing use of machines, it has become necessary to stock their spare parts. Scarcity of materials like cement and steel has made it necessary to purchase them in advance and keep adequate stock. In this way, large stocks of spares and other scarce materials have been built up. As per provisions contained in the Financial Handbook, Volume VI, it is necessary to fix a reserve stock limit for each division and then such a limit for the department as a whole. We understand that so far no overall reserve stock limit for the Irrigation Department as a whole has been fixed. In fact, at present they have no idea about the size of their inventory. This is a serious drawback and needs to be reviewed without delay. It often happens that due to non-dissemination of knowledge, field officers purchase those very articles which are surplus in other divisions. The above situation can be controlled only by adopting a proper system of inventory control so that large funds locked up in the inventory of spare parts and materials are released and avoidable expenditure on fresh purchases is done away with.

18. Recently, the State Government has decided to set up a Computer Centre. The help of this Computer Centre should be taken for compiling, codifying the necessary data and computerising stocks for a proper inventory control and management. We suggest that this important area of financial control which has so far remained neglected should receive proper and urgent attention of the Government.

19. *Fixation of canal rates*—In fixing irrigation rates, four different criteria can be applied. Historically if irrigation rates were fixed at a certain rate after a comprehensive investigation, it would be fair to take the major developments since that period into account, and suggest revision accordingly. Such major developments would be changes in costs, changes in net benefits and as a proxy for latter, if they are not available,

changes in prices of irrigated crops and changes in quality of services. Secondly, water charges may be viewed as a proportion of net benefit to the farmer or his gross produce. Thirdly, the farmer should not be charged more than the cost of alternative sources of water. Fourthly, a comparison of prevalent rates with those in other States may give some idea of the fairness of rates, though it must be mentioned that this comparison has not the same compelling logic as costs of irrigation differ from place to place, and as the farmer has no choice of purchasing water from other neighbouring States. He will prefer to avail himself of the service if its net value for him is more than the charges.

TABLE VII—Harvest prices of certain irrigated crops and working expenses of canals

Items	1951-52	1960-61	1969-70 (Rupees per quintal)	1971-72	1973-74	Percentage increase over 1960-61
1. Wheat .. .. .	42.87	39.73	83.94	75.69	105.00	164.3
2. Rice .. .. .	N. A.	37.94	69.76	69.41	140.00	269.00
3. Sugarcane .. .. .	N.A.	4.05	6.82	8.28	13.00	221.00
Working Expenses excluding interest Rs.per hectare.	9.96	15.22	22.93	28.52	30.54	100.00

Source—Board of Revenue.

21. *Accepted principles*—The adoption by the farmer of cultivation techniques which make for optimum use of water needs more strenuous work and preparedness to take greater risks. He must, therefore, have sufficient incentive to adopt them and must be left with a substantial portion of the benefits of irrigation. In a system of competitive pricing, it is the marginal utility or productivity that is equated with the price. Because of many varying circumstances and personal factors, every farmer does not benefit to the same extent from the accessibility to water and the margin is not easy to locate. Irrigation also calls for increased costs to avail of its benefits. In view of these factors, the various experts\* who have gone into this problem have thought it fair to suggest irrigation charges at 25—40 per cent of the net average benefit that accrues because of irrigation, or where these are difficult to get, 6—12 per cent of the gross produce on irrigated farms as fair water charges. These formulae have been widely accepted as a norm. The Irrigation Commission (1972) have stated that the application of the benefit-cost ratio criterion in recent years has, however, had certain undesirable effects. It minimises the importance of securing an adequate return from investments on irrigation projects. They have, therefore, recommended that at the time of considering a project should also be carefully examined. If the return does not cover working expenses and interest charges on capital, the impact of the project on the irrigation revenues of the State should be examined to see if an upward revision of water rates in the State would be necessary.

\*1. U. P. Irrigation Rates Committee, 1948.  
2. Maharashtra Irrigation Commission (1960—62).  
3. Nijalingappa Committee (1964).  
4. Central Irrigation Commission, 1972.

20. *Changes in benefits and rates*—Table VII shows that the working expenses (excluding interest) per hectare doubled between 1960-61 and 1973-74. The returns to the cultivators too have been improving as is evident from the behaviour of the harvest prices of major crops. The price of wheat increased from Rs.39.73 to Rs.105.00 per quintal and that of rice and sugarcane too increased from Rs.37.94 and Rs.4.05 per quintal to Rs.140 and Rs.13.00 respectively during the same period. The revisions of rates have thus been less than increases in the cost of making the water available or the return to the cultivators.

22. *Criterion of net additional benefit*—It is difficult to find out the exact additional net benefit to the cultivator due to irrigation. In respect of certain crops, the Central Irrigation Commission has, however, given some details about the increase in yields due to irrigation as also due to irrigation and various fertilizers.

TABLE VIII—Indices of yields obtained in A. D. P. the districts under different manurial practices

Crop	Dry farming			Irrigated farming	
	With no manures and fertilizers	With fertilizers and manures	No fertilizers or manures	With fertilizers	With fertilizers and manures
1	2	3	4	5	6
Rice	100	152	144	177	177
Wheat	100	125	147	172	197
Maize	100	131	121	160	173

Source—Central Irrigation Commission.

This table does not contain details about the sugarcane crop which is an important cash crop. But in the case of sugarcane which is grown primarily in irrigated areas, it can be reasonably assumed that the additional yield due to irrigation is about 75 per cent.

23. Taking the above indices of yields of irrigated farming without fertilizers or manures into account, we have worked out the likely additional

production per hectare due to irrigation from the average yield in irrigated areas. Current irrigation rates as a proportion of additional produce due to irrigation, are given in Table IX:

TABLE IX—Per hectare additional yield due to irrigation and value of additional produce

Item	Wheat	Rice	Sugar-cane
1	2	3	4
1. Per hectare additional yield due to irrigation in quintals	4.75	2.45	174.18
2. Average price per quintal (Rs.)	105.00	140.00	13.00
3. Value of additional gross produce (Rs.)	498.75	343.00	2,264.34
4. (i) Current irrigation rates (Schedule I (Rs.))	46.33	51.89	148.26
(ii) As proportion of additional produce	9.3%	15.1%	6.5%

24. *Cross-produce criterion*—It would not be appportionate to take into account the expected farm yields in ideal conditions for purposes of determining the irrigation rates. It would be more equitable to go by the farm yields which are based on State averages on irrigated areas. These are only available for wheat, rice and sugarcane. The

prices of various products taken for the purpose of determining the gross income are the procurement prices fixed by the Government. Table X gives the water rates of Schedule I for flow irrigation on the basis of 6 per cent and 12 per cent of gross income:

TABLE X—Average yield and value of gross produce

Item	Wheat	Rice	Sugar-cane
1	2	3	4
1. Average yield per hectare (in quintals)	14.87	8.02	406.42
2. Average price per quintal (in Rs.)	105.00	140.00	13.00
3. Gross income per quintal (in Rs.)	1561.35	1122.70	5281.14
4. (i) Present water rates of Schedule I for flow irrigation (Rs.)	46.33	51.89	148.26
(ii) As proportion of gross produce	3.97%	4.62%	2.81%

25. There is no authentic data in regard to cost of irrigation per hectare for different crops by cultivators from private sources. This is due to the fact that there are no private canals. But it is beyond dispute that canal irrigation is the cheapest source of water supply, and there is no other substitute in sight.

26. *Inter-States rate*—In Uttar Pradesh, irrigation charges are based on irrigated area and

vary with the crop and time. Among different States, there is no uniformity in water rates, which have been based on different principles. For example, in Tamil Nadu, irrigation rates form part of land revenue. On account of the above, an Inter-State comparison of rates is difficult. Even then an attempt has been made in Table XI to compare the range of rates in some States in respect of three important crops.

TABLE XI—Irrigation rates in some important States of the Union

State	Date of enforcement	Rate per hectare in		
		Wheat	Rice	Sugarcane
1	2	3	4	5
1. Uttar Pradesh	1-10-72	12.36—46.33	11.86—51.89	29.65—148.26
2. Maharashtra	1963	22.19	22.19—36.99	296.01—444.02
3. Haryana	1.5.71	6.75—14.41	23.99	35.21—40.50
4. Rajasthan	1967	19.74—24.09	24.71	54.36—66.69
5. Punjab	1968	6.80—14.60	24.09—24.39	33.36—41.00
6. Gujarat	15.6.71	59.31—81.59	59/31.8/81—59	470.02
7. Tamil Nadu	23-10-69	..	12.36—61.63	24.71—49.40

Source : Based on compilation of Central and Power Commission.

27. For wheat crop, irrigation rates in Schedule I in this State are higher than the rates in Maharashtra, Haryana, Punjab and Rajasthan but rice irrigation rates in Uttar Pradesh are higher than those obtaining in Maharashtra, Haryana, Punjab and Rajasthan, but they are lower than those current in Gujarat and Tamil Nadu. As for sugarcane, the rates in this State are lower than in Maharashtra and Gujarat, but they are higher than the rates obtaining in Haryana, Punjab, Rajasthan and Tamil Nadu. Here it may be mentioned that there are special features of sugarcane cultivation in Maharashtra and Gujarat where the maturity of crop takes longer time and needs more waterings.

28. *Crop-wise use of water*—The Central Irrigation Commission\* have given data regarding productivity of cereals per unit of water which is given in Table XII.

TABLE XII—Productivity of cereals per unit of water

Crop (New strains)	Water require- ment in a typical tract (MW)	Yield (Kg./Ha)	Productivity per mm. water (mm/ha)
1	2	3	4
Rice ..	1200	4500	3.7
Sorghum ..	500	4500	9.7
Bajra ..	500	4500	8.0
Maize ..	625	5000	8.0
Wheat ..	400	5000	12.5

The physical and value productivity per unit of water is highest in the case of wheat and lowest for rice. In fact, seeing the lower productivity per unit of rice, they have recommended that projects for rice irrigation should be taken up with great caution and should be confined to areas where irrigation can be supplemented through natural rains; otherwise the cost of supply of water for the said crop by the State would be prohibitive. The position of many existing canals seems to be different as during Kharif the water potential remains unutilised. We do not have many storage works which could store monsoon water for use in the Rabi period. Till such arrangements are made, there would be no harm in making use of the water available in the Kharif period for rice irrigation if need be at lower rates.

29. *Two-part tariff*—A two-part tariff system is often advocated as a method of pricing to recover all costs, fixed and variable, so as to ensure optimum provision and use of facilities in public utilities with high fixed costs. In many of them, marginal cost pricing will fail to cover average cost and thus lead to losses, needing State subsidies, if they are to be continued. The State may be unable or unwilling as a matter of policy to extend them. On the other hand, rate fixation based on average costs may lead to excess capacity or under investment. It may be best under these conditions to levy a fixed charge for use to cover fixed cost and a per unit charge based on marginal cost. This will lead users, if there is

\* Table 6.4

no doubt about the value of the general privilege of using, to avail themselves more of the service because of lower charges per unit of service. This principle is capable only of very limited application to public supply of water. There is little evidence to show that the use of water is price elastic within the price variations, we can reasonably think of, or that use of more canal water in isolation without other charges in cultivation practices will lead to better production. As far as the canal system is concerned, the fixed charge will have to assume the form of a compulsory cess on all land within the command area of a canal, whether the farmers within the area are actual or potential users of water or not. It is true that the very accessibility to water through canals gives an insurance to the farmer and that it increases the value of his land. But both these are only potential benefits and it would be prudent to tax them or charge for them only at the time of realisation. Further, in the case of canal water, the only options the farmer has are whether to use water during a particular season, on how many acres to use it and what crops to grow.

He has no choice on how much water to take. We do not think that any of these choices will be substantially affected by the level of water rates. We, therefore, do not recommend the adoption of a two-part tariff system for canals.

30. The advantages of canal water largely depend on the number of satisfactory waterings that can be given to the farms during each season. The Irrigation Department had informed us that the old canal systems were generally supplying 1.5-2 waterings per season, whereas the ideal waterings that could be supplied were 3-4. These would lead to 85 per cent of optimum agricultural production; anything beyond may lead to water logging. We got the figures of depth and number of waterings from canals which are given in Table XIII.

TABLE XIII—Depth and number of waterings from canals

Serial no	Crop	Depth watering (Inches)	Old Canal Syst ms average number of watering in field in practice	New Canal Systems (Sarada Sahayak, Lit etc.)	
				Depth of watering	Number of waterings
1	2	3	4	5	6
1	Rabi ..	5.25	1.5	4.0	4
2	Rice ..	7.5	2	6.0	3
3	Sugarcane ..	6.5	3	6.0	5

Source: Irrigation Department.

Augmentation of supplies in the existing systems has now become a regular feature of many of the irrigation works. A large number of pumped canals have been and are being executed for providing 4 to 6 waterings to a crop. Further, in the past, the canals were built for providing irrigation mostly during the Rabi season. Now emphasis is being given on Kharif irrigation also and as a result, the new schemes which are being

taken up would cater to Kharif irrigation and provide for higher water intensity. Ranganga and Sarda Sahayak projects which have vast irrigation potential, would shortly start augmenting supplies in the existing Upper Ganga, Lower Ganga and Sarda Canals when water intensity on these canal systems would go up from 30 per cent and 35 per cent to 75 per cent and 90 per cent respectively.

31. *Adequacy of watering*—In their reply to our questionnaire, the Irrigation Department had submitted that they aimed at providing on an

average, 4 waterings in Rabi and 3 in Kharif. The depth of each watering in Rabi should be four inches and during Kharif it should be six inches. Giving more water or number of waterings would lead to water logging of the fields. Details of quantity of water supplied and area irrigated over a number of years by some main canal systems in the State will be found in Annexure II. From these details depth of water in Kharif and Rabi seasons over different years for main canal systems in the State has been worked out and are given in Table XIV.

TABLE XIV—Statement showing depth of water for main canal systems of Uttar Pradesh

Serial no.	Name of system	1966-67		1967-68		1968-69		1969-70		1970-71		1971-72		1971-72	
		Water depth (feet)		Water depth (feet)		Water depth (feet)		Water depth (feet)		Water depth (feet)		Water depth (feet)		Water depth (feet)	
		Kharif	Rabi	Kharif Rabi (after 30 per cent percolation)											
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Upper Ganga Canal	2.01	1.62	1.65	1.85	2.07	1.54	1.68	1.58	2.00	1.30	1.93	1.48	1.35	1.04
2	Lower Ganga Canal	2.69	0.99	1.59	1.17	2.30	1.25	2.08	0.92	2.36	1.25	2.62	1.34	1.83	0.94
3	Eastern Yamuna Canal	1.06	1.31	1.20	1.76	1.68	1.50	1.23	1.53	1.40	1.59	1.53	1.81	1.07	1.27
4	Agra Canal ..	1.64	1.26	1.22	1.11	1.53	1.21	0.94	0.84	1.76	1.42	1.70	1.34	1.19	0.94
5	Sarda Canal ..	3.79	1.95	4.26	2.68	3.79	2.38	4.19	2.41	4.60	2.34	5.09	2.32	3.56	1.62
6	Botwa Canal ..	2.66	0.99	1.50	1.96	5.24	1.29	5.96	1.13	7.96	1.70	1.46	0.46	1.02	0.32
7	Dohri Ghat Pumped Canal.	2.92	1.91	2.90	1.74	2.23	1.65	3.07	1.19	3.01	1.54	2.68	1.68	1.88	1.18
8	Ken Canal ..	2.45	0.58	2.41	1.22	1.72	0.90	1.89	1.84	2.86	1.37	2.51	1.71	1.76	1.20
9	Belen Canal ..	1.94	1.23	1.10	2.66	2.15	2.00	1.31	1.48	2.50	2.58	3.80	2.07	2.66	1.45

Source : Irrigation Department.

The data of water depth given therein is of discharge available at distributary heads. Some percolation losses take place in transmitting water from distribution channels through guls to the fields of cultivators. These percolation losses can liberally be estimated to be 25—30 per cent. After allowing for these losses, water depth

that was actually available in the fields of cultivators during 1971-72 in different canal systems is indicated in the last column of the above statement. Average depth of water available in the past five years in these canal systems is given in Table XV.

TABLE XV—Depth of water for main canal Systems of Uttar Pradesh

(In feet)

Serial no.	Name of system	Last five years average ending 1971-72					
		Without percolation losses		After percolation losses at 30%			
		Kharif	Rabi	Kharif	Rabi		
1	2	3	4	5	6		
1	Upper Ganga Canal	..	..	1.87	1.55	1.31	1.09
2	Lower Ganga Canal	..	..	2.19	1.19	1.53	0.83
3	Eastern Yamuna Canal	..	..	1.41	1.64	0.99	1.15
4	Agra Canal ..	..	..	1.42	1.18	1.00	0.83
5	Sarda Canal ..	..	..	4.39	2.43	3.07	1.70
6	Botwa Canal ..	..	..	4.42	1.31	3.09	0.92
7	Dohri Ghat ..	..	..	2.78	1.56	1.95	1.09
8	Ken Canal ..	..	..	2.28	1.41	1.60	0.99
9	Belen Canal ..	..	..	2.17	2.16	1.52	1.51

The above details show that on the basis of norm of 4 inches of water depth in Rabi and 6 inches in Kharif, the number of waterings given to the fields in Rabi crop were 3 to 4 except in the case of Lower Ganga Canal, Agra Canal, Betwa Canal and Ken Canal, where the number of waterings have, on an average, been 3. In the case of Kharif crop the water availability has been more and in some cases like Sarda Canal and Belan Canal, it has been more than the norm. It can thus reasonably be concluded that water availability in the canal systems is not as bad or precarious as is sometimes stated. Further with the augmentation of water from Ramganga and Sarda Sahayak Projects, water availability in Upper and Lower Ganga Canals and Sarda Canal too is likely to improve appreciably.

32. *Existing rate structure*—There are at present a number of schedules of rates (Annexure III) for State irrigation works. These different schedules have been prescribed keeping into consideration the quality of irrigation service that is rendered by the department. Schedules I, II, III, IV, VI, VII and VIII relate to canals and Schedule V relates to State tube-wells. Table XVI gives the rates for flow irrigation in respect of principal crops as in Schedules I and II which cover almost 90 per cent of the area irrigated by canals, including pumped canals (Schedule I, which prescribes highest canal rates, covers nearly 80 per cent of the irrigated area).

TABLE XVI—Present canal irrigation rates

Crop	Rates for flow irrigation per hectares in rupees.	
	Schedule I	Schedule II
1	2	3
Sugarcane	148.26	74.13
Rice	51.89	87.07
Tobacco	61.78	46.33
Wheat, barley and crops mixed with wheat or barley	46.33	33.60
Cotton	17.40	11.59

33. Irrigation rates leviable on the basis of various criteria discussed in the foregoing paragraphs, are given in Table XVII.

TABLE XVII—Rates leviable by various criteria

Item	Wheat	Rice	Sugarcane
	Rs.	Rs.	Rs.
1	2	3	4
Present per hectare canal rate for flow irrigation as per Schedule—I	46.33	51.89	148.26
Present rates as proportion of gross produce	2.97%	4.62%	2.81%
Present rates as proportion of additional produce	9.3%	15.1%	6.5%
Per hectare water rates at 6 per cent of gross income	93.68	67.87	317.01
Per hectare water rates at 12 per cent gross income	187.36	134.74	634.02
Per hectare water rates at 25 per cent of additional gross income	124.69	85.75	566.08
Per hectare water rates at 40 per cent of additional gross income	199.60	137.20	905.74

34. Table XVII shows that by any of the criteria suggested for fixing irrigation rates, there is a strong case for increase in irrigation rates. In view of the imperative need of increased agricultural production, we would desist from this step if we felt that this would have an adverse impact on water utilisation. It has been the contention of the Irrigation Department that increases in water rates in the past have led to a reduction in the area irrigated. We give in table XVIII average area irrigated through canals for three years before and after past rate increases.

TABLE XVIII—Average area irrigated by canals before and after past rate increases

(In lakh hectare)

Average irrigated area in three years	Kharif	Rabi	Total
1	2	3	4
Year ending 1967-68	14.42	18.24	32.66
	<i>Rates increased w.e.f. 1-11-'69</i>		
Year ending 1970-71	13.91	20.31	34.22
	<i>Rates increased from 1-10-'72</i>		
Year ending 1973-74	14.46	21.08	35.54

Source—Irrigation Department.

The area irrigated during Kharif fluctuates largely according to the degree of rain fall. We had, therefore, better concentrate on the Rabi figure. They do not seem to bear out in contention. It is true that use of canal water has not kept up with irrigation potential: but this is entirely a different problem and needs different remedies. The U. P. Irrigation Rates Committee, 1948 had also gone into this question at some length and had come to the conclusion\* that there was no connection between water rates and water use. We are unable to see any logical reason why the farmer, the financial value of whose gross produce has increased because of price increase, would not pay proportionate increases in rates, use less water, produce less on his farm and suffer income reduction. We, therefore, do not share the apprehensions of the Irrigation Department on this score.

35. *Proposed rate structure*—The question for consideration is the extent to which these should be enhanced. As stated in paragraph 9, canals were anticipated to yield a loss of Rs.12.46 crores in 1973-74. This includes about Rs.4.00 crores on account of interest charges on works in progress. As recommended by us in para 9(d), interest charges of the construction period should be capitalized. Thus excluding Rs.4.00 crores in respect of interest charges on works in progress, the loss would be Rs.8.46 crores. This loss needs to be covered by an increase in canal irrigation rates. There is every justification for covering this loss keeping in view the large benefits derived by the cultivators due to irrigation as has been explained at length in the foregoing paragraphs. We recommend that the present Schedule I canal rates may be raised by 50 per cent in the case of Kharif crop and by 75 per

\* On the similar but more complex question of water rates of tube-wells and their effects on demand, see the multi-regress analysis by B. D. Dhawan, Demand for Irrigation: A case study of Government tube-wells in U. P., Indian Journal of Agricultural Economics, April-June 1973, page 59-67.

cent in the case of Rabi and Sugar-cane crops. We feel that these enhanced rates should be linked with the number of waterings the canal system can normally give. We, therefore, suggest that these increase should be confined to only those canal systems in Schedule I which are capable of supplying three or more waterings. According to the limited data which we could obtain. Upper and Lower Ganga Canals, Eastern Yamuna Canal, Agra Canal, Sarda Canal, Dohri Ghat Pumped Canal, Betwa Canal, Ken Canal and Belan Canal satisfy this criterion. There will, however, be other canal systems in Schedule I which fulfil this requirement. After the increase suggested by us, the revised rates would be about 5 per cent of gross income from wheat and sugarcane and about 7 per cent of the gross income derived from paddy cultivation. Productivity per unit of water in the case of rice, is low and, therefore, the cost of supply of water for this crop is higher. Since rice needs much more water and does not fetch proportionately higher price, irrigation rates for per hectare rice crop as a percentage of gross value become naturally higher. In the case of the remaining canal systems, the existing Schedule I rates should continue.

36. In the case of canal systems included in the existing Schedule II, we suggest that rates be revised upwards by 25 per cent for Kharif crop and by 35 per cent for Rabi and sugarcane crops.

37. At present, there are five other Schedules besides tube-wells. The number of classes is unduly large and calls for rationalisation. Irrigation rates in Schedule III were revised only once after 1953 in 1972 although Schedule I and Schedule II rates were revised in 1969 and then in 1972. Irrigation rates in Schedule VI are still the same as were fixed in 1953. We recommend that the existing Schedules III and VI should be

amalgamated and their new rates for different crops under the amalgamated new Schedule III may be fixed as are given in the last column of Table XIX.

38. Schedule IV relates to Gandak Canal which should really have been classified under Schedule I. We suggest that the revised rates for canals in Schedule I, should be made applicable to this canal system also. In addition, the present surcharge for the recovery of cost of construction of guls in this canal system being levied at present, should continue.

39. Schedule VII relates to irrigation rates for bundhis. Since their benefits are very limited and since they serve Bundelkhand area, which is a backward tract, we do not recommend any increase in rates under this Schedule.

40. Under Schedule VIII are included zamindari irrigation works which have come under the control of the Irrigation Department. Water rates on them are charged at 1/5th of the Schedule I rates. Since we have recommended an increase in most of the canal systems of Schedule I, a proportionate increase in Schedule VIII rates would also be necessary.

41. As a result of rationalisation suggested in the foregoing paragraphs 35 to 40, different schedules of rates will have to be renumbered.

42. The above recommendations for revision of irrigation rates will yield an additional revenue of about Rs.9.00 crores per annum.

43. We would further recommend that in future whenever wholesale price index of agricultural commodities rises or falls by 25 per cent over 1973-74, the irrigation rates should be reviewed by the Government.

TABLE XIX—Presented and revised flow irrigation rates in respect of important crops under different Schedules

(Rs. per hectare)

Crops	New Schedule I		Old Schedule I		Schedule II		Schedules III and VI		
	Present	Revised	Present	Revised	Present	Revised	Present	Present	Revised
1	2	3	4	5	6	7	8	9	10
Sugarcane ..	148.26	260.00	148.26	No revision	74.13	100.00	29.65	20.86	37.00
Rice ..	51.89	78.00	51.89	Ditto	37.07	46.00	11.89	13.80	18.50
Tobacco ..	61.78	93.00	61.78	Ditto	46.33	58.00	..	..	..
Wheat, barley crops mixed with wheat or barley and gram.	46.33	81.00	46.33	Ditto	33.60	52.00	12.36	9.27	15.00
Cotton ..	17.40	30.00	17.40	Ditto	10.08	15.00	6.18	..	10.00
Potato ..	111.20	195.00	111.20	Ditto	74.13	100.00	29.65	..	37.00
Fodder ..	10.08	15.00	10.08	Ditto	7.71	10.00	6.18	7.41	10.00
Green manure ..	7.71	11.50	7.71	Ditto	7.71	10.00	6.18	..	19.00
Vegetables orch. ards, etc.	54.02	95.00	54.02	Ditto	36.60	52.00	12.36	16.68	10.00
Others ..	34.74	61.00	34.74	Ditto	19.30	26.00	12.36	9.27	15.00

Source: Irrigation Department.

## B—STATE TUBE-WELLS

44. *History*—In this State, tube-well irrigation plays an important role in intensive cultivation by providing irrigation potential to about 19.34 lakh hectares of land. Initially, State tube-wells were bored in western parts of the State where cultivators were aware of the benefits of intensive irrigation. As a result, in the initial years they were able to pay off their working expenses together with interest charges on capital investment. With the embarkation of the First Five Year Plan, there was a marked shift in this policy of construction of tube-wells. The need for tapping underground water was felt in all regions of the State and tube-wells were bored all over the State. The number of State tube-wells which during 1951-52 stood at 2,393 was estimated to increase more than fivefold to 12,895 by the end of the Fourth Five Year Plan. The area actually irrigated by them, however, went up from 4.03 lakh hectares in 1951-52 to 13 lakh hectares by the end of 1966-67. There was almost a continuous decline in the area irrigated since 1968-69 though more potential continued to be created, and the irrigated area declined to 6.59 lakhs by the end of the Fourth Plan. As against 90 per cent of the irrigation potential being utilised in 1951-52 slightly more than one third of the potential was used in 1973-74.

TABLE XX—Number of State tube-wells, irrigation potential and area irrigated

Year	Number of State tube-wells	Total Potential in lakh hectares	Area irrigated in lakh hectares	Percentage of (4) to (3)
1	2	3	4	5
1951-52	2393	4.48	4.03	90.0
1955-56	4515	7.65	4.57	59.7
1960-61	6603	10.84	7.34	67.7

TABLE XXI—Financial results per tube-well

Year	Number of State tube-wells	Gross receipts (Rs. in lakhs)	Working expenses excluding interest on capital (Rs. in lakhs)	Gross receipts per tube-well (Rs.)	Working expenses per tube-well (Rs.)	Net revenue per tube-well Surplus (+) Deficiency— (Rs.)
1	2	3	4	5	6	7
1951-52	..	2,393	119	118	4,973	4,931 (+)42
1955-56	..	4,515	114	156	2,525	3,455 (—)930
1960-61	..	6,603	210	381	3,180	5,770 (—)2,590
1965-66	..	8,266	443	783	5,359	9,473 (—)4,114
1966-67	..	8,720	465	861	5,333	9,874 (—)4,541
1967-68	..	9,059	582	965	6,420	10,648 (—)4,228
1968-69	..	9,359	637	959	6,807	10,243 (—)3,436
1969-70	..	9,673	674	1,156	6,965	11,949 (—)4,984
1970-71	..	10,173	779	1,146	7,656	11,269 (—)3,613
1971-72	..	10,884	608	1,211	5,589	11,125 (—)5,536
1972-73	..	11,915	746	1,551	6,258	13,014 (—)6,756

Source: Irrigation Department.

1	2	3	4	5	
1965-66	8266	}	11.88	88.7	
1966-67	8720		13.34	13.00	97.5
1967-68	9059		10.59	79.4	
1968-69	9359	14.72	12.01	81.6	
1969-70	9673	16.35	9.78	63.4	
1970-71	10173	16.05	8.74	54.5	
1971-72	10884	17.17	7.75	45.1	
1972-73	11915	17.17	7.75	45.1	
1973-74	12895 (anticipated)	19.34	6.59	34.1	

Source: Irrigation Department.

45. When the tube-wells were only providing protective irrigation, the command area (not potential) of a tube-well was kept at 1,200 acres. As the cultivators became alive to intensive agriculture, it was felt that a tube-well would not be able to serve the entire command area of 1,200 acres. The command area was, therefore, reduced to 800 acres at the end of the Third Five Year Plan, later on to 600 acres and then finally to 300 acres in 1967-68 so that more watering could be given to the fields and growth of high yielding varieties of cereals would be encouraged. With this reduced command area, a State tube-well is now expected to provide 125 per cent crop intensity against about 70 per cent crop intensity under canals. Simultaneous with the reduction in the command area of tube-wells, new tube-wells were sanctioned to be bored as interpolation tube-wells so that the cultivators who were earlier getting the irrigation facilities might not be deprived of water.

46. *Financial results*—The detailed financial results from State tube-wells during different years given in Annexure IV are summarised in the following table:

47. *Performance*—The performance of tube-wells can be judged by the number of working hours, area irrigated and the volume of water

pumped out by the wells. The following table summarises the performance of State tube-wells from 1965-66 to 1973-74:

TABLE XXII—Performance of State tube-wells

Year	No. of tube-wells in operation on 1st day of the Fasal		Average hours run			Average area irrigated in		
	Kharif	Rabi	Kharif	Rabi	Total	Kharif	Rabi	Total
1	2	3	4	5	6	7	8	9
1965-66	7,771	8,059	1,391	1,747	3,138	124	256	380
1966-67	8,235	8,385	1,267	2,175	3,432	113	270	383
1967-68	8,642	8,769	1,031	1,499	2,530	88	212	300
1968-69	8,946	9,032	1,341	2,116	3,457	105	222	327
1969-70	9,200	9,357	1,064	1,356	2,420	81	177	258
1970-71	9,556	9,770	786	1,519	2,305	67	156	223
1971-72	10,041	10,262	434	1,146	1,580	44	142	186
1972-73	10,832	11,123	907	1,107	2,014	62	125	187
1973-74	11,675	..	458	826	1,284	37	96	133

Source : Irrigation Department.

Since 1968-69 there has been a precipitous and almost continuous decline in the average hours run by a tube-well. There has also been a decrease in both average areas irrigated in Kharif and Rabi seasons. In view of the urgent need for greater agricultural production and the contribution that the optimum running of tube-wells could make to it, this seems to be extremely unfortunate.

48. *Increase in expenses*—From Table XXI given under para 46 it would be seen that although gross receipts from State tube-wells have been going up—they have increased sixfold in 21 years—the increase in their working expenses being thirteenfold far outstrips the growth in revenue. This has meant that gross receipts which covered working expenses in 1951-52 now hardly meet half the expenditure. The reasons for this steep increase in expenditure and the steps that could be taken to arrest this increase need scrutiny.

49. *Increase in power rate*—An important reason contributing to the increase in working expenses is the consistent increase in electricity rates in the last ten years. The increase in the power rates and its effect on the energy charges per tube-well of 15 H. P. for 3,000 running hours are given in Table XXIII.

TABLE XXIII—Electricity Rates

Date	Rate of electricity	Electricity bill for 3000 running hours
1	2	3
Up to March 1962.	Rs.80 per BHP per year plus 3.5 paise per unit.	Rs. 1,802.00
April 1962 to June 30, 1968.	Rs.150 per BHP per year plus 5.5 paise per unit.	4,065.00

1	2	3
		Rs.
July 1, 1968 to December 1968.	Rs. 96 per BHP per year plus 10 paise per unit.	4,740.00
Since January 1969.	(a) Rs.318 per BHP per year up to 30 per cent load factors (2,628 hours). (b) plus 15 paise per unit for consumption between 30 to 40 per cent load factor. (c) plus 8 paise per unit above 40 per cent load factor.	5,414.00
January 1, 1972.	Rs.358 per BHP irrespective of running hours.	5,370.00

50. Although from January 1, 1972 the impact of energy charges seems to have whittled down, it has not so turned out in practice. The current rate of Rs.358 per BHP irrespective of running hours of a tube-well was fixed by the State Electricity Board on an assumption that a State tube-well, on an average, would run for a little over 3,000 hours. In case a State tube-well runs for less hours, as most the State tube-wells do, it is to the disadvantage of the Irrigation Department. The prior fixed charge of Rs.318 per BHP per year up to 30 per cent load factor enforced from January 1969 implied a fixed minimum consumption guarantee up to 2,628 running hours per year. Performance of State tube-wells given in para 47 would show that from 1969-70 onwards, the average running hours of a State tube-well were less than this.

51. *Power rostering and rate reduction*—An important factor which has affected the running hours of tube-wells in Kharif and Rabi both is acute shortage of power and frequent breakdowns

the power supply. Details of these as furnished to by Chief Engineer, Tube-wells are given below:

TABLE XXIV—Hours lost due to power rostering and other hydel defect

Year	Total hours run (in laos)	Hours lost due to rostering, theft of transformers and other hydel defects (in laos)	Hours lost as percentage of 2
1	2	3	4
	Rs.	Rs.	Rs.
1969-70 ..	224.67	59.73	26.5
1970-71 ..	223.57	95.91	42.9
1971-72 ..	161.13	98.31	61.0
1972-73 ..	221.33	239.98	108.4
1973-74 ..	151.55	239.61	224.1

Source : Chief Engineer, Tube-wells.

A decline in one third in the total hours of running and a sharp increase in hours lost due to rostering, theft of transformers and other electrical defects cannot be entirely ascribed to acts of God; and much of the responsibility must be shared by policy makers and administrators. The Electricity Board should take early steps to remove the latter two obstacles.

52. To verify as to how far the low running hours of State tube-wells were due to power supply deficiencies, we studied the details of hours in different months in which power was supplied to State tube-wells in 1973-74. According to this data, power was supplied for 4,240 hours in 1973-74 of which power was available for 1,635 hours in Kharif and 1,673 in Rabi. This gives an average of 11 hours 30 minutes per day (Annexure 5). Allowance must be made also for unscheduled breakdowns, load sheddings etc.

TABLE XXV—Statement of State tube-wells run on city feeders

Serial no.	District	Name of city feeder	State tube-well number and group	Annual running hours
1	2	3	4	5
1	Meerut ..	Mawana Road, Meerut ..	33 Meerut	4429
2	Do. ..	Ditto ..	34 Do.	5677
3	Do. ..	Ghazisbad-Meerut Road ..	15 A. G. G.	2793
4	Do. ..	Ditto ..	16 Do.	5700
5	Do. ..	Ditto ..	17 G. G.	2760
6	Do. ..	Hapur ..	70 S. B. G.	3849
7	Do. ..	Do. ..	73 Do.	4654
8	Saharanpur ..	Roorkee ..	8 R. G.	6227

Source: Irrigation Department.

55. *Separate feeders*—For improving the running hours of State tube-wells and helping agricultural production, it was suggested to us that separate feeders should be constructed by the Electricity Board for supplying power to State tube-wells which require 180 M.W. On examination we find that this work involves laying down of

53. The power rate for State tube-wells fixed by the Electricity Board is only justifiable on the assumption that they would supply enough power during the period water would be in demand, to enable State tube-wells to run on an average 3,000 hours per annum. This would imply according to our calculations that the Board should be able to supply power for 16 hours a day in Rabi. If supply restrictions enforced by the Board due to power shortage make this assumption inoperative, a rebate in the electricity rate in proportion to reduced supply of power by the Board is called for. We are of the view that cases of failure of supply to individual tube-wells should not be considered for purposes of grant in rebate for reduced supply of power. In view of the complicated issues involved, we suggest that a Committee consisting of the representatives one each of the departments of Agriculture, Irrigation, and Industry and one of the Electricity Board should be constituted for framing a power budget for different regions of the State during different months. If this Committee comes to the conclusion that the supply of power during the year was such as it made it impossible for the tube-wells to run for 3,000 hours, it should record its findings to this effect and should recommend a proportionate rebate in the power rates. To avoid a similar demand from private tube-well operators, it should be stated here that a private tube-well owner is not affected appreciably in power charges by power rostering because his fixed minimum consumption guarantee is only Rs.36 per BHP per annum. He has in addition to pay a variable charge of 18 paise per unit. This difference in the charging of rates for State and private tube-wells was embarked upon, as the meters of public tube-wells were often found damaged, and therefore, additional charge according to power consumed became impossible.

54. To realise the stultifying effects of power shortage on the working State tube-wells, information was obtained regarding areas where State tube-wells are connected to city feeders and where power rostering is not reported to. In these areas State tube-wells have actually run for 4,000 hours to 5,000 hours per annum as can be seen from Table XXV.

60,000 kms. of lines at a cost of Rs.100.00 crores, which will take about 4 to 5 years to complete. In this cost the Electricity Board can set up a new thermal generating station of 500 M.W. capacity in 4 to 5 years which can meet the requirements not only of State tube-wells but can supply power for other purposes also. In our view,

therefore, the proposal for a separate feeder for State tube-wells is not a sound proposition.

56. *Depreciation charges*—Another item of increased expenditure is appropriation made for depreciation charges. Actual utilisation of funds for renewals and replacements has been much smaller throughout the last decade. This may be due to funds being built up for a future contingency, inadequate renewals and replacements at present, or over provision for depreciation.

TABLE XXVI—*Provision for depreciation and its use*

(Rs. in lakhs)		
Year	Provisions for depreciation	Withdrawal from fund
1	2	3
		Rs.
1964-65	112.53	54.38
1965-66	125.24	58.31
1966-67	141.30	68.47
1967-68	154.37	79.52
1968-69	165.44	87.44
1969-70	180.65	134.52
1970-71	198.95	116.79
1971-72	226.24	132.89
1972-73	253.87	132.18
1973-74 (RE)	286.94	135.00

A review of the rate at which transfer to the Depreciation Reserve Fund is made, is, therefore, called for.

57. We have already dealt with in para 12 the subject of economy in working expenses of canals and tube-wells and as per our recommendations contained therein, a saving of about Rs.1.00 crore is anticipated by implementing them.

58. *Increase in rates*—Unlike in the case of canals, the relatively slow growth of gross receipts since 1951-52 and almost stagnation since 1967-68 cannot be attributed to lag in rise of irrigation rates, which are levied according to volume of water supplied. Till October 1, 1967, the rates of water from State tube-wells was 16,000 gallons to a rupee. From that date a new system of optional two part tariff was imposed by the State Government. Under this new dispensation, the rates were prescribed as below:

(i) Under the optional two part tariff, a fixed charge of Rs.20 per acre per annum would be paid by a cultivator for the irrigated area plus a variable charge at the rate of 24,000 gallons per rupee.

(ii) Those who did not opt for two part tariff were required to pay a uniform charge of Re.1 for every 12,000 gallons of water.

The optional two-part tariff was later on abolished from 1-11-1969 when a single tariff of 8,000 gallons of water per rupee was introduced. This remained current till 1-10-1972 when the State Government again revised the water rates for the State tube-wells. This rate is operative even today under which 6,000 gallons of water is given for a rupee, from November 1 to June 30 and for the period from July 1 to October 30, a concessional rate of 12,000 gallons to a rupee is charged. This concessional rate during the Kharif period was introduced with a view to encouraging the cultivators to make use of the tube-well water during monsoons so that besides helping paddy irrigation, running hours of tube-wells in Kharif might also improve.

59. *Evaluation of Private versus State Tube-wells*—An evaluation of the working of State tube-well in the State was made by the State Planning Institute in 1970-71. A few other studies on this subject have too been recently conducted by Sri B. N. Tyagi\* of the Institute of Agricultural Research Statistics, New Delhi, Sri B. D. Dhawan@ Associated Fellow of Institute of Economic Growth, Delhi, Sarvri S. M. Patel% and K. V. Patel% of the Indian Institute of Management, Ahmedabad and Sarvri T. V. Moortil of Pant Nagar University and J. W. Mellor£ of Cornell University. Their studies pertain to tube-wells in different districts but come to similar conclusions in many respects. They reveal that besides power shortage, the unprofitable working of State tube-wells is also due to inefficient water management, wrong locational choice and inadequate water rates partly justifiable by low level of services. They also give very useful data on the economics of private versus public tube-wells. The study conducted by the Indian Institute of Management, Ahmedabad, brings out some interesting facts which are given in Annexure 6. Details about investment and costs of different alternatives of tube-well irrigation estimated for and given in the above study are in Table XXVII.

\* Pages 241-246 of Agricultural situation in India—May 1970 issue.

@ Indian Journal of Agricultural Economics, 2 April—June 1973 issue.

% Economics of tube-well irrigation (1971), Indian Institute of Management, Ahmedabad.

£ Pages 181-189 of Indian Journal of Agricultural Economics, October—December 1973 issue.

TABLE XXVII—*Investment and cost details of different alternatives*

Serial no	Item	Electric tube-well	Diesel tube-well	Private pumping set	State tube-well
1	2	3	4	5	6
1	Investment (Rs.)	8,317	8,963	5,515	80,000
2	Fixed running cost (Rs./year)	2,200	2,200	1,000	18,500
3	Feasible level of operation—				
	(a) Hours/year	2,200	1,500	1,000	4,000
	(b) Acre-inches/year	1,200	800	400	6,000
4	Number of units required to match the performance of one STW.	5	7½	15	1

1	2	3	4	5	6
5	Average initial investment per acre (Rs.)	138	224	276	267
6	Average per unit cost for feasible capacity (Rs./acre inch)—				
	(a) Fixed cost .. ..	1.83	2.75	2.50	3.083
	(b) Variable cost .. ..	1.93	3.42	3.83	0.957*
	(c) Total operating cost ..	3.76	6.17	6.33	4.04
7	Average total operating cost for observed level for output (Rs.)	3.82	6.50	8.25	3.40

Source—Table 6.1, page 94.

\* This is the effective rate of variable cost for the volume of operation between 3,942 and 6,000 acre-inches because up to 3,942 acre-inches/year there is no variable cost. The effective rate of variable cost for the total operation comes to only Re.0.82 acre-inch.

60. The table is based on the cost data pertaining to 1969-70 and will need revision in light of changes in costs of power, diesel, etc. But according to the evidence before us, the broad facts still stand. The State tube-well is economical only when it is worked for 3,500 hours or more; where there are less hours of working because of high fixed costs, it proves costly. In practice, several other factors like inadequate care and corruption by tube-well operators and inadequate maintenance of guls have made the public source costlier. The above mentioned studies

have also revealed that farmers using water from private tube-wells have the same crop pattern as those using State tube-wells, and use less water, but they get more waterings per crop, use more manures and fertilizers, and, therefore, have greater production per acre and are willing to pay more charges.

61. *Mechanical and civil defects*—The tube-wells also remain closed for quite sometime due to mechanical and civil defects. The details of which are given below:

TABLE XXVIII—Hours lost due to mechanical and civil defects

Year	Total hours run	Total hours lost due to mechanical defects	Total hours lost due to civil defects	Total of 3+4	Percentage of 5 over 2
1	2	3	4	5	6
1969-70	224.67	16.40	0.63	17.03	7.6
1970-71	223.57	15.82	0.71	16.53	7.4
1971-72	161.13	14.31	0.63	14.94	9.3
1972-73	221.38	27.05	1.06	28.11	12.7
1973-74	151.55	26.19	0.96	27.15	17.9

Source: Irrigation Department.

Table XXVIII indicates that there has been a progressive increase in hours lost due to mechanical and civil defects. We understand that a few years back the Government had sanctioned a mobile workshop in each maintenance division for setting right mechanical defects. These mobile workshops should have improved the position but in fact there seems to have been a deterioration in their efficiency. There is also an increase in the losses due to civil defects, though with a view to making available more funds for removing civil defects, Tube-wells Depreciation Reserve Fund Rules were amended and more funds were made available for maintaining tube-well guls in proper order. We hope immediate steps would be taken to reduce the impact of these defects appreciably.

62. *Location policy*—There are certain other factors of a more permanent nature which affect adversely the working of the tube-wells. State tube-wells have a technical advantage over private tube-wells only when water is available at great depth. Actually, as the number of private tube-wells within the command area of a public tube-well in each district show, (Annexure VIA) there has been a wrong locational choice in many cases. Recognizing this, the Government Order dated 7-2-1972 (copy of which is placed at Annexure VII) laid down a policy for the construction of State tube-wells. It contemplates that new tube-wells should be bored only in areas where water level during October–December is below 25', where it is difficult to have private tube-wells, water being available below 150' and in backward areas where comparatively State irrigation sources

68. *Tube-wells' Corporations*—One of the problems regarding the working of the State tube-wells is their proper management. This fact has been high lighted by various agencies who have studied working of State tube-wells in this State. Perhaps with this end in view and with a view to finding resources for tube-wells expansion programme, the Government in the budget for 1974-75 have announced a decision to set up two tube-wells corporations one for Agra—Meerut Divisions and the other one for Bareilly—Lucknow Divisions. Corporations can run efficiently and responsibly only if they have assured finances and can meet their expenses from their income. We have examined the working of State tube-wells in Meerut and Bareilly Divisions on the basis of details of their working hours as given in Annexure VIII. In the case of Bareilly Division, the average revenue per tube-well varies from Rs.3,000 per tube-well to Rs.7,000 per tube-well. In the case of Meerut Division, the average, revenue per tube-well varies from Rs.6,000 to Rs.8,400 from year to year. As against the above, working expenses per tube-well even after excluding the interest charges amount to Rs.13,000. The Corporations would be thus run at a loss unless the prevalent conditions can radically change and the Corporations, as far as we can see, cannot do much to contribute to this end. The Corporation cannot mitigate the present power shortage. Even alternative means of providing power by installing diesel sets would not be feasible. They would not find it possible to increase water rates at present and achieve sufficiency nor would it be desirable to extend an assured subsidy to them. Their major advantage seems to lie in the availability of finance from the lending institutions and banks. Finances from these institutions have already been mostly earmarked. There is not much immediate scope for further profitable investment in State tube-wells and financing of the Corporations from the lending institutions would prove very costly.

The objective of better management could be better tried within the present framework by correlating rewards and punishments to physical performance. Merely transferring the present staff to these corporations would be of little help when the maladies facing the organisation are more fundamental. We, therefore, urge that Government should reconsider their decision to constitute two corporations for State tube-wells.

69. *Inter-States rate*.—In the matter of irrigation rates from State tube-wells, it is not possible to compare the position obtaining in other

States, as excepting for Punjab, there are practically no State tube-wells elsewhere in large number. In Punjab (now Haryana also) the supply of tube-well water is assessed for each irrigator on the basis of electricity consumed in operating the tube-well. The Central Irrigation Commission 1972 has not favoured the system of rate operative in Punjab and Haryana. According to them, it is more equitable to charge irrigators on the basis of quantity of water supplied from a tube-well rather than the electricity consumed. Where charges are based on electricity consumed, the irrigator pays more per unit quantity of water when the supplies go down as a result of normal wear and tear or inadequate maintenance or a drop in the yield of a tube-well due to old age. Also irrigators on tube-wells with smaller lifts get an advantage for no effort or sacrifice on their part. We see much force in this contention. In this State, most State tube-wells are at present without metres. There is therefore little possibility even otherwise of charging the irrigators on the basis of electricity consumed.

70. *Criteria for rates*—Table XXX gives the average per hectare requirement of water in gallons for principal crops and their present per hectare water rate.

TABLE XXX—Water requirement and per hectare present rates

Crop	Quantity of waterings required (gallons per hectare)	Water rate per rupee (gallons)	Water rate per hectare	
1	2	3		
Wheat	5,92,800	6,000	98.84	
Rice	10,07,760	12,000	84.02	
Sugarcane	8,89,200	17,66,050	6,000	148.26
	8,76,850		12,000	69.10
			217.45	

The per hectare canal rates, State tube-well rates and the rates calculated on the basis of various criteria adopted under canals, are summarised in table XXXI

TABLE XXXI—Irrigation rates calculated by different criteria.

Schedule I	Present canal rates for flow irrigation	Present tube-well rate	6 per cent of gross income	12 per cent of gross income	25 per cent of additional not benefit	40 per cent of additional not benefit
	2	3	4	5	6	7
Wheat	46.33	98.84	93.68	187.36	124.69	199.50
Rice	51.89	84.02	67.37	134.74	85.75	137.30
Sugarcane	148.26	217.45	317.01	634.02	586.01	905.74

71. From the details given in table XXXI it is clear that except in the case of wheat and rice crop, the rates calculated on the basis of criterion mentioned in column 4 of the above statement are a little lower than the present tube-well rates. But here this comparison would not be quite appropriate because as compared to average water intensity of 50 to 70 per cent under canals, State tube-wells provide higher and assured water intensity of 125 per cent. As a result, a farmer doing irrigation from tube-wells is able to derive more benefit. Similarly, the cost of water to the department from tube-wells is more. Irrigation rates for State tube-wells would have, therefore, to be higher than the canal irrigation rates.

72. *Revision of rates.*—As explained in para 29 under canals, we do not favour a system of two part tariff. In the case of tube-wells where the present power supply position is uncertain, a compulsory fixed charge on all land within the command area is out of question immediately. Even when the supply of power becomes more sufficient and assured, it will take some time for the farmers to be sure of the change in situation. Therefore, the question of revision of water rates has to be considered on the basis of the present system of volumetric rates alone. It may not be practicable to adopt exactly those rates which are charged by private tube-well owners, as the supply of water from private tube-wells has been found to be more certain, conducive to more waterings and greater use of manures and fertilizers and, therefore, more productive. We hope that serious efforts will be made to put the services of State tube-wells on a par with those of private ones. But these will take time and there will still be a gap in the interval. The water rates from State tube-wells must, therefore, be lower than the rates charged by the owners of private tube-wells. Normally public source of irrigation should be able to recover the working expenses plus interest charges. This is, however, on the assumption that there is a reasonable degree of capacity utilization. Where the utilization is low, insistence on fully meeting the expenses may lead to excessively high rate. In the case of State tube-wells, which have, on an average, run for 1,626 hours in a year in the last three years, observance of this rule would impose a very heavy burden and would result in rates which, considering the quality of service, would be unjustified. Therefore, it is suggested that the water rates from State tube-wells may be fixed at 5,000 gallons to a rupee against the present rate of 6,000 gallons to a rupee. At this rate, a break-even level without taking interest charges into account, would be reached on 3,000 hours running of a tube-well. This revised rate would yield an additional revenue of Rs.3.50 crores on 3,000 hours running of tube-wells. On the basis of past three years average running hours of 1,626 per tube-well, the additional revenue by revision of the rate would be Rs.2.10 crores annually.

73. The average area irrigated per tube-well and the number of hours run are lower in Kharif than in Rabi, and have declined more (Table XXII). The running expenses of a tube-well are mostly in the nature of a fixed charge and have to be incurred throughout the year irrespective of whether a tube-well runs or does not run. During the monsoon period, cultivators prefer to

wait for the rains rather than draw for costly water on the tube-wells. Paddy, the most important Kharif crop, requires more water than Rabi crops. With a view to encouraging the cultivators to make optimum use of tube-well water in this slack period, a concessional rate of 12,000 gallons a rupee for the months of July to October was introduced with effect from 1-10-1972. We recommend that this concession should be continued, but the rate should be enhanced to 10,000 gallons to a rupee. The period of concession extends at present till the end of October. This should be restricted to end of September as monsoons end by September and Kabi starts from October, thus minimising chances of manipulation in revenue assessments.

74. Due to present shortage of power, irrigation service from the State tube-wells has become erratic and the advantages of intensive agriculture cannot accrue. We recommend that the increased charge should be made operative when the power supply position improves and the State Electricity Board is able to supply power for about 3,000 hours.

However, the period of concessional supply should be immediately restricted up to September 30.

75. *Compilation of statistics.*—During the course of our study, we find that important information regarding the supply of water from different canal systems, utilisation of water by different categories of land holders, number of waterings to crops, effect of irrigation on productivity etc., was not available. We suggest that effective steps should be taken to collect and compile all such relevant data so that they may be readily available to Government.

76. To prevent wasteful use of water, it is necessary that it is priced by its quantity i.e. volume of water. Today it is not so in the case of canals. We have suggested cropwise charges after considering the requirement of water for different crops as only the second best alternative as we learnt that the technical problems involved in measuring water consumption were insuperable. However, measuring water consumption were insuperable. However, efforts should be made by the Irrigation Department to devise practical ways for introducing volumetric charges in canals.

77. *Betterment levy.*—A betterment levy represents a demand by the Government for a share in the increase in the value of land that accrues as a result of the provision of irrigation facilities, and is meant to meet a part of their cost. It is levied only once, when large scale irrigation facilities are provided for the first time and value of the land increases appreciably on this account. Since it implies a considerable burden and does not coincide with realization of benefits, provision is made to recover it at the taxpayer's option in instalments spread over a number of years or in the form of land. The commencement of realization of the levy starts only after the lapse of a few years after the completion of the projects.

Legislation for betterment levy or cess have been enacted in many States but it has hardly been enforced in any of them. The last State

Taxation Enquiry Committee (1968-69) had recommended the imposition of a betterment levy in this State. But this recommendation has not been implemented by the Government. The basic difficulty seems to be that the levy is based only on a benefit accruing to the farmers but not necessarily encashed or realised. When the irrigated land is sold and the betterment realized, a capital gains tax would be a proper way of taxing it. Recovered in a long period of years, the levy seems to have no relationship with any other benefit except that of regular access to water for availing of which commercial charges seem to be best system. We, therefore, do not recommend a betterment levy for Uttar Pradesh.

#### SUMMARY OF RECOMMENDATIONS

1. Irrigated area in this State is 40 per cent of the total cropped area as against the all India average of irrigated area of only 20 per cent. In spite of increased irrigation facilities in this State, average yields of different crops are generally low. Water being a scarce input, it is necessary to get maximum benefit out of it by intensive development of the command areas of irrigation systems.

(Para 6)

2. The financial returns of canal irrigation projects should be prepared without taking into account the interest charges on the expenditure on works in progress. As a direct consequence, till the completion of the project, interest charges should be capitalized.

[Para 9(d)]

3. (i) At the time of seeking approval of projects, the irrigation department should prepare a project report, setting forth the social costs and benefits on the lines laid down by the Research Programmes Committee of the Planning Commission.

(ii) It should also prepare financial statement laying down what water rates it recommends, the likely receipts from them, the working expenses and the financial returns expected from the working of the project over a time horizon of 10 years.

(iii) Every time there is anticipation of a substantial increase in costs, both these statements should be re-worked before sanction for increased costs is asked for.

(iv) With a view to assessing how far the assumptions made out at the time of the sanctioning of projects have turned out to be correct, a survey of the command area of the canal system should be made before the commencement of the project and after implementation of the project, evaluation of the direct primary and other benefits should be carried out periodically till the maximum benefits are realised. If there is a substantial gap between the expected and achieved results, the causes of this gap must be pin pointed and steps suggested to improve project appraisal procedure so as to minimise such gaps.

(Para 11)

4. The progress of major irrigation works needs constant review. We suggest that the progress of all major irrigation works should be monitored and bottlenecks removed in time so that the escalation in costs can be controlled. At present there appears to be little indepth review

of construction schedules with the result that interest charges mount up, the gestation period of investments is extended and the benefits to cultivators get delayed.

(Para 13)

5. Cost consciousness needs to be instilled in the execution and working of the irrigation system. The objective should not be merely to supply water but to create irrigation facilities at minimum possible cost. Towards this end, efforts should be made to reduce the use of scarce materials like steel and cement in the construction and maintenance of projects.

(Para 14)

6. At present a Performance Budget is prepared for the irrigation department, as a whole, which is presented to the Legislature. The responsibility of those engaged in construction and management of irrigation projects is not merely to supply water, but it is their duty to supply it to the right persons, in optimum quantities and at the right time, so as to maximise production. To meet this objective, Performance Budget should be prepared for each irrigation division so that its performance is judged by physical achievements and financial returns.

(Para 15)

7. For the efficient operation of irrigation works, management is an important input. We suggest that State Government should send bright young engineers for in-service training to attend Management Courses. The cost of such training would be repaid manifold if the operation of irrigation works improves even marginally.

(Para 16)

8. Over the years, the Irrigation works are getting mechanised. As a result, spare parts of machines have to be stocked. Also, due to scarcity of materials like cement and steel, they have to be purchased in advance and kept in stock. In this way, a big inventory of spare parts machines and other materials has been built up. The Irrigation Department at present has no idea even of the total size of the inventory. As a result of a large number of stocking points and with no common centralised information Centre various field officers often purchase those very articles which are lying surplus elsewhere thereby causing avoidable expenditure. This underlies the need for a proper inventory control. State Government is setting up a Computer centre which should be utilised for computerising stocks and inventory control and management.

(Para 18)

9. Levy of two part tariff system on canals and tube-wells is not recommended.

(Paras 29 and 72)

10. (i) On examination of the availability of water in upper and lower Ganges canals, Eastern Yamuna Canal, Agra Canal, Sarda Canal, Betwa Canal, Dohrihat Pumped Canal, Ken Canal and Belan Canal, we find that they are capable of giving three or more waterings per crop. In their case and the case of such other canal systems as are capable of giving three or more waterings per crop, we recommend that existing canal rates in Schedule I may be raised by 50 per cent for Kharif crops and by 75 per cent for Rabi and

sugarcane crops. In the case of the remaining canal systems in Schedule I, the existing rates may be maintained.

(Para 35)

(ii) At present there are a number of Schedule of Rates for canal systems. These seem to be anachronistic and their rationalisation is called for. In case of canal system included in the existing Schedule II, rates be revised upwards by 25 per cent for Kharif crops and 35 per cent for Rabi.

(Para 36)

(iii) Irrigation rates in Schedule III were revised only once after 1953 in 1972 while Schedule I and Schedule II rates were revised in 1969 and again in 1972. Irrigation rates in Schedule VI are still the same as were fixed in 1953. As a policy towards rationalisation of rates, we recommend that existing Schedules III and VI should be amalgamated and their new rates for different crops under this Schedule may be fixed as suggested in para 37.

(iv) Schedule IV pertains to Gandak Canal which should really have been classified under Schedule I. We suggest that the revised rates for canals in Schedule I should be made applicable to this canal system also. In addition, the surcharge for the recovery of cost of construction of guls in this canal system being levied at present should continue.

(Para 38)

(v) Schedule VII relates to irrigation rates for bundhis. Since they serve Bundelkhand area which has little irrigation facilities we do not recommend any increase in rates under this Schedule.

(Para 39)

(vi) Under Schedule VIII are included Zamin-dari Irrigation works which have come under the control of the Irrigation Department. Water rates on them are charged at 1/5th of the Schedule I rates. Since we have recommended an increase in Schedule I rates, a proportionate increase in Schedule VIII would also be necessary.

(Para 40)

11. The above revisions in irrigation rates are likely to yield an additional revenue of Rs.9.00 crores per annum.

(Para 42)

12. Whenever wholesale price index of agricultural commodities rises or falls by 25 per cent over 1973-74 the irrigation rates should be reviewed.

(Para 43)

13. The maintenance expenditure of canals has substantially increased in the last decade. A close scrutiny of the factors contributing to this increase is called for, specially in view of the fact that the maintenance expenditure exceeds the all India norms suggested by the sixth Finance Commission in consultation with the Union Ministry of Irrigation and Power. We have recommended some reduction in the staff strength which would result in an annual saving of Rs.1 crore in the working expenses of canals and State tube-wells.

(Paras 12 and 57)

14. One reason for low running hours of tube-wells is shortage of power. Present electricity rates for tube-wells are justifiable in relation

to rates on private tube-wells, only on the assumption that sufficient power would be made available to enable the tube-wells to run for at least 3,000 hours annually. So long as shortage of power continues and sufficient power is not available particularly during the Rabi season, it is recommended that the Board should grant a rebate in electricity to the Irrigation Department in proportion to the reduced power supply. It would not be advisable to go into cases of failure of power supply to individual tube-wells, and the rebate should be based on the information furnished by the Electricity Board.

(Para 53)

15. A committee consisting of the representatives of departments of Irrigation, Agriculture and Industries and a representative of Electricity Board should be constituted for framing a power budget for different uses regionwise for different months. This Committee should also recommend the rebate to be granted, in electricity rates to the Irrigation Department for reduced supply of power. No rebate should, however be granted for reasons other than non-availability of power.

(Para 53)

16. The current depreciation allowances have never been fully used in any year for the last ten years and it is likely that they may have been excessive. A review of the rate at which provision for depreciation for transfer to the Depreciation Reserve Fund is made, is, therefore called for.

(Para 56)

17. Number of hours lost due to mechanical and civil defects are on the increase. Effective steps should be taken, to reduce them. The quality of public utility services must be of reasonable standard. Unless the quality of service improves, it would be unfair and inequitable to revise the rates to cover losses due to administrative inefficiency and organisational lapses.

(Para 61)

18. There seems to have been a great mis-allocation of investment in public tube-wells which have been located in areas having sufficient number of private tube-wells or water is available at short depths and where there is not much scope for the successful operation of State tube-wells. G. O. dated 7-2-52 laying policy for the location of State tube-wells is a welcome corrective step. However, it should be amended to provide that new State tube-wells would only be located in areas where there is no scope for the development of private source of irrigation for which suitable encouragement should be given.

(Para 62)

19. With a view to minimising losses on tube-wells, Government had decided in 1966 that those tube-wells whose average annual running hours were less than 1,000 during the preceding five years should not be reconstructed on their failure. We endorse this emphatically and would also recommend that even those tube-wells which do not require reconstruction and have run on an average 1,000 hours or less in the last five years may be abandoned unless co-operative institutions, panchayats or local bodies are prepared to run them in which case they should be transferred to them.

(Para 63)

20. The programme for the construction of tube-wells and pumped canals should only be embarked upon when the power situation substantially improves.

(Para 64)

21. Studies in the economics of private and State tube-wells should be conducted in a number of districts on the lines of the work done by the Indian Institute of Management, Ahmedabad for Meerut.

(Para 65)

22. There is considerable leakage in revenue as has been indicated by the study of tube-wells in Aligarh District. Effective steps should be taken to plug such leakages. Deterrent punishment should be awarded to those indulging in these and similar malpractices.

(Para 65)

23. A committee of consumers should be set up for each tube-well and canal outlet for improving their performance. Officials of the Irrigation, Agriculture Departments dealing with extension work and Block Development Officers should be associated with this Committee. This we hope will in due course replace the present *Thokdari* System under which the influential persons of the area get greater advantage of the irrigation facilities. As water is a scarce input, specially in Rabi season, the strategy of distributing water more equitably will be more productive.

(Para 67)

24. After examination we find that there would be little advantage in setting up Corporations for the management of tube-wells in Meerut, Agra and Bareilly-Lucknow Divisions. The Corporations too will have to encounter the present power shortage and thus there is no likelihood of any immediate substantial improvement in the running hours of tube-wells. Financing of the Corporation works from term lending institutions and banks would prove more expensive and thus losses from the tube-well would increase. We, therefore, urge that the Government should reconsider their decision to constitute these Corporations.

(Para 68)

25. As a result of the present shortage of power the irrigation service from tube-wells has become erratic and as such the cultivators cannot get enough water for intensive cultivation. We, therefore, recommend that there should be no increase in rates unless the power supply position improves.

(Para 74)

26. When the power supply improves, the present rate of 6,000 gallons of water to a rupee should be raised to 5,000 gallons to a rupee in Rabi and 10,000 gallons to a rupee in Kharif. At these rates, the State tube-wells would be able to meet their working expenses excluding interest, if on an average they are used for 3,000 hours in a year.

(Paras 72 and 73)

27. The implementation of the above mentioned recommendations is likely to result in an additional revenue of Rs.3.5 crores annually.

(Para 72)

28. At present, a concessional rate of 12,000 gallons a rupee is charged from State tube-well from July to October. As monsoon season is practically over by the end of September, and Rabi sowing starts in October, we recommend

that the period of concessional rate should be restricted up to September 30, so that chances of manipulations in revenue assessments may be minimised.

(Para 73)

29. For ensuring more power supply to State tube-wells, it was suggested that separate feeders should be constructed by Electricity Board. On examination, we find that this involves laying down of 60,000 kms. of lines and associated sub-stations at a cost of Rs.100 crores, which will take 4 to 5 years to complete. The Electricity Board can in this amount set up a new thermal generating station of 500 M.W. capacity in 4 to 5 years time which will meet the requirements not only of the State tube-wells but in addition can supply power for other purposes. In our view, therefore, the proposal for separate feeders for state tube-wells is not a sound one.

(Para 55)

30. During the course of our study, we found that information on the supply of water from different canal systems, number of waterings to crops, utilisation of water by different categories of land holders and effect of irrigation on productivity was lacking. We recommend that effective steps should be taken to collect and compile all such relevant data so that they may be readily available to the Government.

(Para 75)

31. To prevent wasteful use of water, it is necessary that it is priced by its quantity i.e. volume of water. Today it is not so in the case of canals. We have suggested cropwise charges after considering the requirement of water for different crops as only the second best alternative as we learnt that the technical problems involved in measuring water consumption were insuperable. However, effect should be made by the Irrigation Department to devise practicable ways for introducing volumetric charges in canals.

(Para 76)

#### List of Annexures

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"	II-B. Statement showing depth of water for main canal systems (at distribution heads) of Uttar Pradesh (1968-69 and 1969-70).
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"	VII. Letter no. 632/T/72/23—SL-5/192 T. W./65, dated February 7, 1972 issued to Secretary, Irrigation Department (Tube-wells), Uttar Pradesh Shashan; Sri S. P. Singh, Director, tube-wells, Uttar Pradesh, and All District Officers, Uttar Pradesh from Sri B. D. Sanwal, Commissioner and Secretary, Agriculture Production and Rural Development, Uttar Pradesh.
"	VIII. Statement showing Districtwise nos. of Tube-wells and Average hours Run (Zone-wise) for the Last 8 years in Uttar Pradesh (1966-67 to 1973-74).

**ANNEXURE I**  
**Financial Return of Canals**

(Rs. in crores)

Year	Capital to end of the year		Gross receipts	Working Expenses	Net Revenue surplus (+) deficit (-)	Simple interest during the year			Net Gain (+) for net loss (-) (Rs. in crores)		Rate of Return on Capital			
	Completed Works	Works in Progress				Completed Works	Works in Progress	Total	Taking only interest on completed works	Taking total interest	Taking interest on completed works and capital for completed works	Taking total capital and total interest		
1	2	3	4	5	6	7	8	9	10	11	12	13		
1951-52	..	..	34.72	..	6.58	3.41	(+)3.17	1.68	..	1.68	(+)1.49	(+)1.29	(+)4.20	(+)4.20
1955-56	..	..	57.83	0.05	6.23	2.91	(+)3.32	2.01	0.001	2.01	(+)1.30	(+)1.31	(+)2.27	(+)3.26
1960-61	..	..	69.27	22.28	7.37	3.92	(+)3.45	2.31	0.87	3.68	(+)0.64	(+)0.23	(+)0.92	(-)0.25
1961-62	..	..	71.12	26.98	7.32	4.05	(+)3.27	2.90	1.07	3.97	(+)0.37	(-)0.70	(+)0.52	(-)0.71
1962-63	..	..	71.86	35.68	8.42	4.27	(+)4.15	2.95	1.36	4.31	(+)1.20	(-)0.16	(+)1.67	(-)0.00
1963-64	..	..	72.58	45.78	9.85	5.00	(+)4.16	2.52	1.69	4.21	(+)1.64	(-)0.05	(+)2.26	(-)0.00
1964-65	..	..	87.53	45.55	9.42	4.59	(+)4.83	3.06	1.72	4.78	(+)1.77	(+)0.05	(+)2.02	(+)0.04
1965-66	..	..	83.99	61.67	9.98	5.48	(+)4.50	3.12	2.37	5.49	(+)1.38	(-)0.99	(+)1.55	(-)0.66
1966-67	..	..	76.07	76.49	9.07	6.57	(+)2.50	3.19	3.05	6.24	(-)0.69	(-)3.74	(-)0.91	(-)2.45
information for years 1967-68 and onwards is available combined for completed works and works in progress :														
1967-68	..	..	165.572	..	10.559	6.841	(+)3.718	..	..	7.665	..	(-)3.947	..	(-)2.30
1968-69	..	..	191.842	..	11.027	7.596	(+)3.431	..	..	8.608	..	(-)5.178	..	(-)2.60
1969-70	..	..	221.019	..	11.856	8.386	(+)3.473	..	..	9.828	..	(-)6.355	..	(-)2.87
1970-71	..	..	240.990	..	12.885	9.331	(+)2.554	..	..	10.951	..	(-)8.397	..	(-)3.48
1971-72	..	..	229.388	..	10.196	8.952	(+)1.244	..	..	12.248	..	(-)10.004	..	(-)4.36
1972-73	..	..	315.254	..	14.013	10.463	(+)3.550	..	..	14.669	..	(-)11.119	..	(-)3.53
1973-74	..	..	370.033	..	14.253	10.129	(+)4.124	..	..	16.586	..	(-)12.462	..	(-)3.37

Source : Irrigation Department, Uttar Pradesh.

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**ANNEXURE 2-A**  
*Statement showing depth of water for main Canal systems (at distribution heads) of Uttar Pradesh*

Sl. no.	Name of system	1966-67						1967-68					
		Water consumed (cusec days)		Area irrigated (Acres)		Water depth (ft.)		Water consumed (cusec days)		Area irrigated (Acres)		Water depth (ft.)	
		Kharif	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Upper Ganga Canal ..	9,19,392	3,98,898	9,14,269	14,09,296	2.01	1.62	7,21,752	8,31,012	8,74,963	8,94,568	1.65	1.85
2	Lower Ganga Canal ..	6,27,141	4,63,554	4,64,945	9,30,044	2.69	0.99	2,92,992	4,49,902	3,08,327	7,68,294	1.59	1.17
3	Eastern Yamuna Canal	1,30,416	1,60,706	2,43,843	2,44,429	1.00	1.31	1,71,313	2,05,842	2,83,451	2,33,192	1.20	1.76
4	Agra Canal ..	92,375	2,13,122	1,12,351	3,37,085	1.64	1.26	72,128	99,260	1,17,539	1,66,804	1.22	1.11
5	Sarda Canal ..	15,77,460	11,83,546	8,31,534	12,13,298	3.79	1.05	16,07,100	13,58,266	7,52,861	10,10,559	4.26	2.68
6	Betwa Canal ..	1,13,820	2,39,488	85,335	4,80,115	2.63	0.99	25,745	2,34,304	34,215	2,37,940	1.50	1.95
7	Dohri Ghat Pumped Canal	70,282	58,846	48,008	61,370	2.92	1.91	81,700	54,814	56,153	62,655	2.00	1.74
8	Ken Canal ..	2,08,656	1,881	1,69,942	6,477	2.45	0.58	1,73,380	74,140	1,43,709	1,20,760	2.41	1.22
9	Bolan Canal ..	49,956	14,812	51,428	24,068	1.94	1.23	16,104	58,860	30,147	44,122	1.10	2.66

Source : Irrigation Department.

**ANNEXURE 2-B**  
*Statement showing depth of water for main Canal systems (at distribution heads) of Uttar Pradesh*

Sl. no.	Name of system	1968-69						1969-70					
		Water consumed (cusec days)		Area irrigated (Acres)		Water depth (ft.)		Water consumed (cusec days)		Area irrigated (Acres)		Water depth (ft.)	
		Kharif	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Upper Ganga Canal ..	10,21,384	7,64,940	9,84,302	9,88,029	2.07	1.54	7,85,619	7,69,678	9,37,747	9,71,850	1.68	1.58
2	Lower Ganga Canal ..	6,43,280	4,51,724	5,57,885	7,18,736	2.30	1.25	4,81,450	4,28,340	5,14,501	7,68,510	2.08	0.92
3	Eastern Yamuna Canal	2,70,572	1,75,630	3,20,772	2,33,770	1.68	1.50	1,95,652	1,76,475	3,16,060	2,29,661	1.23	1.53
4	Agra Canal ..	88,920	1,67,440	1,16,533	2,75,212	1.53	1.21	64,960	1,20,620	1,37,898	2,85,571	0.94	0.84
5	Sarda Canal ..	17,78,577	13,30,420	9,36,527	11,15,173	2.79	2.38	17,51,356	14,03,739	8,35,956	11,60,358	4.19	2.41
6	Betwa Canal ..	1,66,200	2,73,066	63,418	4,21,329	5.24	1.29	1,16,278	2,13,690	38,976	3,76,848	5.96	1.13
7	Dohri Ghat Pumped Canal	69,859	47,734	62,617	57,702	2.23	1.65	58,628	37,333	38,095	62,658	3.07	1.19
8	Ken Canal ..	1,77,644	57,349	2,06,065	1,26,498	1.72	0.90	1,74,602	80,979	1,84,354	87,624	1.89	1.84
9	Bolan Canal ..	80,520	15,708	74,697	15,658	2.15	2.00	23,077	48,925	35,139	66,024	1.31	1.48

Source : Irrigation Department.

ANNEXURE 2-C

Statement showing depth of water for main Canal systems (at distribution heads) of Uttar Pradesh

Serial no.	Name of system	1970-71				1971-72							
		Water consumed (ousec days)		Area irrigated (Acres)		Water depth (ft)		Water consumed (ousec days)		Area irrigated (Acres)		Water depth (ft)	
		Kharif	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Upper Ganga Canal	8,78,638	6,28,056	8,74,422	9,59,485	2.00	1.30	7,19,810	6,84,969	7,43,516	9,25,305	1.93	1.48
2	Lower Ganga Canal	5,31,744	4,84,848	4,49,922	7,71,362	2.36	1.25	5,42,778	5,42,778	4,12,760	8,06,862	2.62	1.34
3	Eastern Yamuna Canal.	2,01,950	1,83,632	2,86,636	2,29,647	1.40	1.59	2,00,375	2,09,282	2,61,392	2,30,823	1.53	1.81
4	Agra Canal.	2,86,801	1,97,220	1,16,875	2,76,286	1.76	1.42	84,524	1,73,346	99,066	2,58,690	1.70	1.34
5	Sarda Canal	17,85,165	13,47,528	7,74,822	11,48,327	4.60	2.34	16,20,465	14,85,960	6,36,694	12,77,300	5.09	2.32
6	Betwa Canal	2,02,825	3,81,465	50,954	4,38,197	7.96	1.70	33,496	1,00,252	46,376	4,27,032	1.46	0.46
7	Dohri Ghat Pumped Canal.	67,330	52,095	44,621	67,624	3.01	1.54	49,350	58,080	36,805	69,014	2.08	1.68
8	Ken Canal	2,49,664	84,364	1,74,376	1,22,965	2.86	1.37	2,42,194	1,19,245	1,92,792	1,38,775	2.51	1.71
9	Belan Canal	47,847	44,756	38,210	31,647	2.50	2.58	28,786	46,760	15,148	44,985	3.80	2.07

Source : Irrigation Department, U. P.

( 418 )

## ANNEXURE 3

उत्तर प्रदेश के राजकीय सिंचाई कार्यों पर 1-10-1972 से सिंचाई की वरें  
नहरों पर सिंचाई की वरें

## अनुसूची संख्या प्रथम—

अपर और लोअर गंगा नहर, पूर्वी यमुना और आगरा नहरों शारदा नहरें, दून नहरें, रामगंगा, भाभर, रोहित, डांडा, रामगढ़ नहरें, बानगंगा नहर, सलोना ताल, पम्पड नहर, मूखलिसपुर, टांडा, बखीरा, दोहरीघाट, खुरहा, रतोईताल व खुरहट पम्प नहर, जलगढ़ नहर, कानों पम्पडनहर, बस्ती पम्प नहर, बहादुरगंज पम्पड नहर, माताटीला बांध योजना के अन्तर्गत मुरसराय नहर प्रणाली (रबी 1368 फसली से); तुमरिया बांध व ओहेन बांध [वावाल्मिकी सरोवर, केन नहर (केवल धान) झांसी जिले में जमालपुर ताल व वुचंराताल, भांडर नहर] जो माताटीला बांध से निकाली खरीफ 1964 से शासकीय आदेश संख्या 538-डी-ओ0(बी0)/64-तेईस-आई-बी0-62(3) डब्लू 0 46, दिनांक 23 मार्च, 1964 के अनुसार, जो बेलन नहर (जो खरीफ 1374 फसली से शासकीय आदेश संख्या 3263-आई0बी0डी0-67-तेईस-आई0 बी, दिनांक 30 अप्रैल, 1968 के अनुसार अनुसूची 2 से 1 में स्थानान्तरित हुई।) भगवानपुर, सरोवर/बेतवा नहर रबी 1971-72 से :

फसलें	प्रति एकड़ वर ६० में			
	सिंचाई वरें 30-9-72 तक		सिंचाई वरें 1-10-72 से	
	तोड़	डाल	तोड़	डाल
1	2	3	4	5
गन्ना .. .. .	50.00	25.00	60.00	30.00
(धान दून नहरों पर छिड़काव के चावल छोड़कर)	17.50	8.75	21.00	10.50
सब्जियां, बागवृत्ति फसल, सिघाड़ा व पोस्ता	17.50	8.75	21.87	10.93
आलू .. .. .	37.50	18.75	45.00	22.50
दून नहर पर छिड़काव वाला चावल .. .. .	8.75	4.37	10.50	5.25
तम्बाकू .. .. .	20.00	10.00	25.00	12.50
दून नहरों पर चाय, बाग व बगीचे .. .. .	18.75	9.37	23.43	11.71
गेहूं, जौ व गेहूं या जौ के साथ मिली जूली फसलें .. .. .	15.00	7.50	18.75	9.37
कपास .. .. .	5.62	3.12	7.01	3.51
चारे की फसलें .. .. .	3.75	1.87	4.68	2.34
हरी खाद .. .. .	2.50	1.25	3.12	1.56
अन्य रबी की फसलें .. .. .	11.25	5.62	14.06	7.03
अन्य खरीफ की फसलें .. .. .	8.75	4.37	10.93	5.46

## अनुसूची संख्या 2—

बेतवा, बसान, केन (धान को छोड़कर) पाहुज, गडमऊ, धौरी, मुलरा नहर, धाधर नहर, (मरई नहर सहित) बरवार, मजगांव, अनुझर, रंपुरा, कैलासगढ़, कमलपुर, जयवंती, कुल पहाड़, सियोरी, जगनेर, बरवार, केवस, वैघार, बसुहान व रजठौर जलाशय (बुझी क्षेत्र) झील और तालाब (झांसी और हमीरपुर जिले के) कोसी मल्ला, धुमा, तथा गंगन नहर, रामपुर, रानीपुर नहरें (साररा बांध) अरजर नहर, नरहट तालाब, माली ताल, अर्जुन नहरें व कधरई झील, नराइनी नहर, थोबा बांध, हिमाथा बांध, बहेलियापुर बांध, गनेशपुर बांध, मिर्जापुर जिले के बांध और झीलें, बरवा टोला, लटोली तथा पिपरीडोह बांध, रामपुर सरोवर, बन-धोषवा, सरोवर, खैरमठ सरोवर, गिरगिटी सरोवर, अछ प्रभा बांध, नौगढ़ बांध, निकोया नहर, बबुरी नहर, चन्दौली नहर, पथवारा नहर, चकिया नहर, कर्मनासा नहर (मिर्जापुर) मक्षगवा, बघेलखंड सरोवर, बाघला तालाब (इलाहाबाद), ननौती बांध, ललितपुर, सरकारी नहर, बरवारन नहर व उठान ताल, धौरा बांध (बरेली) विच्छा सहित पाहुन बाल्डी व कुल्टी नहरें।

फसलें	प्रति एकड़ दर (रुपयों में)			
	सिंचाई दरें 30-9-72 तक		सिंचाई दरें 1-10-72 से	
	तोड़	डाल	तोड़	डाल
1	2	3	4	5
गन्ना	25.00	12.50	30.00	15.00
धान	12.50	6.25	15.00	7.50
सब्जियाँ, बगोचे, प्रति फसल, सिंघाड़ा, पोस्ता	12.50	6.25	15.62	7.81
आलू (1-4-69)	25.00	12.50	30.00	15.00
कपास	3.75	1.87	4.68	2.34
गेहूँ, जौ व गेहूँ व जौ की मिली-जुली फसल	12.50	6.25	15.62	7.81
तम्बाकू	15.00	7.50	18.75	9.37
चारा	2.50	1.25	3.12	1.56
हरी खाद	2.50	1.25	3.12	1.56
अन्य रबी की फसलें	6.25	3.12	7.81	3.90
अन्य खरीफ की फसलें	6.25	3.12	7.81	3.90

## अनुसूची संख्या 3

झारवा नहर से पोषित न होने वाली रोहेलखंड नहरें, अनुसूची-2 में उल्लिखित बोसी, थल्ला, धुराई और गंगा नहरों की अतिरिक्त रामपुर नहर, पहाड़ी नालियों से समाविष्ट कुमायूं सिंचाई परियोजना (नैनीताल, अल्मोड़ा, गढ़वाल, तथा देहरी गढ़वाल जिलों में) तथा बनारस की बन्धियाँ ।

फसलें	प्रति एकड़ दर (रुपयों में)			
	सिंचाई दरें 30-9-72 तक		सिंचाई दरें 1-10-72 से	
	तोड़	डाल	तोड़	डाल
1	2	3	4	5
गन्ना	10.00	5.00	12.00	6.00
चावल	4.00	2.00	4.80	2.40
सब्जियाँ, बगोचे प्रति फसल, पोस्ता सिंघाड़ा	4.00	2.00	5.00	2.50
आलू (1-4-69) से	10.00	5.00	12.00	6.00
अन्य खरीफ व फसल रबी	4.00	2.00	5.00	2.50
कपास	2.00	1.00	2.50	1.25
चारा	1.00	1.00	2.50	1.25
हरी खाद	2.00	1.00	2.50	1.25

अनुसूची-4-गंडक नहर प्रायोजना पर सिंचाई की दरें (रबी वर्ष 1970-71 से)

गंडक नहर प्रणाली द्वारा रबी 1970-71 से जिले गोरखपुर एवं देवरिया में की गयी सिंचाई के लिये निम्नलिखित तालिका में दी गयी सिंचाई दरें लागू होंगी और वसूल्याबी की जाएगी।

(शासनादेश सं० 421-स० ख०/71 तेईस-आई० बी०, दिनांक 28 जनवरी, 1971 के अनुसार)।

फसलें	सिंचाई की दरें प्रति एकड़ (रुपयों में)		गेहूँ, जौ व गेहूँ या जौ के साथ मिली-जुली फसलें	1	2	3
	तोड़	डाल				
1	2	3				
ईख	54.25	29.25				
धान, तरकारियाँ, बगोचे प्रति फसल, सिंघाड़े	21.75	13.00				
आलू	41.75	23.00				
तम्बाकू	24.25	14.25				
			कपास		9.87	7.87
			चारे की फसलें		8.00	6.12
			हरी खाद		6.75	5.50
			अन्य रबी फसलें		13.50	9.87
			अन्य खरीफ फसलें		13.00	9.62

अनुसूची संख्या--5--राजकीय नलकूपों पर सिंचाई की दरें:

(क) सिंचाई दरें (नवम्बर, 1969 से 30 सितम्बर, 1972 तक)।

3 से 5 क्यूसेक्स के राजकीय नलकूपों के अतिरिक्त अन्य समस्त राजकीय नलकूपों से जल 8,000 गैलन प्रति रुपया की दर से दिया और वसूल किया जावेगा।

(ख) राजकीय नलकूपों पर सिंचाई दरें (1 अक्टूबर, 1972 से):

3 से 5 क्यूसेक्स के राजकीय नलकूपों के अतिरिक्त अन्य समस्त राजकीय नलकूपों से जल 1 जुलाई, 31 अक्टूबर तक 12,000 गैलन तथा 1 नवम्बर से 30 जून तक 6,000 गैलन प्रति रुपया की दर से दिया और वसूल किया जाएगा।

(ब) 3 से 5 क्यूसेक्स क्षमता वाले राजकीय नलकूप :-

खरीफ 1969 या 1 अप्रैल, 1969 से सिंचाई शुल्क दो भागों में वसूल किया जाएगा:

(1) सिंचित क्षेत्र का एक निश्चित शुल्क 20 रु0 प्रति एकड़, जो 10 रु0 प्रति फसल की दर से होगा, कृषकों से वसूल किया जावेगा, और

(2) एक अस्थिर शुल्क और जो (क) खरीफ और रबी फसलों (गन्ना व वान के अतिरिक्त) की जलपूर्ति 8.00 रु0 प्रति एकड़ व (ख) धान और गन्ने की प्रति जलपूर्ति 10 रु0 प्रति एकड़।

अनुसूची संख्या--6--अन्य नहर

	दर प्रति एकड़ रुपए में	
	तोड़	डाल
1	2	3
बेजमेंगी सिंचाई योजना, आजमगढ़		
समस्त रबी तथा खरीफ	3.37	1.69
बिजौर नहरें:-		
मानसून से पूर्व सिंचित चावल नदी का चावल	5.62	3.12
मानसून से बाद सिंचित चावल, नदी का चावल	2.19	1.25
फूल, बगीचे व नर्सरी गार्डन, उद्यान, सज्जियां व सिगाड़े, नील	6.75	3.75
कपास .. .. .	3.75	2.25
तम्बाकू .. .. .	6.75	3.75
गेहूं और जौ .. .. .	3.75	2.25
गन्ना .. .. .	8.44	4.69
जई और दालें .. .. .	3.75	2.25
लहसुन, बरसीम, चारा और बलवैर्त्स	3.00	1.50

अनुसूची--7--दुन्देलखण्ड में बन्धियों पर सिंचाई की दरें:-

प्रणाली व फसल	दरें रुपए प्रति एकड़	
	तोड़	डाल
1	2	3
इलाहाबाद जिले का तालाब		
(क)		
(1) शाखा नहरों द्वारा सिंचित क्षेत्र	2.00	1.00
(2) जलमग्न क्षेत्र ..	2.00	..
(3) परवेजाबाद बन्धी ..	4.00	..
(ख) बांदा जिला:-		
(1) शाखा नहरों द्वारा सिंचित क्षेत्र	4.00	2.00
(2) जलमग्न क्षेत्र ..	4.00	..
पंचानन्द बन्ध:-		
(1) नहरों द्वारा सिंचित क्षेत्र	2.00	1.00
(2) जलमग्न ..	2.00	..
(ग) हमीरपुर, झांसी और जालौन जिला के तालाब, नई व पुरानी बन्धियां (जलमग्न क्षेत्र की पुरानी बी0 सी0 तथा डी0 श्रेणी के अन्तर्गत आने वाली समस्त बन्धियों के अतिरिक्त)		
(घ) जगनेर बन्धियों की सिंचाई दरें:-	4.00	..
(1) जलमग्न ..	3.00	..
(2) सीमान्त क्षेत्र ..	1.00	..
(3) बाहरी सिंचाई ..	3.00	..

अनुसूची--8--

सिंचाई विभाग द्वारा प्रतिपादित जमींदारी सिंचाई कार्यों की सिंचाई दरें अनुसूची संख्या--1 में नियत दरों का 1/5 भाग होगा:

सिंचाई विभाग द्वारा प्रतिपादित जमींदारी कार्यों की जिलेवार सूची:-

कार्य का नाम	जिला
1	2
1-सागर/जलाशय .. .. .	बस्ती
2-सिवा जलाशय .. .. .	"
3-बेतवा नहर .. .. .	"
4-मझौली जलाशय .. .. .	"
5-मैखरा नाला पद्धति .. .. .	"
6-वाझा जलाशय .. .. .	"
7-कौसीडीह जलाशय (मौसमी जलाशय)	"
8-माली जलाशय .. .. .	"
9-मासी जलाशय .. .. .	"
10-सेगरा जलाशय .. .. .	"
11-मराठी जलाशय .. .. .	"
12-कोहर गड्डी जलाशय .. .. .	गोंडा
13-बसेहवा जलाशय .. .. .	"
14-गनेशपुर जलाशय .. .. .	"

1	2	1	2
15—मोतीपुर जलाशय ..	बहराइच	59—पन्डवारा बन्धी ..	शांसी
16—श्रीनगर ताल नहर पद्धति ..	गोरखपुर	60—गुरसराय बन्धी ..	"
17—सनबाहा ताल ..	शांसी	61—भंडारवारा नं० 1 बन्धी ..	"
18—मैलानी लुधियास ताल ..	"	62—भंडारवारा नं० 2 बन्धी ..	"
19—द्वार ताल ..	"	63—भण्डारा बन्धी ..	"
20—थावा ताल ..	"	64—बखारा बन्धी ..	"
21—मल्डारापुर ताल ..	"	65—भारहा ..	"
22—अर्जुन खेरिया ताल ..	"	(क) डाल सिंचाई पर सिंचाई की दरें 30-9-72 तक । डीजल पंपिंग सेट (1-4-69 से शासकीय आदेश संख्या 2919-आई० बी० डी०-67/तेईस-आई० बी०, दिनांक 18 अक्टूबर, 1969 के अनुसार,	
23—समोबर ताल ..	"	पंपिंग सेट	रबी और गन्ना खरीफ
24—पहलगांव ताल ..	"	(1) 5 अश्व शक्ति के	प्रति घंटा प्रति घंटा
25—भ्याओ ताल ..	"	पंपिंग सेट	5.25 ₹० 4.00 ₹०
26—सार ताल ..	"	(2) 10 अश्व शक्ति	
27—निहोना ताल ..	"	के पंपिंग सेट	9.25 ₹० 7.00 ₹०
28—बाबापुरा ताल ..	"	(2) डाल सिंचाई के अन्तर्गत पम्पड नहरों पर सिंचाई की दरें—1 अक्टूबर, 1967 से शासकीय आदेश संख्या 3622-आई० बी० डी० 67/तेईस-आई० बी०, दिनांक 12 सितम्बर, 1967 के अनुसार ।	
29—मानपुरा ताल ..	"	विद्युत से चालित पम्पड नहरों का सिंचन शुल्क दो भागों में वसूला जायेगा । प्रथम भाग सिंचित क्षेत्र का एक निश्चित शुल्क ₹० 20.00 प्रति एकड़ होगा जो 15.00 ₹० रबी व 5.00 ₹० खरीफ में कृषकों से वसूल किया जायेगा । दूसरा भाग प्रत्येक जलपूर्ति मय रबी तथा अग्य खरीफ की फसलों में प्रति जलपूर्ति 8.00 ₹० प्रति एकड़ तथा गन्ने व धान में प्रति एकड़ 10.00 ₹० प्रति एकड़ होगा ।	
30—रमपुरा मथनपुरा ताल ..	"	डीजल से चालित पम्पड नहरों का सिंचन शुल्क भी दो भागों में वसूल किया जावेगा । प्रथम भाग सिंचित क्षेत्र पर एक निश्चित शुल्क 30.00 ₹० प्रति एकड़ होगा जो 20.00 ₹० प्रति रबी व 10.00 ₹० खरीफ फसलों में कृषकों से वसूला जावेगा । दूसरा भाग प्रत्येक जलपूर्ति पर रबी व खरीफ की फसलों में 9.00 ₹० जलपूर्ति प्रति एकड़ तथा गन्ने व धान में 11.00 ₹० प्रति जलपूर्ति एकड़ होगा ।	
31—बधीरा ताल ..	"	(ख) डाल सिंचाई की दरें 1-10-72 से	
32—मुरारी ताल ..	"	(1) डीजल पंपिंग सेट	
33—बानमानी ताल ..	"	पंपिंग सेट	रबी और गन्ना खरीफ
34—करीता ताल ..	"	(1) पांच अश्व शक्ति	प्रति घंटा प्रति घंटा
35—बनारी ताल ..	"	के पंपिंग सेट	5.25 ₹० 4.00 ₹०
36—बखौरा ताल ..	"	(2) दस अश्व शक्ति	
37—भिसौली ताल ..	"	के पंपिंग सेट	9.25 ₹० 7.00 ₹०
38—परकला ताल ..	"	(2) पम्पड नहर—	
39—वेन्त ताल ..	"	डाल सिंचाई के अन्तर्गत आने वाली समस्त पम्पड नहरों पर 1-10-72 से अनुसूची प्रथम की सिंचाई दरें लगाई तथा वसूल की जावेगी ।	
40—मिजरीठा ताल ..	"		
41—गगेरा ताल ..	"		
42—काला पहाड ताल ..	"		
43—कलवाड ताल ..	"		
44—ककरारी ताल ..	"		
45—ब्रीम खेत ताल ..	"		
46—विनाका भाफी ताल ..	"		
47—सगौली ताल ..	"		
48—सरौल किशनपुर ताल ..	"		
49—सेखरा थावा ताल ..	"		
50—पालरा ताल ..	"		
51—घुराट ताल ..	"		
52—कटेरा ताल ..	"		
53—कचैव ताल ..	"		
54—पडेरा ताल ..	"		
55—गोरखपुर ताल ..	"		
56—अहजार ताल ..	"		
57—इटौरा बन्धी ..	"		
58—बैवरा बन्धी ..	"		

## ANNEXURE 4

## Financial return of State tube-wells

(Rs. in crores).

Year	Capital outlay	Gross receipts	Working expenses	Net Revenue Surplus (+) Deficit(—)	Simple interest during the year	Net gain (+) or net loss(—)	Rate of return on capital
1	2	3	4	5	6	7	8
1951-62	4.63	1.19	1.18	(+)0.01	0.15	(—)0.14	(—)3.02
1955-56	20.97	1.14	1.56	(—)0.42	0.59	(—)1.01	(—)4.82
1960-61	31.18	2.10	3.81	(—)1.71	1.12	(—)2.83	(—)9.08
1961-62	33.16	2.47	4.51	(—)1.84	1.21	(—)3.05	(—)9.48
1962-63	36.69	2.13	5.33	(—)3.20	1.34	(—)4.54	(—)2.37
1963-64	41.33	3.43	5.68	(—)2.25	1.52	(—)3.77	(—)9.18
1964-65	46.17	4.80	6.43	(—)2.13	1.73	(—)3.86	(—)8.36
1965-66	53.14	4.43	7.83	(—)3.40	1.99	(—)5.39	(—)10.14
1966-67	58.66	4.65	8.61	(—)3.96	2.27	(—)6.23	9—)10.63
1967-68	63.036	5.816	9.646	(—)3.83	2.585	(—)6.415	(—)10.17
1968-69	68.729	6.371	9.586	(—)3.215	2.829	(—)6.044	(—)8.79
1969-70	76.577	6.737	11.558	(—)4.821	3.163	(—)7.984	(—)10.29
1970-71	88.568	7.788	11.464	(—)3.676	3.657	(—)7.333	(—)8.27
1971-72	101.206	6.083	12.108	(—)6.025	4.275	(—)10.300	(—)10.18
1972-73	118.871	7.456	15.506	(—)8.050	5.134	(—)13.184	(—)11.09
1973-74	129.635	8.135	16.014	(—)7.879	5.929	(—)13.808	(—)10.65

Source: Irrigation Department, Uttar Pradesh.

## ANNEXURE 5

Details of power made available by the State Electricity Board to State tube-wells  
Year 1973-74

Month	Date	Hours	Total
April, 1973	1-17	6	102
	18-30	10	130
May, 1973	1-25	10	250
	26-31	6	36
June, 1973	1-17	6	102
	18-30	24	312
July, 1973	1-11	24	264
	12-22	12	132
	22-31	15	135
August, 1973	1-31)		
Sept. 1973	1-30)	12	1104
Oct., 1973	1-31)		
November, 1973	1-10	12	120
	11-18	13	104
	19-23	14	70
	24-26	15	45
	27-30	16	64
Dec., 1973	1-4	16	64
	5-12	17	136
	13-31	18	342
Jan., 1974	1-19	18	18
	20-31	9	162
Feb., 1974	1-28	5½	66
		5½	154*168%
March, 1974	1-28	5½	142
	29-31	6	18
Total			4240

\*Night hours if and when available 2/74 (Source—State Electricity Board).  
For calculation on average of 6 hours supply has been taken.  
Average—4240/365 Say-app. 11 hrs. 30 Mts.

## ANNEXURE 6

## Operating cost of typical STW at different operating levels

Serial no.	Item	Operating Level (Hours/ Years)				
		3000	3500	4000	5000	6000
1	Total quantity of water lifted (acre/inches/year) ..	4500	5250	6000	7500	9000
2	Fixed cost (Rs./year) as per table 4.7.) ..	18500	18500	18500	18500	18500
3	Variable (fuel) cost for load factor beyond 30% (Rs./year)	628	1471	1923	2823	3723
4	Total operating cost (Rs./year) ..	19128	19971	20423	21323	22223
5	Average total cost (ATC or unit cost)( Rs.)—					
	(a) per hour ..	6.376	5.706	5.106	4.265	3.704
	(b) per acre-inch. ..	4.25	3.80	3.40	2.84	2.47

## Cost of tube-well irrigation by different alternatives

Type of lift irrigation plant	Size of prime mover (HP.)	Initial investment (Ra.)	Average discharge (cusecs)	Operating period (hrs./ years)	Average performance (acre/inches/ year)	Unit cost (Rs. acre/ inch)
1	2	3	4	5	6	7
1. ETW ..	9.50	8,317	0.553	2,097	1,160	3.82
2. DTW ..	12.32	8,963	0.533	1,309	693	6.50
3. PPS ..	5.18	5,515	0.376	601	226	8.25
4. STW at the rate of 6000 hours/year 15.00		80,000	1.50	6,000	9,000	2.47
5. STW at the rate of 5000 hours/year 15.00		80,000	1.50	5,000	7,500	2.84
6. STW at the rate of 4000 hours/year 15.00		80,000	1.50	4,000	6,000	3.40
7. STW at the rate of 3500 hours/year 15.00		80,000	1.50	3,500	5,250	3.80
8. STW at the rate of 3000 hours/year 15.00		80,000	1.50	3,000	4,500	4.25

ETW—Electric Tube-well.  
DTW—Diesel Tube-well.  
PPS—Private Pumping Set.  
STW—State Tube-well.

Source : P.52-53 of Study Report of Indian Institute of Management, Ahmedabad.

## ANNEXURE 6-A

List of wells in whose command there are more than 5 private tube-wells and whose hours run have dropped due to their construction as on 31-3-72

Serial no.	District	No. of STWs in operation in the distt. on 31-3-72	No. of private tube-wells in the command of one S.T. W. 'Average'	Hours run per T.W.	
				Prior to construction of private tube-wells 1966-67	After construction of private tube-wells 1971-72
1	2	3	4	5	6
1	Meerut ..	723	15	4206	2205
2	Muzaffarnagar ..	399	15	4346	2347
3	Aligarh ..	528	16	3381	1903
4	Bulandshahr ..	646	20	3450	1445
5	Etah ..	248	10	3878	1388
6	Farrukhabad ..	278	13	4351	1467
7	Moradabad ..	728	9	3157	1380
8	Bijnor ..	439	16	3552	1446
9	Bareilly ..	182	8	2785	907
10	Budaun ..	606	7	2794	1089
11	Shahjahanpur ..	143	12	3189	949
12	Kheri ..	250	14	3033	887
13	Lucknow ..	49	9	3520	1568
14	Sitapur ..	127	8	2862	1054
15	Hardoi ..	94	7	2751	1148
16	Gonda ..	202	12	2015	984
17	Bahraich ..	119	11	1783	905
18	Sultanpur ..	190	7	3492	1209
19	Gorakhpur ..	300	14	2484	1080
20	Deoria ..	465	10	2718	1268
21	Azamgarh ..	319	11	3317	1578
22	Ballia ..	250	9	3322	1953
23	Varanasi ..	635	11	4266	2636
24	Ghazipur ..	355	11	3818	2509

## ANNEXURE 7

प्रेषक,

संख्या 632/टी/72/23-सि-5/192-टी-डब्ल्यू/65

श्री भंवर दत्त सनवाल,  
आयुक्त एवं सचिव,  
कृषि उत्पादन एवं ग्राम्य विकास,  
उत्तर प्रदेश।

सेवा में,

- 1—सचिव, सिंचाई विभाग (ट्यूब वेल्स), उत्तर प्रदेश शासन।
- 2—श्री एस० पी० सिंह डाइरेक्टर, ट्यूब वेल्स, उत्तर प्रदेश।
- 3—समस्त जिला अधिकारी, उत्तर प्रदेश।  
दिनांक लखनऊ, 7 फरवरी, 1972

सिंचाई अनुभाग—5

महोदय,

निवेदन है कि संयुक्त सचिव, सिंचाई विभाग, उत्तर प्रदेश शासन के पत्र संख्या 842-एफ० टी०/23-आई० सी०-192-टी० डब्ल्यू०, दिनांक 16 मार्च, 1967 के आदेशों का अतिक्रमण करते हुए प्रदेश के विभिन्न क्षेत्रों में राजकीय नलकूप बनाने की नई नीति निर्धारित की गई है।

(क) भविष्य में नये राजकीय नलकूप निम्न प्रकार के क्षेत्रों में लगाये जायेंगे:—

- (1) जहाँ अक्टूबर—दिसम्बर में भूगर्भ स्थित जल की गहराई धरातल से 25 फीट या इससे अधिक गहरी रहती है।
- (2) चट्टानी क्षेत्रों को छोड़कर जहाँ जमीन के नीचे का स्ट्रेटा मुश्किल हो जैसा (1) भंवर क्षेत्र (जहाँ राजकीय नलकूपों का बनाना तकनीकी एवं आर्थिक दृष्टि से उचित है)
- (2) जहाँ लगभग 150 फुट की गहराई तक निजी नलकूप बनाने में कठिनाई हो।

(3) प्रदेश के पिछड़े क्षेत्रों में जहाँ राजकीय सिंचाई साधनों की, और क्षेत्रों के मुकाबिले में कमी है और जहाँ रबी/गन्ना इत्यादि फसलों की काश्त के लिये, जिसके लिये सिंचाई सुविधा की आवश्यकता होती है, उपयुक्त भूमि उपलब्ध हो, बिजली की लाइन की उपलब्धता की सुविधा हो ताप कलस्टर बन सकता हो। इन क्षेत्रों में छोटे राजकीय नलकूप बनाये जायेंगे क्योंकि इन क्षेत्रों में सामान्यतः भूगर्भ स्थित जल का स्तर ऊंचा रहता है।

(ख) उपरोक्त माप दंड के अनुसार राजकीय नलकूप बनाने के लिये स्थलों का चयन करते समय निम्नलिखित शर्तों का भी ध्यान रखा जायेगा—

(1) प्रस्तावित नये क्षेत्रों में पर्याप्त मात्रा में अर्पित भूमि उपलब्ध है और जहाँ कम से कम 15 नलकूपों का कलस्टर 2-3 वर्ष में बन जायेगा जिससे इन नलकूपों का रख रखाव दक्षता एवं मितव्ययता के साथ हो सके। ऐसे क्षेत्रों का निर्धारण नलकूप लगाना शुरू करने के पहले कर लिया जायेगा।

(2) जो स्थल छांटे जायें (अ) वहाँ का भूगर्भ स्थित जल खारा न हो, (ब) भूमि ऊंची न हो (स), सम्पूर्ण क्षेत्र में ऊसर न हो, (द) खेतों की मिट्टी बहुत भारी न हो जैसा कि करैल, माट, मार इत्यादि मिट्टियों में होता है, (य) क्षेत्र सामान्य बाढ़ में डूब न जाता हो, (र) अन्य राजकीय सिंचाई साधन उपलब्ध न हो।

(3) जिन क्षेत्रों में चकबन्दी एवं भूमि संरक्षण का कार्य हो चुका हो उन क्षेत्रों की प्राथमिकता देने का ध्यान रखा जाय।

भवदीय,

ह० भंवर दत्त सनवाल,  
आयुक्त एवं सचिव।

**ANNEXURE 8**

*Statement showing districtwise nos. of Tube-wells and average hours run (Zonewise) for the last 8 years in U. P. 1966-67 to 1973-74*

Serial no.	Name of district	Year 1966-67			Year 1967-68			Year 1968-69								
		No. of tws in operation in beginning of the year	Kharif	Rabi	Total	No. of tws in operation in the beginning of the year	Kharif	Rabi	Total	No. of tws in operation in the beginning of the year	Kharif	Rabi	Total			
1	2	3	4	5	6	7	8	9	10	11	12	13	14			
<b>HILL ZONE:</b>																
1	Naini Tal	..	..	..	58	973	1108	2081	58	680	742	1431	46	869	1000	1869
2	Dadra Mun	..	..	..	3	1769	3145	4914	555	383	1578	1961	8	1705	2230	3935
<i>Areas of spring level deeper than 15'</i>																
3	Agra	..	..	..	95	613	2854	3467	107	527	1982	2509	120	579	2608	3187
4	Aligarh	..	..	..	462	1001	2380	3381	468	714	1610	2333	469	587	2493	3080
5	Allahabad	..	..	..	171	1830	2502	4332	205	1257	1653	2910	231	1770	3114	1884
6	Azamgarh	..	..	..	233	1608	1709	3317	252	1297	1617	2914	265	1708	1863	3571
7	Bara Banki	..	..	..	31	1622	246	4168	37	1167	1447	2614	47	1192	1496	2668
8	Budaun	..	..	..	526	736	2058	2794	530	539	1431	1970	545	1004	2218	3222
9	Bulandshahr	..	..	..	539	1295	2155	3450	598	62	1240	1302	602	1356	2385	3741
10	Bijnor	..	..	..	393	1540	2012	3552	400	1198	920	2118	404	1473	2137	3610
11	Etah	..	..	..	177	983	2895	3878	177	749	1781	2530	185	910	2415	3325
12	Etawah	..	..	..	16	754	2610	3364	17	421	1853	2274	20	1031	2708	3739
13	Farrukhabad	..	..	..	199	261	3090	4351	202	979	1799	2778	205	1038	2264	3302
14	Fatehgarh	..	..	..	1	419	704	1123	1	208	1018	1226	1	951	1855	2806
15	Faizabad	..	..	..	276	1459	2587	4046	300	1479	1822	3301	300	1810	1897	3707
16	Ghazipur	..	..	..	225	1547	2271	3818	243	1240	1887	3127	270	1829	2714	4543
17	Hardoi	..	..	..	65	816	1935	2751	68	438	1022	1460	78	607	1472	2079
18	Jaunpur	..	..	..	186	1501	2135	3636	200	1171	1852	3023	230	1635	2566	4201
19	Kanpur	..	..	..	18	1149	2597	3746	18	803	1560	2363	18	716	1980	2696
20	Lucknow	..	..	..	29	1284	2236	3520	29	988	1577	2565	29	975	2199	3174

( 456 )

1	2	3	4	5	6	7	8	9	10	11	12	13	14
21	Muzaffarnagar .. .. .	305	2045	2301	4346	328	1914	1566	3480	328	2067	2379	4448
22	Meerut .. .. .	609	1793	3413	5206	639	1499	1631	3130	637	1739	2483	4222
23	Mathura .. .. .	2	2188	3752	5920	2	1649	2815	4464	2	2030	4565	6595
24	Mainpuri .. .. .	167	874	2058	2932	171	700	2024	2724	169	955	2530	3485
25	Mirzapur .. .. .	54	1381	2115	3496	60	1058	2057	3115	66	1695	2665	4360
26	Moradabad .. .. .	651	1194	1963	3157	655	765	1120	1885	659	1283	2028	3311
27	Saharanpur .. .. .	216	2095	2447	4542	236	2019	1776	3795	254	2284	2588	4872
28	Shahjahanpur .. .. .	114	965	2224	3189	120	796	1285	2081	119	959	1475	2434
29	Sultanpur .. .. .	110	1206	2286	3492	117	1302	1564	2866	128	1373	1800	3173
30	Varanasi .. .. .	373	1729	2537	4266	409	1408	2502	3910	465	2011	3028	5039
31	Unnao .. .. .	..	..	..	..	..	..	..	..	..	..	..	..
<i>Tarai Districts and areas having spring levels below 15.0</i>													
	Rampur .. .. .	92	1046	1836	2882	100	653	963	1616	110	1064	1844	2908
	Bareilly .. .. .	162	863	1922	2785	165	544	832	1376	171	765	1625	2390
	Pilibhit .. .. .	17	413	897	1310	18	262	210	472	18	399	487	886
	Kheri .. .. .	236	938	2095	3033	236	708	1493	2291	238	934	1455	2389
	Sitapur .. .. .	97	847	2015	2128	100	674	1571	2245	101	829	1602	2431
	Gonda .. .. .	144	469	1546	2015	158	490	851	1341	179	587	955	1542
	Bahraich .. .. .	117	135	1648	1733	114	96	1146	1242	114	145	1261	1406
	Basti .. .. .	300	731	1528	2259	319	789	936	1725	338	1176	1064	2240
	Gorakhpur .. .. .	238	840	1644	2484	254	779	1486	2265	274	1026	1382	2408
	Deoria .. .. .	351	1084	1634	2718	410	913	1398	2311	417	1067	1168	2235
	Ballia .. .. .	178	1256	2066	3322	192	1196	1629	2825	195	1278	1728	3006
<i>N. W. Areas and Bundelkhand Region</i>													
	Pratapgarh .. .. .	1	970	1499	2469	1	560	1262	1822	1	1131	1769	2900
	Rae Bareli .. .. .	..	..	..	..	..	..	..	..	..	..	..	..
	Banda .. .. .	..	..	..	..	..	..	..	..	..	..	..	..
	Hamirpur .. .. .	..	..	..	..	..	..	..	..	..	..	..	..
	Jalaun .. .. .	..	..	..	..	..	..	..	..	..	..	..	..
	Jhansi .. .. .	..	..	..	..	..	..	..	..	..	..	..	..
Total for TWS .. .. .		8266	1257	2175	9269	8720	1031	1499	2530	9051	1341	2113	3475

Serial no.	Name of district	Year 1969-70				Year 1970-71				Year 1971-72				
		No. of tws. in operation in the beginning of the year	Kharif	Rabi	Total	No. of tws. in operation in the beginning of the year	Kharif	Rabi	Total	No. of tws. in operation in the beginning of the year	Kharif	Rabi	Total	
1	2	15	16	17	18	19	20	21	22	23	24	25	26	
<b>HILL ZONE:</b>														
1	Naini Tal	..	42	879	755	1634	34	634	898	1532	34	360	760	1120
2	Dohra Dun	..	9	1266	1879	3145	9	..	..	..	12	494	993	1487
<i>Areas of spring level deeper than 15</i>														
3	Agra	..	141	405	1722	2127	144	263	2120	2383	157	167	1734	1901
4	Aligarh	..	471	857	1632	2489	487	504	1725	2229	507	284	1019	1303
5	Allahabad	..	264	1150	1627	2777	266	685	2062	2747	320	483	1686	2169
6	Azamgarh	..	264	1127	1010	2137	271	1051	1002	2053	293	589	989	1578
7	Bara Banki	..	45	906	1075	1981	45	462	1162	1624	48	152	1099	1251
8	Badaun	..	549	795	1326	2121	560	446	1708	2154	598	214	875	1089
9	Bulandshahr	..	599	1109	1402	2511	612	792	1522	2314	630	466	979	1445
10	Bijnor	..	401	1327	1014	2341	412	918	931	1849	426	579	867	1446
11	Etah	..	188	734	1671	2405	196	464	1809	2273	217	264	1124	1388
12	Etawah	..	25	492	1333	1825	32	295	2113	2408	33	143	1577	1720
13	Farukhabad	..	213	803	1560	2363	224	459	1688	2147	271	100	1367	1467
14	Fatehgarh	..	Nil	518	1042	1560	1	437	1234	1671	1	..	374	374
15	Faizabad	..	310	1412	1405	2817	325	1021	1131	2152	332	416	933	1349
16	Ghazipur	..	309	1291	1609	2900	326	1202	1597	2799	340	793	1716	2500
17	Hardoi	..	81	516	993	1509	90	322	1093	1415	93	98	1051	1149
18	Jaunpur	..	245	1054	1403	2457	265	988	1402	2390	276	569	1461	2030
19	Kanpur	..	18	549	1000	2149	20	447	1980	2427	25	130	1812	1942
20	Lucknow	..	33	859	1690	2549	36	641	1652	2293	39	212	1356	1568

1	2	3	4	15	16	17	18	19	20	21	22	23	24	25	
21	Muzaffarnagar	..	..	345	1870	1792	3662	355	1365	1699	3064	306	938	1409	2
22	Meerut	..	..	662	1562	1523	3085	678	1184	1719	2903	690	798	1407	2205
23	Mathura	..	..	4	826	1672	2489	7	594	1777	2371	11	237	1295	1532
24	Mainpuri	..	..	169	566	1890	2456	176	355	1909	2264	188	163	1079	1242
25	Mirzapur	..	..	81	1218	1553	2771	97	948	1854	2802	104	473	1639	2112
26	Moradabad	..	..	674	1051	1225	2276	692	792	2026	2817	702	419	961	1380
27	Saharanpur	..	..	265	2286	2176	4462	276	1260	2006	3266	208	923	1339	2262
28	Shahjahanpur	..	..	119	679	1036	1715	124	481	1387	1868	117	179	670	949
29	Sultanpur	..	..	135	1113	1263	2376	153	743	956	1699	171	291	918	1209
30	Varanasi	..	..	502	1373	1651	3024	533	1208	1915	3123	578	742	1894	2636
31	Unnao	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<i>Tarai districts and areas having spring level below 15.0</i>															
	Rampur	..	..	121	961	1181	2142	132	443	1626	2069	136	180	900	1080
	Bareilly	..	..	171	487	882	1369	172	304	1353	1657	176	173	734	907
	Pilibhit	..	..	14	211	279	490	14	75	430	505	14	15	179	194
	Kheri	..	..	225	865	1000	1865	223	535	1098	1633	241	175	712	887
	Sitapur	..	..	106	714	1165	1879	112	427	1197	1624	113	107	947	1054
	Gonda	..	..	188	598	814	1412	198	390	884	1274	197	131	853	984
	Bahraich	..	..	110	100	1057	1157	114	76	1075	1151	124	41	864	905
	Basti	..	..	345	851	807	1658	339	662	883	1545	343	181	787	968
	Gorakhpur	..	..	274	676	1194	1870	273	765	1187	1952	284	167	913	1080
	Deoria	..	..	441	704	943	1647	444	682	1044	2726	450	374	894	1268
	Ballia	..	..	201	996	1137	2133	205	947	1339	2286	217	574	1379	1953
<i>N. W. Areas and Bundelkhand Region</i>															
	Pratapgarh	..	..	..	1227	1293	2520	1	1302	1638	2940	1	..	..	..
	Rae Bareli	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	Banda	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	Hamirpur	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	Jalaun	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	Jhansi	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total for TWS.				9359	1064	1356	2420	9673	786	1519	2305	10173	434	1146	1580

(15)

11 Serial no.	Name of District	Number of tws. in operation in the beginning of the year	1972-73			1973-74			Number of Tws. constructed but not energized upto 31-3-1974			
			Kharif	Rabi	Total	Number of tws. in operation in the begin- ing of the year	Kharif	Rabi	Total	For which B & L forms already submitted to Hydel authorities	For which B & L forms yet not submitted	Total
			27	28	29	30	31	32	33	34	35	36
<b>HILL ZONE</b>												
	Naini Tal .. .. .	34	942	1041	1983	31	596	710	1306	5	1	6
	<sup>1</sup> Dehra Dun .. .. .	15	808	1551	2249	18	815	1182	1997	0	5	65
	<i>2 Areas of spring level deeper than 15' :</i>											
	Agra .. .. .	171	291	1541	1832	203	256	1021	1277	8	29	37
	<sup>3</sup> Aligarh .. .. .	528	442	1061	1503	557	341	939	1280	6	8	14
	<sup>4</sup> Allahabad .. .. .	384	903	1336	2230	418	436	1135	1571	22	50	72
	<sup>5</sup> Azamgarh .. .. .	319	1378	1174	2552	352	637	786	1423	13	52	65
	<sup>6</sup> Bara Banki .. .. .	50	649	957	1606	57	268	731	999	3	10	13
	<sup>7</sup> Budaun .. .. .	606	1171	924	2095	623	257	545	802	11	11	22
	<sup>8</sup> Bulandshahr .. .. .	646	428	912	1340	649	424	881	1305	..	..	..
	<sup>9</sup> Bijnor .. .. .	439	1171	1173	2344	448	477	637	1114	11	15	26
	<sup>10</sup> Etah .. .. .	248	540	1014	1554	280	152	860	1120	10	16	26
	<sup>11</sup> Etawah .. .. .	61	303	1568	1871	64	252	1180	1432	11	11	22
	<sup>12</sup> Farrukhabad .. .. .	278	557	1224	1781	297	270	938	1208	16	13	29
	<sup>13</sup> Fatehgarh .. .. .	8	193	1015	1208	17	314	1449	1763	15	44	59
	<sup>14</sup> Faizabad .. .. .	351	1117	914	2031	370	517	727	1244	11	39	50
	<sup>15</sup> Ghazipur .. .. .	355	1726	1767	3493	389	719	1007	1726	22	41	63
	<sup>16</sup> Hardoi .. .. .	94	602	1129	1731	108	242	732	974	4	5	9
	<sup>17</sup> Jaunpur .. .. .	300	1262	1285	2547	258	531	929	1460	12	38	50
	<sup>18</sup> Kanpur .. .. .	36	442	1627	2069	42	325	1486	1811	12	36	48
	<sup>19</sup> Lucknow .. .. .	49	754	1128	1882	61	355	1236	1591	..	..	..
	<sup>20</sup> Muzaffarnagar .. .. .	399	1168	1031	2199	420	491	719	1210	4	10	14
	<sup>21</sup> Meerut .. .. .	723	2106	1253	2459	760	634	993	1627	17	18	35
	<sup>22</sup>											

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1	2	27	28	29	30	31	32	33	34	35	36	37
23	Mathura .. .. .	14	299	1270	1569	15	252	676	928	..	1	1
24	Manpuri .. .. .	195	259	1144	1403	206	206	900	1106	25	7	32
25	Mirzapur .. .. .	115	958	1352	2310	120	731	1201	1932	2	14	16
26	Moradabad .. .. .	728	791	1046	1837	748	355	543	898	7	6	23
27	Saharanpur .. .. .	337	1444	1252	2696	379	667	894	1561	10	26	36
28	Shahjahanpur .. .. .	143	724	996	1720	159	291	497	788	10	11	21
29	Sultanpur .. .. .	190	1050	934	1984	193	449	805	1254	4	20	24
30	Varanasi .. .. .	635	1494	1658	3152	740	934	1312	2246	32	55	87
31	Unnao .. .. .	..	..	..	..	..	..	..	..	..	20	20
<i>Tarai Districts and areas having spring level below 15' :</i>												
	Rampur .. .. .	146	664	1147	1811	152	347	570	917	2	4	6
	Bareilly .. .. .	182	435	845	1280	199	214	525	739	4	20	24
	Pilibhit .. .. .	14	235	304	539	14	120	154	274	..	2	2
	Kheri .. .. .	250	906	1006	1912	266	331	479	810	2	6	8
	Sitapur .. .. .	121	655	984	1639	139	242	611	853	1	19	20
	Gonda .. .. .	202	782	846	1628	212	322	621	943	6	9	15
	Bahraich .. .. .	119	226	690	916	126	78	621	699	8	12	20
	Basti .. .. .	357	831	719	1550	374	406	622	1028	..	20	20
	Gorakhpur .. .. .	300	719	664	1383	324	365	691	1056	2	13	15
	Deoria .. .. .	465	1040	535	1573	472	457	746	1203	3	..	3
	Ballia .. .. .	250	1221	3555	5576	175	515	776	1291	21	31	52
<i>N. W. Areas and Bundelkhand region.</i>												
	Pratapgerh .. .. .	11	246	669	915	31	166	640	806	..	31	31
	Rae Bareli .. .. .	..	70	574	644	..	235	631	866	..	36	36*
	Banda .. .. .	..	..	..	..	..	..	121	121	..	15	15*
	Hamirpur .. .. .	..	..	..	..	..	..	433	433	6	23	29*
	Jalaun .. .. .	..	..	..	..	..	..	56	56	21	17	38*
	Jhansi .. .. .	..	..	..	..	..	..	..	..	..	..	..*
<b>Total for T. W. S.</b>		<b>10868</b>	<b>907</b>	<b>1107</b>	<b>2044</b>	<b>11568</b>	<b>458</b>	<b>826</b>	<b>1284</b>	<b>389</b>	<b>870</b>	<b>1259</b>

Source : Irrigation Department.

\*The S. TWS has recently been constructed in this region.

## CHAPTER XIII

### *Electricity Board and Electricity Duty*

In a developing economy, there is an ever increasing demand for expanded economic opportunities. A direct correlation subsists between economic growth and per capita use of energy. Availability of adequate and reliable power supply, is, therefore, an important objective of planning and development. In the generation of energy, electric power has advantages. It can be derived from every other form of energy mechanical, thermal, hydro, chemical, nuclear, etc.

2. Visualizing the need for electric power, the Indian planners have given it a high priority and regarding it as a part of the core plan. Its availability, however, has become a major constraint in the development of both industries and agriculture in India. The history of power development in Uttar Pradesh reveals that we are far behind the national levels of generation and consumption. In 1950-51, the generation capacity in the State was 179 MW. This went up to 288 MW by the end of First Plan, 370 MW by the end of Second Plan and 910 MW by the end of Third Plan. By the end of Fourth Plan, the installed generating capacity increased to 1680 MW. In the first three Plans, the peak demand was much below the installed capacity but this picture has now altered and acute and repeated power shortage has become a chronic feature in recent years. One reason for this is that the demand for power has been growing faster than anticipated. While the energy consumption in the country increased 8 times from 6350 MKWH to 48,640 MKWH in the last two decades, it has increased 11 fold in this State from 458 MKWH to 5176 MKWH. The rate of growth has been faster than the all India average because our base was low and the State wanted to catch up with other States. However, still the level of consumption reached here is below many States as is evident from Table I.

TABLE I—Per capita power consumption in some important states, 1960-61 to 1972-73

State	In Units (KWH).		
	1960-61	1965-66	1972-73
1. Uttar Pradesh	15	30	65
2. Maharashtra	73	106	178
3. Punjab	88	102	165
4. Gujarat	52	83	152
5. Tamil Nadu	51	89	180
6. West Bengal	84	114	191
7. Orissa	48	79	97
8. Mysore	44	55	119
9. Haryana	—	—	121
10. Bihar	49	57	68
11. All India	38	61	97

3. Before independence private electric companies were primarily responsible for generation and distribution of power in the State. They, however, confined their activities mostly to the towns and did not pay adequate attention to development of power in other areas of the State. Seeing the growing importance of power in the future development of the country, it was thought proper to regulate the development of

the generation, supply and distribution of power through State agencies. Accordingly, the Electricity Supply Act 1948 envisaged constitution of a State Electricity Board in each State with the general duty of promoting the co-ordinated development of generation, supply and distribution of electricity within the state in the most efficient and economical manner, with particular reference to such development in areas not for the time being served or adequately served by any licensee. With this aim in view, Uttar Pradesh State Electricity Board was constituted in April 1959. Before the formation of the Board power supply in the State was being looked after by the licensees, the Electricity Department and by the Kanpur Electric Supply Administration—the latter two under the aegis of State Government. Kanpur Electric Supply Administration was responsible for generation and distribution of power within the Kanpur area only and the Electricity Department over the rest of the State, barring some areas served by the licensees. The Board was the successor to both these organisations of the Government. Here we will be concerned only with the finances of the Electricity Board in so far as they affect or are likely to affect the revenues of the State Government. Apart from electricity rates, electricity duty is also levied in this State. In so far as the tax part is concerned, we will be dealing both public supply as well as the supply by the licensees.

4. At the time of formation, the assets of the Hydel Department amounting to Rs.66.62 crores were transferred to the Board. As the power schemes transferred to the Board were running at a loss, the State Government decided to meet these losses by grant of a subvention for a period of five years on a sliding scale. The original amount of subsidy was Rs.1.37 crores. Later on, Rihand Project was also transferred to the Board on April 1, 1965. The expenditure of Rs.51.52 crores incurred by the Government on the Rihand Dam Project was treated as loan to the Board under Section 64 of the Electricity Supply Act, 1948.

5. Progress of power—Table II gives figures of expenditure during each plan period and percentage this bore to the total plan expenditure.

TABLE II—Expenditure on power in different plan periods

Plan period	Total plan expenditure (Rs. in crores)	Expenditure on power (Rs. in crores)	Expenditure on power as percentage of total plan expenditure
First Plan	153.87	23.91	15.9
Second Plan	233.86	56.75	24.3
Third Plan	560.63	167.01	28.0
Annual Plan 66-67	451.63	175.36	38.8
67-68 and			
68-69			
Fourth Five Year Plan (anticipated)	1150.45	445.00	38.0

It may be seen that a much higher proportion of plan expenditure was spent on power in the Annual Plans and the Fourth Five Year Plan than in the Second Plan and the Third Plan.

6. Development of power over the years is given in Table III.

TABLE III—*Installed generating capacity, 1950-51—1973-74*

Year	Achievement by the end of the year MW	% annual increase
1950-51	178.54	—
1955-56	287.88	12.25
1960-61	370.17	5.72
1965-66	910.14	29.17
1968-69	1310.04	14.65
1969-70	1368.02	4.43
1970-71	1434.00	4.82
1973-74 (anticipated)	1680.00	5.72

Source—State Electricity Board.

Table III shows that development of power was somewhat neglected in this State in the first two plan periods, the increase in generating capacity during this period being only 191.63 MW. It was during the Third Plan period that a substantial progress was achieved in generating capacity. During this period, 539.97 MW of generating capacity was added to the system. The three annual plans of 1966-67, 1967-68 and 1968-69 witnessed a further significant addition to generating capacity.

The Fourth Five Year Plan envisaged an addition of 1227 MW in generating capacity, laying down of 3500 CKM of main transmission lines and electrification of additional 15,000 villages and 2 lakhs private tube-wells/pumping sets. For achieving these targets a sum of Rs.375 crores were provided in the Fourth Plan of the State. Against the above targets, achievements have been very modest except regarding village electrification. 370.00 MW in generating capacity, 1598 CKM of main transmission lines and 6514 CKM of secondary transmission lines and electrification of 16,839 villages and 1,50,933 private tube-wells/pumping sets. The cost was, however, much higher—Rs.445 crores.

7. An important feature of the performance of the power sector during the fourth plan period has been that the total expenditure on continuing schemes which was approved at Rs.147.01 crores was exceeded by Rs.5.89 crores. In spite of this, the continuing works could not be completed. One of the reasons for this was that the requirements of funds for these projects exceeded the original plan outlay. This was partly due to cost escalations and partly as a result of original under estimation. It may be

noticed that even though the State Electricity Board spent Rs.43 crores during this period in excess of the approved outlay on new schemes, many of them, Obra Extension II, Panki Extension, Harduaganj V, Obra Expansion III, and Harduaganj VI, were not expected to be commissioned during the fourth plan period. In fact, none of these power projects would contribute additional power to the system in the first two years of the Fifth Plan. If the State Electricity Board had spent larger amounts on the continuing schemes, instead of thinly spreading its resources on a large number of projects the crisis of funds would have been considerably less. They would also have been able to complete some of the on going programmes for which equipment had been supplied.

The total approved outlay on rural electrification too was exceeded by about Rs.11 crores. In addition to the plan funds, Rs.19.34 crores were obtained from the Rural Electrification Corporation and Rs.31.70 crores from other institutional sources and spent on rural electrification. This pattern of expenditure resulted in far greater demand for power than could be supplied with the capacity existing during this period. In this way, excess demand was built in the system. As the demand could not be satisfied consumption had to be curtailed by restricting supplies to specified hours and power rationing.

8. The Fifth Five Year Plan of the State contemplates an ambitious power programme. The projected programmes has been framed keeping into view the growth on the basis of all India average per capita consumption, historical rate of growth and growth of demand in the State in the sectors of Industry, agriculture and others. It has been anticipated that by the end of 1978-79 the peak demand of power would be 4,850 MW. For achieving this peak demand, it would be necessary to raise the installed capacity of power stations to about 6100 M.W. The constraint of financial resources is being felt by all sectors of the economy. It would, therefore, be in the interest of the State if maximum attention is given to the projects that can be completed within the fifth plan period.

9. The total assets at the time of constitution of the Board were valued at 66.62 crores. These were anticipated to go up to Rs.881.59 crores by the end of 1972-73. The Board chiefly depends on loans from the Government for building up its capital assets. The total loans received from the Government up to 1972-73 were Rs.713.75 crores which form 85.6 per cent of loans taken from all sources. The Board also floated bonds and debentures and borrowed from Life Insurance Corporation, Banks etc., amounting to Rs.120.29 crores up to 1972-73 as given below:

	Rs. in crores
From Life Insurance Corporation	36.65
From Financial Institutions	43.17
From Public	40.47

10. *Power Generation*—Table IV gives the figures of generation of electricity in different years by the Board, and the means of electricity generation.

TABLE IV—*Power generation 1960-61 to 1974-75.*

Year	Generation of electricity in Million Units.			Total	% increase over 1960-61	% of 2 to 5	% of 3 to 5	% of 4 to 5.
	Hydel	Thermal	Diesel					
1	2	3	4	5	6	7	8	9
1960-61	414.434	492.011	7.002	913.447	..	45.7	53.9	0.7
1965-66	1533.658	1293.101	34.333	2861.097	213.2	53.6	45.2	1.2
1969-70	1610.411	4095.502	3.007	5708.920	525.0	28.2	71.7	0.1
1970-71	1954.619	4502.178	4.021	6460.818	607.3	30.3	69.7	0.0
1971-72	2275.175	4642.815	5.089	6923.079	657.9	32.9	67.1	0.0
1972-73	2708.514	4395.633	7.471	7111.618	678.5	38.1	61.8	0.1
1973-74	1976.036	3749.505	9.120	5734.661	638.7	29.2	70.6	0.2
1974-75 (anticipated)	1598.000	5706.000	11.000	7315.000	700.8	21.8	78.0	0.2

Source—State Electricity Board.

It will be seen that as compared to 1960-61 total generation of power at the end of the third plan increased by 213 per cent and at the end of the fourth plan by 639 per cent. Out of total units generated in the year 1960-61, units generated from Hydel source were 45.7 per cent, that from thermal sources 53.9 per cent and from diesel sources 0.7 per cent. In 1973-74, the power generated from hydel sources declined to 29.2 per cent and that from diesel sources to 0.2 per cent while that from thermal sources, increased to 70.6 per cent. The thermal power gene-

rally assumed ascendancy as thermal plants are set up in short period and their capital cost is less. But cost of their maintenance and operation is heavy. Against this, capital cost of hydel stations is very large and they take many years in construction. But the cost of their maintenance and operation is small and even after taking account of interest charges they generate cheap power. In the fifth plan, the emphasis is on new hydel power projects but as they have long gestation periods, their impact would be felt in the 6th plan.

11. Table V gives details of generation of power from some major hydel and thermal stations during 1971-72, 1972-73 and 1973-74.

TABLE V—*Generation of major power plants, 1971-72 to 1973-74*

*Generation in Million Units*

Name of Power House	Capacity as per name plate rating in M. U.	Expected generation % at 70% operational efficiency in M. U.	Actual generation		
			1971-72 M. U.	1972-73 M. U.	1973-74 M. U.
<b>(a) Hydro—</b>					
(i) Rihand .. .. .	300.00	..	965	1234	671
(ii) Obra (H) .. .. .	99.00	..	325	432	284
(iii) Matatila .. .. .	30.00	..	147	119	125
(iv) Khatima .. .. .	41.40	..	233	225	208
<b>(b) Thermal—</b>					
(i) Obra (Th.) .. .. .	250.00	1533	1389	1356	1301
(ii) Obra (Ext.) .. .. .	100.00	613	..	..	158
(iii) Harduaganj 'A' .. .. .	90.00	552	440	433	312
(iv) Harduaganj 'B' .. .. .	210.00	1288	595	857	814
(v) Panki .. .. .	64.00	392	393	348	388
(vi) RPH Kanpur .. .. .	75.00	400	387	388	350
Bansagar (Private) .. .. .	125.00	766	937	1048	1010

Source: State Electricity Board.

The table shows that in the case of Rihand hydel station, the fluctuations in generation have been wide. In certain years owing to scanty rains in the catchment area, the in flow of water in the reservoir was not adequate to meet the out-flow of water used in power generation. The minimum and maximum levels of the reservoir for these years are given below:

Reservoir level	1971-72	1972-73	1973-74
Minimum	801.0'	830.75'	795.6'
Maximum	880.0'	863.2'	834.6'

In the case of other hydel stations, the fluctuations in generation of power have not been very marked. However, in the case of thermal power stations also, the generation of power over the years has been fluctuating although these fluctuations have not been of the same order as in the case of Rihand hydel station. This cannot be attributed to factors beyond human control and clearly indicates the possibility of improvement in operational efficiency of these power stations. In the case of private owned power plant at Renusagar, the generation capacity is 125 M. W. and it generated 1010 MU power in 1973-74 against which Harduaganj 'B' station of the Board with a capacity of 210 MW could generate only 814 M. U. Power. Similarly, in Obra thermal station whose capacity is 250 MW, the power generation was 1301 M. U. As compared to 1971-72 and 1972-73 there has been a fall in generation in 1973-74.

12. *Power System*—From 1969-70 and onwards, the U. P. Power system has been subjected to a great strain and the actual peak meeting capacity fell short of the actual peak demand by 28 per cent in 1972-73 and 52 per cent in 1973-74. This may be seen from the details given in table VI.

TABLE VI—*Power shortage in Uttar Pradesh (1965-66 to 1973-74)*

Year	Installed capacity meeting (MW)	Peak capacity (MW)	Actual peak demand (MW)	Shortage (MW)	% of (5) to (4)
1	2	3	4	5	6
1965-66	869	560	560	..	..
1966-67	869	675	675	..	..
1967-68	1075	728	728	..	..
1968-69	1310	989	989	..	..
1969-70	1368	1127	1137	10	0.9
1970-71	1434	1280.5	1314	33.5	2.5
1971-72	1572	1267	1397	130	9.3
1972-73	1580	1144	1587	443	27.9
1973-74	1671	830	1735	905	52.2

Source—State Electricity Board.

An idea of the growing demand can be had from the length of transmission lines (excluding L. T. lines) which was 42,681.04 CKM in 1965-66 and increased to 1,04,332.672 CKM by the end of 1972-73. There has been a phenomenal growth of demand for power in the rural areas. The connected agricultural load to total connected load increased from 20 per cent at the end of 1967-68 to 33 per cent at the end of 1972-73. Coupled with increase in rural load, demand for power from industrial and other sectors of the economy also increased substantially. As a result, the ratio of the connected load to installed capacity of the Uttar Pradesh Power System increased as can be seen from the details in table VII.

TABLE VII—*Installed capacity, connected load and ratio of connected load to installed capacity, 1967—74.*

Position as on	Installed capacity (M. W.)	Capacity used (M. W.)	Connected load (M. W.)	Ratio of connected load to installed capacity
31-3-1967	869.00	860.00	1,188.102	1.37
31-3-1968	1075.00	..	1,367.189	1.27
31-3-1969	1310.00	..	1,710.326	1.3
31-3-1970	1368.00	..	2,173.925	1.5
31-3-1971	1434.00	..	2,455.594	1.71
31-3-1972	1572.00	..	2,727.538	1.74
31-3-1973	1580.00	..	3,005.910	1.90
31-3-1974	1671.00	1671.00	..	..

Source : State Electricity Board.

The ratio of connected load to installed capacity over the years has gone up from 1.37 in 1967 to 1.9 by the end of 1972-73. Normally the ratio of connected load to installed capacity should be around 1.5.

13. Over the years pattern of power consumption is given in table VIII.

TABLE VIII—Power Consumption Pattern, 1968-69 to 1972-73. Categorywise consumption in Million Units

Serial no.	Categories	1968-69	1969-70	1970-71	1971-72	1972-73	Percentage increase in 1972-73 over 1968-69
1	2	3	4	5	6	7	8
1	*Domestic .. ..	192.108	214.096	231.897	254.797	267.733	39.37
2	Commercial .. ..	64.415	73.072	63.853	54.329	56.701	(-11.98
3	Industrial—						
	(i) Small and Medium Scale Industries.	352.536	306.409	316.966	322.814	324.380	(-7.99
	(ii) Mixed load up to 100 KW ..	16.581	25.199	21.176	20.708	21.640	30.51
	(iii) Mixed load above 100 KW ..	170.703	121.736	132.511	191.879	187.456	9.81
	(iv) Large and Heavy Industries	1401.451	1587.354	2060.537	2033.978	2150.171	53.42
	(v) Electric Chemicals Industries	76.617	72.399	74.487	75.450	91.878	19.92
	Total ..	2017.888	2113.097	2605.477	2644.829	2775.525	37.55
4	Public Lighting .. ..	11.939	19.719	18.818	17.114	17.234	44.35
5	Public Water Works and Sewage ..	50.812	48.684	55.737	57.116	59.390	16.88
6	Agriculture—						
	(i) State Tube-wells .. ..	396.112	241.118	276.931	207.789	277.109	(-30.04
	(ii) Private tube-wells and pumping sets.	205.275	348.890	434.232	448.526	515.575	151.16
	(iii) Other agricultural loads ..	41.362	23.432	2.312	1.259	1.798	(-95.65
	Total ..	642.749	613.440	713.475	693.574	794.482	23.61
7	Traction .. ..	124.608	126.993	124.674	129.575	172.143	38.15
8	Bulk Supply—						
	(i) Licensees .. ..	318.710	340.875	366.258	413.334	446.816	40.20
	(ii) Extra State Consumer ..	60.112	78.006	87.259	163.588	147.865	145.98
	(iii) Inter Board Supplies ..	61.957	64.188	62.182	37.448	47.071	(-24.03
	Total ..	440.779	483.069	515.699	614.370	641.752	45.59
9	Supply to works and employees of the Board.	2.796	7.080	7.737	9.612	5.276	88.70
10	Free supply .. ..	14.484	12.516	13.368	10.644	13.863	(-4.29
	Total ..	3262.578	3711.766	4290.735	4485.960	4804.099	47.25

\*The break-up of this between light and fan and small power is available for 1973-74 which is given below.

L.F.—256.49 M.U.

Small Power—17.872.

Source : State Electricity

14. The growth of consumption of power can also be judged by seeing the development of connected load categorywise in the State. This is given in table IX.

TABLE IX—Development of Power Load, 1968-1973 Categorywise connected load in K.W. as on 31st March.

Serial no.	Particulars	1968	1969	1970	1971	1972	1973	Percentage increase in 1973 over 1968
1	2	3	4	5	6	7	8	9
	Domestic ..	1,94,155	2,24,336	3,11,990	3,33,758	3,83,295	4,13,621	113.04
	Commercial ..	65,240	73,547	81,269	87,532	1,00,416	1,02,165	56.60
	Industrial ..	..	3,24,510	3,61,417	3,77,186	4,02,651	4,41,450	
	(i) Small and Medium Scale Industries.	3,11,189	41,800	48,644	54,233	54,456	55,988	(—)82.01
	(ii) Mixed Load up to 100 KW							
	(iii) Mixed load above 100 KW							
	Large and Heavy Industries.	3,67,328	3,97,154	4,52,601	5,06,286	6,05,248	6,42,952	75.03
	Electro-Chemical Industries.	..	11,000	11,000	11,000	11,000	17,000	..
	<b>Total</b> ..	<b>6,78,517</b>	<b>7,74,464</b>	<b>8,73,662</b>	<b>9,48,705</b>	<b>10,73,355</b>	<b>11,57,390</b>	<b>70.58</b>
	Public Lighting ..	4,254	4,932	5,908	6,628	7,335	8,090	90.17
	Public Water Works and Sewage.	12,000	12,185	13,578	14,541	16,041	17,670	47.25
	Agriculture—							
	(i) State Tube-wells ..	98,397	1,15,682	1,30,439	1,31,865	1,39,517	1,57,204	59.76
	(ii) Private Tube-wells and pumping sets.	1,69,001	3,37,038	5,79,819	7,30,749	7,79,168	9,30,750	450.7
	(iii) Other Agricultural load	25,872	1,482	4,347	4,867	7,656	3,351	(—)87.05
	<b>Total</b> ..	<b>2,93,270</b>	<b>4,54,202</b>	<b>7,14,205</b>	<b>8,67,481</b>	<b>9,26,341</b>	<b>10,91,305</b>	<b>2,72,12</b>
	Traction ..	21,250	63,750	63,750	63,750	77,000	80,851	280.48
	Bulk Supply—							
	(i) Licensee ..	65,392	80,325	81,968	89,991	1,00,424	90,932	39.06
	(ii) Extra State Consumers	20,012	12,412	15,514	15,514	15,578	15,586	(—)22.12
	(iii) Inter Board Supply ..	..	8,194	8,353	23,567	22,848	20,821	..
	<b>Total</b> ..	<b>85,404</b>	<b>1,00,931</b>	<b>1,05,835</b>	<b>1,29,072</b>	<b>1,38,850</b>	<b>1,27,339</b>	<b>49.10</b>
	Supply to works and employees of the Board.	5,101	1,958	3,328	4,127	4,905	7,497	46.97
	<b>Total</b> ..	<b>13,67,189</b>	<b>17,10,326</b>	<b>27,73,925</b>	<b>24,55,594</b>	<b>27,27,538</b>	<b>30,05,910</b>	<b>119.864</b>

Source—State Electricity Board.

It may be seen from table IX that out of the total 4804.099 million units consumed during 1972-73, agricultural load accounted for 794.482 million units of which 515.575 million units were consumed by private tube-wells and pumping sets. The other major consumption of power was by large and heavy industries totalling to 2150.171 million units. As compared to 1968-69, growth in consumption of power in 1972-73 has been very marked in the case of domestic power (39.4 per cent), large and heavy industries (53.4 per cent), public lighting (44.4 per cent), private tube-wells and pumping sets (151.2 per cent), traction (38.1 per cent), licensees (40.2 per cent) and to works and employees of the Board (88.7 per cent). This is borne out also from phenomenal increase in connected load of these categories of consumers given in Table X. On the other hand as compared to 1968-69 consumption of power in 1972-73 declined in the case of commercial consumption

(11.98), small and medium industries (7.99), State tube-wells (30.04) other agricultural load, (95.65) and inter board supplies (24.03). This fall in consumption mostly in spite of an increase in connected load can be attributed to chronic shortage of power due to which power rostering is being resorted to. It may also be due to power theft and defective meters. Power shedding is affecting other consumers also but in their case, its impact seems whittled down due to a marked increase in their connected load.

15. *Financial working*—Section 59 of the Electricity (Supply) Act, 1948 enjoins the Electricity Boards not to incur as far as possible, any losses in its operation and with this end in view, it is required to suitably adjust its tariffs from time to time. The financial results of the Board show that the deficits in its operations have been increasing since 1965-66. Table X gives the capital investment and the percentage net return on it from 1962-63 to 1973-74.

TABLE X—Capital investment and the percentage return 1962-63—1973-74

Year	Capital excluding works in progress (Rs. in crores)	Operation maintenance depreciation and interest charges (Rs. in crores)		Gross revenue (Rs. in crores)	Surplus(+) deficit(—) (Rs. in crores)		Gross income as percentage of capital (6 over 2)	Percentage return on capital (7 over 2)
		O & M expenditure	Interest		Gross income (5—3)	Net income (5—3—4)		
1	2	3	4	5	6	7	8	9
1962-63	63.24	7.46	3.33	11.75	4.29	(+)0.96	6.78	(+)1.51
1963-64	65.78	9.20	4.18	13.15	3.95	(—)0.23	6.00	(—)0.34
1964-65	74.18	10.02	5.33	16.30	6.28	(+)0.95	8.40	(+)1.30
1965-66	115.90	14.54	10.21	22.67	8.13	(—)2.08	7.01	(—)1.79
1966-67	162.35	19.78	14.35	29.63	9.85	(—)4.50	6.06	(—)2.77
1967-68	191.20	25.43	17.88	34.39	8.96	(—)8.92	4.68	(—)4.66
1968-69	240.00	30.92	22.08	46.67	15.75	(—)6.33	6.56	(—)2.63
1969-70	293.00	39.97	24.89	54.70	14.75	(—)10.16	5.00	(—)3.46
1970-71	319.30	47.38	29.38	61.86	14.48	(—)14.90	4.50	(—)4.66
1971-72	343.10	49.69	25.72	67.44	17.75	(—)7.97	5.20	(—)2.32
1972-73	401.00	61.22	32.53	83.93	22.76	(—)9.77	5.70	(—)2.44
1973-74	462.00	69.91	40.65	79.98	10.07	(—)30.58	2.2	(—)6.6
1974-75 (anticipated)	579.40	76.52	48.63	85.24	8.72	(—)39.91	1.5	(—)6.9

1. Capital investment has been taken as Fixed assets in use less consumers' contribution plus working capital minus accumulated depreciation and deposits i.e. Average capital base.

2. Appropriations to General Revenue made during the above years have not been taken into account and the provisions made in respect of arrear depreciation have been excluded.

16. Table X indicates that there was a surplus of Rs.0.96 crores in 1962-63 and a surplus of Rs.0.95 crores in 1964-65. In other years, there have been deficits. The deficits have increased over the years and reached all time record of

Rs.30.58 crores in 1973-74. The 1973-74 year was somewhat abnormal because of lower power generation. But even otherwise the growth in expenditure in the working of the Board has been for out-stripping the increase in revenue.

17. Increase in expenses—Table XI shows for some years expenditure in the working of the Board.

TABLE XI—Expenditure on the working of the Board, 1960-61 to 1973-74

	1960-61	1966-67	1969-70	1971-72	1972-73	1973-74
Generation of electricity in million units including auxiliary consumption purchases.	913.447	3123.026	4,737 MkWh.	5968	6624	6015
Operation and Maintenance (Crores Rs.) including power purchased.	3.21	13.58	25.63	30.35	37.42	37.28
Establishment and General Management (Crores Rs.)	0.96	2.29	6.06	7.78	11.23	17.78
Depreciation (Crores Rs.)	1.30	3.25	8.28	12.15	12.68	14.81
Interest (Crores Rs.)	2.67	14.35	24.89	25.72	32.53	40.65
Other expenditure (Crores Rs.) (Provision General Reserve).	0.03	0.01	..	..	2.15	2.53
Total expenditure (Crores Rs.)	8.17	33.48	64.86	76.00	96.01	113.05
Per unit or KWH in paise	8.9	10.7	13.7	12.8	14.5	18.80

Source—State Electricity Board.

During the period from 1960-61 to 1973-74, electricity generated increased by 558 per cent while the increase in expenditure was 1,284 per cent. Expenditure on operation and maintenance increased by 1,061 per cent; on establishment and general management by 1,752 per cent; on depreciation by 1,039 per cent and on interest

payments by 1,422 per cent. In so far as power generation is concerned, the year 1973-74 shows a small decline.

18. Growth in expenditure can be looked at from another point of view as is given in Table XII.

TABLE XII—Cost of electric energy per unit sold (including line losses), 1960-61 to 1973-74

Items	1960-61	1966-67	1970-71	1971-72	1972-73	1973-74	Percentage increase in 1973-74 over 1960-61
1. Operation and Maintenance	3.51	4.35	6.07	6.14	6.66	8.40	139.3
2. Power Purchase Expenses	..	..	0.76	0.62	1.12	..	..
3. Establishment and General Management	1.05	0.73	1.80	2.01	2.44	4.01	281.9
4. Interest	2.92	4.81	4.80	5.73	6.79	9.28	217.8
5. Depreciation and others	1.46	1.04	2.41	2.30	2.51	3.91	167.8
Total	8.94	10.93	15.84	16.80	19.52	25.60	186.4

Source—State Electricity Board.

The cost of electric energy increased from 8.94 paise per unit in 1960-61 to 25.60 paise in 1973-74, by 186 per cent. Apart from operation and maintenance expenses and establishment charges which have in 1973-74 increased by 139 per cent and 282 per cent respectively since 1960-61, and which we shall discuss later, the interest liabilities in total cost have also been consistently increasing. Power development needs massive investments. That is the reason why interest liabilities of the Board have been going up. Loans from the State Government are the main source of finances of the Board. The State Government used to charge 1 per cent as service charge plus the rate of interest at which the State Government borrowed funds from the Government of India. The Taxation Enquiry Committee of

1968-69 recommended that the service charge should be reduced from 1 per cent to 0.25 per cent. The State Government decided in 1971-72 to reduce this service charge to  $\frac{1}{2}$  per cent. The State Government advances loans to other bodies and Corporations also like State Sugar Corporation, State Road Transport Corporation, etc., and in their case, the service charge levied by the State Government on loans is invariably higher than the one charged from the State Electricity Board. But those bodies cannot be equated with the State Electricity Board which is rendering a highly essential public utility service. Therefore in the case of the State Electricity Board, we agree with the recommendations of the 1968-69 Taxation Enquiry Committee that service charge on loans of the State Government to the State Elec-

tricity Board should be 0.25 per cent only. This would provide relief to the State Electricity Board of about Rs.2 crores per annum.

Another reason for rising interest liabilities was that interest charges on the works in progress were required to be paid by the Board to the State Government. Investments in power schemes are heavy and they take long time to be completed. The procedure of adding burden of interest on this capital before the fruits of investment are gathered distorts the financial results and the working of the Board. Viewing this, the 1968-69 Taxation Enquiry Committee recommended that such interest charges on works in progress should be capitalised. The State Government during 1971-72 accepting this recommendation, decided to capitalise such interest charges. We also agree with this and have recommended capitalisation of interest charges on works in progress on irrigation works also. Interest liabilities of the Board are increasing also because the Board is now getting loans from the lending institutions which charge a higher rate of interest. This is clear from the fact that out of total interest liability of Rs.40.65 crores arising during 1973-74, as much as Rs.10.53 crores i.e. more than one-fourth was on loans taken from financial institutions whereas out of a total loan of Rs.1,011.36 crores outstanding at the end of 1973-74, a sum of Rs.810.85 crores was from the State Government and the balance Rs.200.50 crores, less than one-fifth, was from other lending institutions.

19. Table XIII gives the break up of the average pooled cost of generation between hydro and thermal power from 1968-69 to 1972-73.

TABLE XIII—Break-up of the cost of generation between Hydro and Thermal power, 1968-69 to 1972-73.

Serial no.	Financial year	Pooled cost of generation in paise per unit	
		Hydro	Thermal
1	1968-69	3.71	9.13
2	1969-70	5.19	11.09
3	1970-71	4.49	10.91
4	1971-72	3.95	10.91
5	1972-73	4.51	12.21

Source—State Electricity Board.

Details of cost of generation for hydro and thermal powers are only available from 1968-69 onwards. The position given in the above table indicates that in the case of hydro-electric power, the cost of generation per unit has fluctuated within a small range and does not reveal any perceptible trend whereas in the case of thermal power, the cost of generation has been going up consistently. In the case of hydro-electric power, the fluctuation in cost of generation can be attributed to the fact that in certain years enough water was not available in the reservoirs for power

generation, particularly in the case of Rihand Project. This cannot, however, be said for thermal power where total units generated show a steady increasing trend as would be apparent from details in Table IV. Information contained in Table XIV would be of some use in analysing the responsibility of different components of expenditure in high cost of generation of hydro and thermal power.

TABLE XIV—Cost of generation of some Hydro-Power Stations in Uttar Pradesh, 1972-73 (Paise/Unit)

Hydro station	Year	Cost of generation			
		Interest and depreciation	Cost of operation and maintenance	Establishment charges	Total cost in paise/unit
Obra	.. 1972-73	3.626	0.164	0.385	4.175
Rihand	.. 1972-73	2.440	0.11	0.16	2.71
Dhalipur	.. 1972-73	2.423	0.475	0.168	3.006
Dhakrani	.. 1972-73	3.134	0.702	0.361	4.097
Khatima	.. 1972-73	2.590	0.149	0.584	3.323
Pathri	.. 1972-73	Not available.			
Mata Tila	.. 1972-73	3.095	0.099	0.887	4.081

Source—State Electricity Board.

TABLE XV—Cost of generation of some Thermal Power Stations in Uttar Pradesh

Thermal power stations*	Year	Average cost of generation in paise/unit
Harduaganj 'A'	.. 1972-73	12.56
Harduaganj 'B'	.. 1972-73	12.47
Obra	.. 1972-73	10.44
Panki	.. 1972-73	Not yet available.
River Side Power House, Kanpur.	1972-73	13.50

\*Detailed breakup of cost plantwise not available. Source—State Electricity Board.

20. Need for economy—It may be seen from details in Table XIV that cost per unit of generations varies from station to station. The difference in interest and depreciation charges can be attributed to difference in the capital costs, but the difference in the cost of operation and maintenance and establishment charges, particularly the latter needs explanation. The working of the power plants in the State was examined in depth by the Ghananand Pande Committee. We rely on the data collected by them. We tried to obtain information for subsequent years but could not get it. The Pande Committee compared the manpower strength in Uttar Pradesh stations with

some major power stations in the country. This is given in Annexures I and II. The staff strength employed at different power stations is not readily and directly comparable, on account of the large number of variants, such as the number and size of the units, degree of automation, specific plant conditions etc. Nevertheless, broad comparison for similar plants can be usefully made. One approximate basis for such comparison is the man power strength per MW of installed capacity as related to the average unit size at the station. Ghananand Pande Committee made such a comparison and came to the conclusion that the man power strength at the Uttar Pradesh Power stations was substantially higher than that of other power stations outside the State. With the average unit size as the guiding factor, the man power strength at Panki and Harduaganj 'A' should have been of the order of about 7.55 per MW whereas actual strength was 12.033 persons per MW at Harduaganj 'A' and 12.765 per MW at Panki. Similarly, the staff strength at Harduaganj 'B' and Obra Thermal stations should have been around 4 persons per MW against the available level of 7.793 and 8.652 respectively.

In the case of Hydro stations it was observed by the Pande Committee that the staff strength per MW at Obra was higher even in comparison to that at Dhalipur, where the unit size was about 50 per cent of that at Obra. Since the staff strength has a direct bearing on the cost of generation, the Committee strongly felt that drastic measures were necessary to reduce the ratio of manpower to installed capacity by rationalising working procedures, improving the quality of training and enforcing better efficiency norms. We endorse this emphatically and would urge that adequate arrangements be made to ensure that surplus man power is not deployed. A glance at the earlier Table XI shows that establishment, expenditure has been rapidly rising in the last few years. In this connection, we may mention the manpower MW ratio in other countries:

TABLE XV(i)—Manpower strength related to installed capacity of various thermal power stations in some countries.

Countries	Manpower strength per MW of installed capacity
1. U. S. A.	1.2
2. Japan	1.5
3. U. K.	1.7
4. U. S. S. R.	2.3
5. India	6.5

21. Apart from expenditure on staff, expenditure on travelling allowances, printing and sta-

tionery, postage and transport, etc., have also been going up steadily as may be seen from Table XVI:

TABLE XVI—Expenditure on travelling allowance etc., 1969-70 to 1972-73

(In lakhs Rs.)

	Years				
	1969-70	1970-71	1971-72	1972-73	1973-74
1. Travelling and other expenses of officers and staff.	68.82	80.75	70.71	146.64	252.62
2. Printing and Stationery.	4.18	4.93	6.13	9.03	10.48
3. Postage, Telephones and Telegrams.	10.52	13.02	14.20	23.91	23.24
Transport	3.02	3.79	4.25	7.67	N.A.

Source—Annual Accounts of State Electricity Board

This emphasises the need to control and restrict expenditure on staff, travelling allowance, etc.

22. The cost of generation of thermal power given in Table XV indicates that it varies from station to station. Apart from difference in cost of establishment discussed in paragraph 20, another reason for variation in cost of generation seems to be the difference in coal cost at various thermal stations. The details of cost per unit at different thermal power stations is given in Table XVII:

TABLE XVII—Coal cost per unit of Thermal Power Stations in Uttar Pradesh, 1972-73

Name of the thermal power station	Coal cost in paise per unit based on units generated
Riverside Power House KESA	6.701
Harduaganj 'A' Thermal Power Station, Kasimpur.	5.718
Harduaganj 'B' Thermal Power Station, Kasimpur.	4.613
Obra Thermal Power Station, Obra	3.718

Source—State Electricity Board

23. Per unit coal cost in different States is given in Table XVIII.

TABLE XVIII—Coal cost per unit of thermal power in different States, 1969-70 to 1972-73

Name of the Board	Cost of fuel per unit generated in paise			
	1969-70	1970-71	1971-72	1972-73
1. Andhra Pradesh	3.76	3.8	3.8	4.46
2. Assam ..	2.24	1.27	1.35	1.28
3. Bihar ..	2.81	2.90	3.2	3.98
4. Gujarat ..	3.42	4.33	3.5	3.42
5. Haryana ..	3.53	7.80	4.83	5.2
6. Karnataka ..	..	..	..	..
7. Kerala ..	..	..	..	..
8. Madhya Pradesh	2.18	3.4	2.8	2.8
9. Maharashtra ..	3.78	3.66	3.93	4.26
10. Orissa ..	..	2.85	2.9	3.42
11. Punjab ..	5.00	1.54	10.0	7.3
12. Rajasthan ..	4.80	2.79	2.48	2.98
13. Tamil Nadu ..	7.74	5.8	5.97	6.71
14. Uttar Pradesh	5.15	5.03	4.68	4.72
15. West Bengal ..	2.58	2.69	2.84	3.07

Source—Central Water and Power Commission.

It may be seen from Table XVIII that per unit coal cost in Uttar Pradesh was consistently higher than in most other states. Quality of coal, conditions of supply and transport costs vary in different states and no direct Inter-State comparison is possible. But still it indicates the possibility of some saving in this area as per unit coal cost has been lower in areas like Maharashtra which are far away from coal fields.

24. Since coal costs are an important constituent of the generation cost of thermal stations, we collected information about average coal consumption per unit generated, their calorific value, ash content and the coal handling cost at different thermal power stations. Information about coal consumption and calorific value of coal is given in Table XIX and that of coal handling in Table XX. Details about ash content of coal are given in Annexure III:

TABLE XIX—Average coal consumption per unit generated and its calorific value.

Name of Power House	Grade and size of coal		Average coal consumption per unit generated (Kg.)		Calorific value	
	1972-73	1973-74	1972-73	1973-74	Design value	Actual value
1	2	3	4	5	6	7
1. Obra ..	Grade IIIB	..	0.82	0.82	3800/4450 K. Cal/Kg.	4000—5000 K. Cal/Kg
2. Riverside Power House, Kanpur.	Grade I	..	0.88	0.95	..	..
3. Panki ..	Grade I	..	0.52	0.55	4500 to 5500 K. Cal/Kg.	5760 to 6820 K. Cal/Kg.
4. Harduaganj 'A'	Grade I	..	0.68	0.78	..	..
5. Harduaganj 'B'	Grade II	..	0.53	0.53	3500/4950 K. Cal/Kg	5350/5820 K. Cal/Kg

Source—State Electricity Board.

TABLE XX—Coal handling charges at different thermal power houses

Year	(Rs. per ton)					
	Obra	Harduaganj "A"	Harduaganj "B"	Riverside Power House, Kanpur	Panki	
1967-68	4.30	0.91	..	0.33	..	
1968-69	4.30	0.91	4.11	0.29	0.78	
1969-70	2.74	0.86	5.00	0.30	0.78	
1970-71	..	2.40	0.73	4.50	0.35	0.80
1971-72	..	2.45	0.72	4.35	0.36	0.69

As per accepted norms, the coal consumption per unit of power generated should not exceed 0.6 Kg. Judged in this light, the consumption of coal at Obra Riverside Power House, Kanpur, and Harduaganj 'A' exceeded the accepted norms. There are a large number of other small thermal power stations in Uttar Pradesh in whose case consumption of coal per unit of power generated is still higher. It may be seen from details in Table XX that coal handling costs at different power stations vary widely. Apart from the variation from station to station these charges were the lowest for the Riverside Power House, Kanpur, where the handling of coal was almost wholly manual. For ensuring thermal efficiency it is essential that data about coal consumption calorific value, ash content, etc., is analysed centrally and steps taken to reduce the coal consumption to ensure supply of better quality of coal, and to reduce coal handling charges for which there seems to be considerable scope.

25. Table XXI gives average number of hours in various major thermal power plants in the country have actually operated during 1972-73 and 1973-74.

TABLE XXI—Performance of Thermal Power Stations in India (Kwhr/kW)

Name of Thermal Power Station	1972-73	1973-74
Ahmedabad	6500	5718
Amarkantak	7300	7171
Bokaro	3960	4231
Bareilly	4500	3466
Bandel	4600	5261
Bhusawal	6349	6402
Chandrapura (DVC)	5000	3539
CESC	3740	3430
Durgapur (West Bengal)	2630	2912
Durgapur (DVC)	3500	3083
Ennore	2700	2192
Harduaganj 'A'	3940	3809
Harduaganj 'B'	4100	3706
DESU	4600	5420
Khaperkheha	5180	4475
Kanpur Riverside	4250	4506
Kathgodam	6200	6127
Korba I and II	4890	4323
Basin Bridge	3700	4405
Nasik	5350	5362
Obra	5420	3871
Parli	5550	7169
Paras	5470	6196
Panki	5400	6058
Patratu	3700	5441
Ramagundam	1127	2412
Satpura	4500	4226
Trombay	6750	4697
Taloher	2550	2187
Utran	6200	4461

Source—Central Water and Power Commission.

On an average, only if a thermal power plant runs for 6,000 hours per annum, it can be said to be operating efficiently. As may be seen from the details in Table XX, there are a number of thermal power stations in the country whose performance is over 6,000 hours per annum such as Ahmedabad, Amarkantak, Bhusawal, Kathagodam, Trombay and Utran. Incidentally, these happen to be away from coal fields unlike plants in Uttar Pradesh which are nearer the coal fields.

From the details in Table XXI it may be seen that during 1972-73 and 1973-74, Harduaganj 'A' and 'B' stations operated annually for about 4,000 hours, Riverside Power House at Kanpur for about 4,500 hours, Obra for a little over 5,000 hours to about 4,000 hours and Panki from 5,400 hours to a little over 6,000 hours. Thus only in the case of Panki, the operating efficiency is near the desired level; in the case of other major thermal stations in Uttar Pradesh, the operating efficiency is low.

This matter was examined in depth by the Ghananand Pande Committee and in their view the availability of a power plant and its utilisation were two important indices in respect of its performance. The said study has revealed that in general, the availability factor for Uttar Pradesh power stations was around 75 per cent against which the utilisation factor was about 63 per cent leaving a small margin between two factors. This was so because Uttar Pradesh power stations were being operated with no planned spinning reserve at all. According to the Committee the plant availability can be increased firstly by reducing the time taken in periodical overhauling and maintenance, and secondly by improving the quality of preventive scheduled maintenance and the quality of operation, so as to reduce the number of breakdowns and forced shut downs to the minimum. Based on experience of some major thermal plants in the country, it can be said that it is not difficult to improve the availability factor to 80 to 85 per cent. At 85 per cent availability, the plant utilisation factor will improve from 63 per cent to about 70 per cent. The additional 7 per cent generation (about 334 million units) will prove an invaluable asset to the system. The additional 10 per cent plant availability will be equivalent to adding more than 80 MW to the installed capacity of the system without any additional capital cost. Besides mitigating to some extent the chronic power shortage in the State, this will yield about Rs.6 crores per annum of gross revenue to the Board.

A survey on improving availability and utilisation of existing installed generating capacity of thermal plants was sponsored by National Committee on Science and Technology, Government of India and entrusted to Bharat Heavy Electricals Limited, Unit—Research and Development, Hyderabad. The report of this survey (August 1974) contains forced outages record of thermal power stations which is at Annexure III-A. This shows that maximum forced outages have been under 'Boiler and Auxiliaries'. Contribution of different equipment outages affecting availability and utilisation of some of the thermal plants in this State during 1971-73 is given in Annexure III-B. It may be seen from this Annexure that in the case of Harduaganj 'B' and Obra stations, there were recurrent forced shutdowns due to failure of Superheater and water tubes. Similarly air-protector tubes repeatedly affected availability of Harduaganj 'A' and Obra stations. Such instances appear to be quite common and indicate the possibility of improving the situation by taking adequate precautionary measures.

26. *Inventory control*—Table XXII gives the value of inventories held by different State Electricity Boards in the country:

TABLE XXII—Value of inventories held by State Electricity Boards, 1970-71 to 1972-73

Serial no.	Name of the Board	As at the end of									Percentage increase or decrease over 1970-71
		1970-71			1971-72			1972-73			
		Capital stores	Other operating stores	Total	Capital stores	Other operating stores	Total	Capital stores	Other operating stores	Total	
1	2	3	4	5	6	7	8	9	10	11	12
1	Andhra Pradesh	5.25	8.72	13.97	6.51	9.13	15.64	7.60	8.01	15.61	+11.7
2	Assam	3.52	2.73	6.25	2.96	2.69	5.65	2.65	2.59	5.24	-19.3
3	Bihar	..	..	18.39	..	..	17.95	..	..	19.02	+3.4
4	DESU	..	..	9.62	..	..	8.87	..	..	10.04	+4.4
5	Gujarat	..	..	16.95	..	..	20.52	..	..	21.11	+24.5
6	Haryana	..	..	7.44	..	..	6.62	..	..	10.93	+46.9
7	Karnataka	..	..	34.06	..	..	38.77	..	..	35.50	+4.2
8	Kerala	..	..	9.11	..	..	14.75	..	..	18.44	+102.4
9	Madhya Pradesh	12.04	5.12	17.16	14.46	5.23	19.78	11.68	5.62	17.30	+0.8
10	Maharashtra	..	..	20.04	..	..	25.43	..	..	23.29	+16.2
11	Orissa	4.08	0.96	5.04	5.42	1.18	6.61	4.88	1.64	6.52	+29.4
12	Punjab	..	..	21.69	16.09	2.49	18.58	16.36	2.86	19.22	-3.44
13	Rajasthan	..	..	9.49	..	..	8.36	..	..	8.28	-14.6
14	Tamil Nadu	16.48	6.69	23.17	21.65	8.85	30.50	N.A.	..	..	..
15	Uttar Pradesh	20.86	10.77	31.63	13.71	27.82	41.53	20.86	33.40	54.26	+71.5

Source—Central Water and Power Commission.

It may be seen from this table that in the case of Uttar Pradesh State Electricity Board, the value of total inventories at the end of 1970-71 was Rs.31.63 crores. This went up to 41.53 crores at the end of 1971-72 and to Rs.54.26 crores at the end of 1972-73. This shows an alarming increase of 71.5 per cent in the course of just two years in the value of inventories held by Uttar Pradesh State Electricity Board. Further, the increase in the value of inventories is entirely under operating stores. These operating inventories formed 17.00 per cent, 41.00 per cent and 40 per cent of the gross revenues of the Board during the years 1970-71, 1971-72 and 1972-73 respectively. In the case of all other Electricity Boards mentioned in Table XXII, the value of inventories has either remained stationary or has gone up much less except in the case of Kerala State Electricity Board. If a reduction of about 10 per cent in inventories of operating stores could be made, it would immediately mean a saving of Rs.3.34 crores in operating expenses of the Board. Expenditure accounting system of the Board was sometime back studied by the Administrative Staff College of India. They suggested reformation in the areas of 'Systems and procedures' relating to procurement of materials which forms a major component of the costs in the State Electricity Board and envisaged considerable toning up for assuming the real functional responsibilities such as forecasting, budgetary control, accounting for materials, information system, etc. For a proper inventory control compatible with the working efficiency, we recommend that the reformation sought by the Administrative Staff College of India in their said report should be carried out.

#### Transmission and Distribution Losses

27. Transmission and distribution losses also have an adverse effect on the financial working of the Board. This term as commonly understood

and applied to a power system, is the difference between the energy available for supply at the sending end and the energy which is actually sold. These losses are expressed as a percentage of the total amount of energy available for supply. The figures of losses for Uttar Pradesh State Electricity Board and of some other States Boards for the year 1965-66, 1971-72 and 1972-73 are given in table XXIII:

TABLE XXIII—Transmission and distribution losses in different States, 1965-66 to 1972-73

State	1965-66 percentage	1971-72 percentage	1972-73 percentage
1. Andhra Pradesh	24.71	26.50	26.10
2. Assam	25.03	16.84	17.00
3. Bihar	11.38	15.22	30.93
4. Kerala	20.21	17.29	..
5. Haryana	..	..	..
6. Karnataka	16.26	15.86	14.73
7. Gujarat	13.85	16.04	20.86
8. Punjab	13.64	24.19	35.90
9. Maharashtra	11.50	12.66	(Approx.) 13.82
10. Rajasthan	16.68	23.62	..
11. Tamil Nadu	16.46	19.05	..
12. Uttar Pradesh	16.46	26.14	26.07

Source—State Electricity Board and Central Water and Power Commission.

28. In the process of generation and distribution of electrical energy, loss component is a necessary evil and the attempt of the supply sys-

rem has to be limited to minimise the losses balancing the cost of additional production against the cost of reducing wastage. The location of generating stations and disposition of load centres primarily decide the inherent loss characteristic of any supply system. Location of generating stations being decided by geographical conditions and load centres by availability of raw materials and infra-structure available, there are constraints in choosing a best supply system particularly with reference to minimum losses.

29. It is an accepted fact that there has been indiscriminate extension of lines resulting in poor voltages and high losses in distribution system. The poor power factors of agriculture and low load factors of rural loads have been the characteristics of distribution systems in this State and as much as 25 per cent of total energy is sold per year to these consumers in the State. Apart from losses on account of technical grounds, losses occur to the Board on account of theft of energy, inaccurate meters, omission of meter reading and inaccurate computation. But these losses can, to a great extent, be eliminated.

30. Ghananand Pande Committee examined, *inter alia*, the question of transmission and distribution losses. According to this Committee, the losses are dependent upon a large number of variable factors such as, load density, category-wise distribution of energy sold, load characteristics, parameters of the power systems etc. Taking these factors into account the Committee worked out the normal technical losses for 1971-72 for this State at 16.3 per cent only. Against actual losses of 26.14 per cent, even after allowing a margin for any factor not accounted for in the assumptions, the overall losses should not have exceeded 17.5 per cent. This indicates that a substantial proportion of the losses were on account of theft of energy, and unaccounted energy consumption due to errors in metering. The Central Water and Power Commission considers 15 per cent losses as normal. Total units sent out for sale during 1973-74 was 6,015 million. One per cent reduction in the losses would amount to almost 60 million units. The average revenue from the energy sold during 1973-74 was 17.24 paise per unit. Thus for each 1 per cent reduction in system losses, the additional revenue would have been more than Rs.1.05 crores. As the losses during 1973-74 were 28.20 per cent against the normal expected losses of 17.5 per cent worked out by the Ghananand Pande Committee, reduction of losses by 10.7 per cent (28.20—17.5) would have earned an additional revenue of about Rs.11 crores to the Board. Marking available additional power by reducing line losses would also prove a great boon to the Board in meeting its commitments in respect of supply of energy.

31. It is often said that the line losses have increased in Uttar Pradesh as a result of increase in power consumption in the Agricultural Sector. The consumption of power in Agricultural Sector in 1971-72 for which data are available for all the States was highest in Haryana, being 34.3 per cent, Tamil Nadu, Punjab and Andhra Pradesh were the three other States where power consumption in Agricultural Sector was higher than Uttar Pradesh. How-

ever, the line losses in Andhra Pradesh were only marginally higher than that in Uttar Pradesh in spite of the fact that the consumption of power in the Agricultural Sector was nearly 10 per cent more than in this State. Similarly, in Tamil Nadu, while the line losses were nearly 7 per cent less, the agricultural power consumption as a proportion to total consumption was 9 per cent higher than in Uttar Pradesh. This rendered the above argument suspect. In order to be sure we did a cross-section regression analysis for 1971-72 taking line losses as the dependent variable and the percentage of agricultural consumption in different states as the independent variable.

32. The results of this are given below:

$Y = f(a + b \text{ (Agricultural consumption)})$

Line losses =  $13.45 + 0.4633$

(0.0917)

Correlation co-efficient 0.793

$F = 25.504$

Student T = 5.050.

These results indicate that agricultural load has been contributing to a significant extent to total line losses. In Uttar Pradesh the predicted loss according to the above equation should not have exceeded 20.9 per cent of the total generation. The actual and the predicted values in other States are also of interest:

TABLE XXIV—Actual and Predicted Line losses in different States

States	Actual %	Predicted	Deviation
Andhra Pradesh	26.50	23.50	(+)3.00
Assam	16.84	13.49	(+)3.35
Bihar	15.22	14.37	(+)0.85
Gujarat	16.04	18.96	(-)2.92
Haryana	28.58	20.34	(-)8.24
Himachal Pradesh	12.06	13.77	(-)1.71
Jammu and Kashmir	18.50	16.18	(+)2.32
Karnataka	15.86	16.23	(-)0.37
Kerala	17.29	16.44	(+)0.85
Madhya Pradesh	19.24	15.35	(+)3.89
Maharashtra	12.66	15.72	(-)3.06
Orissa	4.75	13.54	(-)8.79
Punjab	24.19	24.57	(-)0.38
Rajasthan	23.62	19.98	(+)3.64
Tamil Nadu	19.05	25.17	(-)6.12
Uttar Pradesh	26.14	20.91	(+)5.23
West Bengal	13.39	13.03	(-)0.36

The predicted values are not normative. As is well known, the line losses in all the States are higher than the desired level. However, even if the line losses in Uttar Pradesh had reached 'predicted level' 308.57 million units of power and an addition of Rs. 4.20 crores would have been effected.

33. Unfortunately no studies have been made in this State of systems losses. One such study\* has been made in Andhra Pradesh and that study has suggested a number of steps for reducing losses of which important ones are:

- (i) Improving voltage regulation.
- (ii) Maintenance of high load factor.
- (iii) Installation of shunt capacitors.
- (iv) Maintenance of proper voltage level.
- (v) Taking proper steps to prevent pilferage of electrical energy.

We would recommend that on the lines of the abovementioned study, actual losses in rural feeders may be ascertained in this state also. The Andhra study has recommended installation of capacitors for improving the power factor and has also made an attempt to establish the optimum limit to which the power factor could economically be raised. In the opinion of the author improvement in power sector by installation of capacitors can bring down the line losses of the 11 kv feeders by 2.53 per cent to 4.08 per cent. No such study has been made on the cost benefit of investment in capacitors in this State. We too could not undertake it due to paucity of data on line losses to different categories of consumers. We, therefore, recommend that such information be collected in the State and a separate analysis undertaken.

\*Line losses—A general study by A. L. Mohan Rao, Chief Engineer, Andhra Pradesh State Electricity Board.

34. The Board is also sustaining losses on supply of free or concessional power to the works and employees of the Board. There can be justification for supply of free power to the works

of the Board and restricted free supply to those employees of the Board who fall in the category of operating staff or to employees of the licensees under the terms of contract. But giving power at concessional rates to all employees of the Board does not seem to be appropriate. We were told that no such concession was given in States like Tamil Nadu. The justification for this is even less now since the Board has been making *ex gratia* payments in lieu of bonus at 8.33 per cent. During 1973-74, 12.562 million units of power were given free of cost and 5.040 million units of power were given at concessional rates. This involves a subsidy of Rs.51 lakhs per annum. We would recommend that the Board may reconsider the continuance of the grant of these concessions to all the employees of the Board in its present form.

35. In accordance with the provisions of Electricity Supply Act, provision for depreciation is required to be made every year. With increase in the assets of the State Electricity Board, annual appropriations to the Depreciation Reserve Fund have been going up. But even now the Board is not providing for full depreciation as required under the Act. After meeting the requirements for the renewals and replacements, the balance amounts are being utilised towards repayment of loans and other interest liabilities of the Board, leaving inadequate provision for depreciation. This is not in keeping with the provisions of the Electricity Supply Act.

36. *Arrears of revenue*—Table XXV gives sales of electricity, amount outstanding at the end of the year and the percentage of outstanding to total sales in the case of different Electricity Boards of the country for the period from 1970-71 to 1972-73.

TABLE XXV—Arrears of Revenue in different Electricity Boards 1970-71 to 1972-73

Serial no.	Name of the Board	1970-71			1971-72			1972-73		
		Sales during the year	Amount outstanding at the end of the year	Percentage of outstanding to total sales	Sales during the year	Amount outstanding at the end of the year	Percentage of outstanding to total sales	Sales during the year	Amount outstanding at the end of the year	Percentage of outstanding to total sales
1	2	3	4	5	6	7	8	9	10	11
1	DESU ..	1,825.76	1,253.25	68.6	1,878.84	1,393.19	74.2	2,316.96	1,518.58	65.6
2	Andhra Pradesh.	3,822.07	1,112.39	29.1	4,378.98	1,325.32	30.3	4,533.92	1,986.85	43.8
3	Assam ..	446.11	99.78	22.4	541.94	148.42	27.4	683.59	198.93	29.0
4	Bihar ..	2,695.99	1,019.93	37.8	2,985.65	1,119.99	37.5	3,255.00	1,398.72	43.0
5	Kerala ..	1,633.42	748.19	45.8	1,841.66	881.97	47.9	2,004.88	878.76	43.8
6	Rajasthan	1,437.55	361.25	24.5	1,839.15	555.01	30.0	2,083.61	738.20	35.4
7	Orissa ..	1,102.96	323.74	29.3	1,235.59	326.30	26.3	1,373.04	446.77	32.5
8	Madhya Pradesh.	3,109.49	818.84	26.3	3,407.78	979.89	28.8	3,704.64	1,136.12	30.7
9	Maharashtra.	5,284.80	1,237.84	23.4	5,975.91	1,366.92	22.9	6,814.81	1,657.19	24.3
10	Karnataka	3,074.01	572.12	18.6	3,395.61	565.74	16.7	3,374.70	626.31	18.6
11	Gujarat ..	3,334.81	473.08	14.2	3,878.88	527.18	14.3	4,517.10	757.89	16.8
12	Haryana	1,668.88	71.68	4.3	1,806.28	70.98	3.9	2,237.28	85.28	3.8
13	Punjab ..	1,768.02	117.24	6.6	2,001.55	104.70	5.2	2,125.41	(—)13.61	..
14	Tamil Nadu	5,950.78	688.77	11.6	6,714.56	839.18	12.5	N.A.	N.A.	N.A.
15	Uttar Pradesh	5,761.94	1,470.82	25.4	6,147.22	1,877.02	30.5	7,759.58	2,416.81	31.2

This table shows that in the case of Uttar Pradesh State Electricity Board, the percentage of outstanding to total sales has gone up from 25.4 in 1970-71 to 31.2 in 1972-73. In respect of over-dues, Uttar Pradesh had done better than five States but the Electricity Boards of Madhya Pradesh, Assam, Maharashtra, West Bengal, Karnataka, Gujarat, Tamil Nadu and Punjab has less over-dues than Uttar Pradesh State Electricity Board. During 1973-74 outstanding has gone up to 46 per cent of the gross revenue. Details of these arrears are given in table XXVI.

TABLE XXVI—Arrears of electricity dues of Uttar Pradesh Board (30-6-1974).

	Rs.
1. Domestic and Commercial Light and Fan.	4.50 crores.
2. Small and Medium Industries	3.50 crores.
3. Large and Heavy	6.50 crores (including Rs. 4 crores of Hindalco in dispute).
4. Public Lighting and Sewage Pump.	0.70 crores
5. State tube-wells	3.75 crores
6. Private tube-wells	12.50 crores
7. Private Licensees	2.20 crores
8. M. B. Licensees	1.60 crores
9. Other Arrears	1.75 crores
	87.00 crores

Source—State Electricity Board.

It may be seen from these details that major arrears are of private tube-well owners (Rs.12.59 crores) and domestic and commercial light and fan consumers (Rs.4.50 crores). The increase in arrears can be due to two factors. Firstly, the consumers may not be paying the bills in time. Secondly the bills may not be reaching the consumers in time. For remedying the first, the Board should take timely action to cut connections so that consumers become conscious of timely payment of bills. It has been brought to our notice that at the instance of the Government orders the Board had to grant reconnection without realising past dues. This has a demoralising effect. We recommend that no reconnection should be allowed unless past dues are paid and penalty for late payment including the element of interest charges should be raised. For remedying the other difficulty we would suggest introduction of spot billing system. On an experimental basis, this may be introduced in Lucknow and Kanpur. If by adopting above measures, the arrears of revenue could be reduced and brought down at least to the 1970-71 level, it would yield about Rs.22 crores of revenue.

37. *Need for monitoring*—The total operating cost of power station comprises of:

(1) Fixed charges on capital, i.e. interest and depreciation.

(2) Cost of fuel.

(3) Cost of operation and maintenance excluding staff expenditure.

(4) Establishment charges.

Once a power station has been constructed, there is little that can be done about the total annual charges on account of interest and depre-

ciation. But other elements of cost of generation can be controlled by proper and effective monitoring of:

(1) Overall plant utilisation.

(2) Cost of operation and maintenance excluding staff expenditure.

(3) Thermal efficiency and the unit cost of fuel.

(4) Manpower strength.

We, therefore, recommended that there should be an independent Monitoring Cell in the Board which should from the various returns regularly submitted, tabulate information with relation to above elements of cost.

38. *Performance Budget*—In the present arrangement, each of the larger power stations is provided with an efficiency cell. This cell is responsible for carrying out routine tests and general review of the efficiency and performance of the station. At the headquarters, control over the performance of the power stations is exercised by the system operation section. This arrangement has not proved effective and does not serve as an effective mechanism for the evaluation of the performance of different units. With this aim in view, we recommend the introduction of a performance budget in the State Electricity Board. In order to have an effective control over the performance of various units of the Board it is essential that the following data should be regularly collected by the Board and analysed:

(i) Accounts of major power stations should be maintained separately which can instill a spirit of competition in the operating staff.

(ii) Receipt of power at each sub-station and revenue collected therefrom.

(iii) Cost of power delivered to each category of consumer.

(iv) Details of consumption by minimum consumption guarantee consumers which can help in assessing the incidence of thefts of energy, and also assess in evaluating the impact of the guarantee system.

39. *Revenue and cost per unit of sale*—Table XXVII gives average revenue assessed and cost per unit sold during 1971-72, 1972-73 and 1973-74 (including line losses).

TABLE XXVII—Average revenue assessed (including line losses) and cost per unit sold 1971-72 to 1973-74.

Year	Average revenue assessed per unit sold (paise)	Average cost per unit sold (paise) Cost of electrical energy based on interest charges, excluding interest on capital works under execution
1971-72	13.56	13.81 (excluding line losses)
1972-73	15.96	19.52
1973-74	17.24	25.60

Source—State Electricity Board

It may be seen that inclusive of line losses, the average cost per unit sold during 1972-73 was 19.52 paise per unit against the average revenue per unit sold of 15.96 paise, thereby exhibiting a loss of 3.56 paise per unit to the State Electricity Board. In 1973-74, the average cost per unit

sold went up to 25.60 paise and the average revenue per unit sold increased to 17.24 paise. Thus per unit loss, which was 3.56 paise in 1972-73 increased to 8.36 paise in 1973-74.

40. As explained in foregoing paragraphs, there is considerable scope for improving the efficiency of power plants, for reducing their operation and maintenance expenses, and of increasing the revenue. Not all of them can be taken up immediately, but some of the improvements can be achieved in a short time ensuring saving or additional revenue to the Board as follows:

		(Rs. in crores).
1. Improvement in performance ...	of thermal plants.	6.00 (annually)
2. Reduction in inventories ...		3.80
3. Reduction in line losses ...		4.00 (annually)
4. Reduction in arrears of revenue ...		22.00
		35.80 or 35.00

By achieving (1) and (3), there can be an annual improvement of about 3 paise per unit in the financial working of the Board. This would cover more than one-third the gap of 8.36 paise per unit between the cost price and sale price of power in 1973-74.

41. The Venkataraman Committee (1964) appointed by the Government of India to study the financial working of the Electricity Boards recommended that the ultimate aim of the Boards should be to earn 11 per cent gross return including the amount of electricity duty if any. However, their immediate aim should be to so adjust their tariff that they could pay at least the interest charges to the State Government after meeting the operational and maintenance costs and providing for depreciation and general reserve. Since then a period of about 10 years has passed by. In terms of agreement for the grant of world bank loan, the Uttar Pradesh Board is committed to achieve a rate of return on the capital as is given in table XXVIII.

TABLE XXVIII—Target Rate of Return.

Year	Rate of return to be achieved.
1970-71	7 per cent.
1971-72	7 per cent
1972-73	8.5 per cent.
1973-74	8.5 per cent.
1974-75	9.5 per cent.

42. *Financial working of Boards*—Annexures IV to VI give the financial return of electricity undertakings in the various States during 1971-72 to 1973-74. It may be seen that all the Boards are earning below 11 per cent gross return on capital base. An extract of these is given in table XXIX for comparison:

TABLE XXIX—Rate of return in different States (inclusive of Electricity duty), 1971-72 to 1973-74.

Name of Electricity Board	Percentage of return		
	1971-72	1972-73	1973-74
Andhra Pradesh	4.2	8.9	4.2
Assam	0.7	0.8	0.7
Bihar	2.2	3.0	2.9
Gujarat	8.1	7.5	7.4
Haryana	4.5	4.0	3.2
Kerala	4.3	3.9	4.1
Madhya Pradesh	7.2	7.3	7.0
Tamil Nadu	5.2	2.0	4.0
Maharashtra	6.9	6.1	8.2
Karnataka	9.2	6.8	6.5
Orissa	4.0	5.5	5.7
Punjab	3.9	2.8	2.0
Rajasthan	3.9	3.4	3.2
Uttar Pradesh	3.8	4.5	3.7
West Bengal	4.0	3.7	2.8

Source—6th Finance Commission.

In States of Assam, Bihar, Punjab, Rajasthan, and West Bengal the percentage return is lower than that in Uttar Pradesh, but in comparison to other States, the position of Uttar Pradesh is not satisfactory. The main reason for this is that in this State thermal power is predominant, hydel projects forming a small proportion of total generation. Over the years the share of thermal power in State generation has gone up from 53.9 per cent in 1960-61 to 70.6 per cent in 1973-74. More attention is now paid to the generation of power from hydel source as they provide electricity at a much cheaper rate. Hydel projects have long gestation periods; the impact of such new hydel projects would be felt only after the Fifth Five-Year Plan.

43. *Criteria for power rates*—Electricity rates fixed in January 1972 were based on the recommendations of the Tariff Committee set up by the State Electricity Board. The Committee was guided in its task by two main considerations:

(i) Board's commitment to the World Bank as to the rate of return on the capital base.

(ii) Review of the existing tariffs in the light of experience gained in the interpretation and application of these tariffs.

The Committee considered the following three alternatives for raising the additional revenue:

(1) A general revision of the tariff.

(2) A levy of surcharge on the amount of the consumer's bill, and

(3) An additional charge per unit.

General revision of all the tariffs was not considered feasible. The second alternative was also not favoured as an uniform surcharge on the amount of a consumer's bill would have resulted in a relatively heavier impact on consumers paying high rates, such as light and fan consumers or consumers paying minimum guarantee. The third alternative applies to all consumers on equal footing in so far as the incidence of additional levy is concerned. Also it has the merit that the additional charge is only on actual units

consumed and this does not involve any additional payment on that part of a consumer's bill, representing minimum guarantee. This was thus considered to be better than the other two alternatives. While the stand of the tariff Committee is understandable for quick *ad hoc* tariff revisions, its method cannot be adopted every where.

44. In fixing the rates for various categories of consumers, the following factors must be taken into account:

(i) Paying capacity.

(ii) Load factor and diversity of load—higher load, lower rate, then again it depends on the period during which the power is needed.

(iii) Rates in neighbouring States and capacity of units to shift.

(iv) Cost of power delivered to each category of consumer.

In the case of light and fan consumption, the need of the consumer is more during evening hours, although he wants the service through out the day and night, as and when it may be required by him. In this category fall the individuals, commercial houses, etc., whose capacity to pay is more as compared to other categories of consumption where the incidence of the rate of electricity increases the end cost of production. In view of the nature of service required by the consumers, a higher rate is prescribed.

45. The load factor varies from one category of consumer to another depending upon the period for which the power is required. In the case of some such categories, the period of consumption as determined by the Board is:

(i) Light and fan 6 to 8 per cent.

(ii) Small and medium power consumers 10 to 15 per cent.

(iii) Large and heavy power consumers 40 to 50 per cent.

The light and fan consumers generally use maximum power for about 2 to 3 hours. As such the load on this account for all the consumers comes on the system during the evening period which increases the peak load. Thereafter the load drops down and as such, the Board has to keep arrangements to accommodate the requirement of the above type of load. In the case of small and medium industries, the average use of energy is for about 4 to 8 hours in a day. As such, their period of use is greater than the light and fan consumers and their rate is kept lower. On the other hand, large and heavy power consumers use energy ranging from 7 hours to 20 hours a day, depending upon their processes. These consumers, therefore, maintain constant load on the system and this provides stability in the operation of power stations. Hence their rate is kept lower than that of the small and medium power consumers and the tariff is so framed that greater the period of use, the lower would be the rate of power supplied. In a nut-shell, the higher the load factor, the lower is the through rate which sometimes also takes into account the period during which the power is needed.

46. A comparison of prevalent electricity rates with those in other States, particularly the neighbouring states may give some idea of the reasonableness of rates. This comparison is relevant in the case of industrial units, particularly the power intensive industrial units as cost of electricity forms a significant proportion of total cost to value added e.g. heavy chemicals (35.4 per cent), iron and steel (27.8 per cent), non-ferrous metals (38.4 per cent), paper board and straw board (36.2 per cent). However, in the case of other categories of consumers, this has not the same compelling reason as they have hardly any choice of shifting to neighbouring States.

47. Cost of power delivered to each category of consumer gives an idea of the cost incurred by the Board in supplying power to each type of consumer. This can help immensely in fabricating tariff structure for each category of consumer. Unfortunately the State Electricity Board is not maintaining this data. As such, in suggesting revised electricity rates, we have to be guided only by other considerations.

48. In the context of formulating Fifth Five Year Plan of power development, the resources of the Board were analysed by the Planning Commission in December 1973. After a detailed examination and keeping in view the expected increase in income from likely generation of power and increasing expenses of the Board, they placed the anticipated revenues of the Board at Rs.740-15 crores and the expenses at Rs.913-10 crores during the Fifth Five Year Plan period, thereby exhibiting a net loss of 172.95 crores for the period from 1974-75 to 1978-79. Details of these are given in annexure VII. The Planning Commission anticipated that the State Electricity Board would incur a loss of about Rs.34.60 crores per annum during the Fifth Plan period. In assessing the above loss, the Planning Commission had made certain assumptions regarding improved performance of the Uttar Pradesh Board. Since then there have been further increases in operational expenses of the Board and there has been a fall in anticipated accrual of income. Operational expenses have gone up further due to increases in wages and other benefits to staff, increase in cost of fuel, lubricants etc. The fall in anticipated revenue is due to delay in commissioning of some new power projects and inadequate water storage in Rihand Reservoir owing to which there would be a decline in anticipated generation of power. Thus the loss of Rs.172.95 crores during the Fifth Plan anticipated earlier by the Planning Commission would go up. Seeing the worsening financial position, the Board have raised electricity rates with effect from 12-10-1974 which are expected to bring in an additional revenue of Rs.34 crores per annum.

49. Comparative electricity rates in some different States of the Union for different types of consumption are given in table XXX. This table also gives the electricity rates of the Uttar Pradesh Board as were in force prior to 12-10-'74, new rates introduced from 12-10-1974 with incidence of electricity duty leviable on new tariffs and the revised net electricity rates proposed by us.

TABLE XXX—Comparative statement of through net rates of various State Electricity Boards, 1974

Serial no.	Category of load	Andhra Pradesh	Bihar	Gujarat	Haryana (Based on news paper reports)	Karnatak	Punjab	Rajasthan	Uttar Pradesh as on			Net rate (11+12)	Proposed revised net rates (inclusive of electricity duty)
									1-1-1972	12-10-1974	E. Duty		
Paise per kWh													
Tariff in force from		1-6-'74	16-4-'74	1-3-'74		20-5-'74	1-5-'74	1-7-'74					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Domestic light and fan 30 kWh/month ..	39.00	40.00	30.10	24.50	33.33	24.00	38.00	38.00	40.00	2.00	42.00	46.00
2	Domestic heat and small power 100 kWh/month ..	..	..	17.46	20.30	24.00	..	25.00	26.00	30.00	6.00	36.00	46.00
3	Combined domestic load (130 kWh/month) ..	36.46	35.39	..	15.81	17.69	15.31	..	33.69	40.00	2.00	42.00	46.00
4	Commercial lights and fans 200 kWh/month ...	58.00	48.75	30.07	57.97	50.00	43.00	50.00	38.00	50.00	..	50.00	51.00
5	Commercial heat and small power 400 kWh/month.	..	46.88	17.46	57.79	17.50	..	30.00	26.00	40.00	2.00	42.00	51.00
6	Agricultural load 5 HP 10% L.F., 272 kWh/month.	16.00 (1-8-'73)	17.10	15.81	19.00	18.68	21.14	21.00	23.51	24.00 (from 1-11-'74)	..	24.00	25.00
7	Small industry 10 kW 20% L.F. 1460 kWh/month.	24.68	20.00	19.67	22.08	15.60	15.36	21.00	18.00	23.00	1.00	24.00	25.00
8	Medium Industry 50 kW, 30% L.F. 10950 kWh/month.	24.09	20.00	19.32	20.75	15.18	13.26	21.00	17.00	23.00	1.00	24.00	25.00
9	*Large Industry 250 kW, 40% L.F. 73000 kWh/month.	21.18	18.57	15.23	16.06	10.03	10.99	18.23	12.88	16.10	1.00	17.10	18.00
10	*Heavy Industry 5000 kW, 60% L.F. 2190000 kWh/month.	14.63	16.31	14.27	16.32	8.68	8.08	16.05	10.02	14.35	1.00	15.35	15.50
11	Licensees 2000 kW 60% L.F. 876000 kWh/month	..	15.11 (including fuel sur-charge)	19.14	Not given	9.23	8.50	19.56 (including fuel sur-charge)	14.18	18.13 (from 1-1-1975)	leviable at consumer's end.	18.13+ duty le- viable at consumers end.	18.13+ elec- tricity duty of 1 paise per unit at consumer's end).

NOTES—(1) The rates of Haryana are based on newspaper reports.

(2) The rates given above, except that of Haryana, have been taken from the booklet 'Average Electricity Supply rates and duties in India' of the edition published by Central Water and Power Commission as corrected up to August, 1974.

(3) Categories marked with an asterisk are subject to levy of fuel cost adjustment. Its incidence in respect of other States is not certain. Uttar Pradesh rates are also exclusive of fuel cost adjustment.

Source—State Electricity Board.

In the absence of cost figures of electricity to different types of consumers, we have to deal with the electricity rates keeping in view general considerations discussed in para 44. At the end of this chapter, we have dealt with electricity duty wherein we have shown that at present, on an average, the incidence of electricity duty is 1 paise per unit sold or consumed, and we have recommended that the incidence of this duty should be kept at that level for all consumption uniformly. Considerations with regard to differential treatment for different categories of consumers should be taken care of in fixing electricity rates. In suggesting revised electricity rates here, we have taken account of this fact.

(i) *Light and fan*—Prior to 12-10-1974, the rate was 38 paise per unit excepting for Lucknow, Allahabad and Kanpur cities, where it was 27 paise per unit. With effect from 12-10-1974 a net rate of 42 paise per unit in general and a net rate of 36 paise per unit for Lucknow, Allahabad and Kanpur has been enforced and the minimum consumption guarantee of Rs.3 per month has been raised to Rs.5 per month. Keeping in view the low load factor of these consumers, we suggest a uniform revised net rate of 46 paise per unit. On the basis of 1973-74 consumption, and on pre 12-10-1974 rates, this would yield an additional sum of Rs.3.137 crores per annum.

(ii) *Domestic power*—Prior to 12-10-1974, the rate was 26 paise per unit except for Lucknow, Allahabad and Kanpur cities where it was 17 paise per unit. The Government have, from 12-10-1974, raised it to 30 paise per unit in general and 25 paise per unit for Lucknow, Allahabad and Kanpur and simultaneously the minimum consumption guarantee has been raised from Rs.3 per month to Rs.5 per month. As in the case of light and fan consumers, there was no ground for keeping a separate rate for the three cities. Keeping in view the present shortage of power, there is no justification for adopting for domestic power a rate lower than the one for light and fan consumption and there is likely to be a misuse of this power by consumers of light and fan. In some other States also, no such distinction is maintained. We, therefore, suggest a net rate of 46 paise per unit for domestic power which would yield an additional revenue of Rs.0.404 crore per annum on pre 12-10-1974 rates.

(iii) *Domestic multi-purpose (Residential)*—Prior to 12-10-1974 for power up to first 150 kWh per month, the rate was 33.69 paise per unit and for balance 31 paise per unit except for Lucknow, Allahabad and Kanpur cities where it was 24.69 paise and 22 paise per unit respectively. A uniform net rate of 42 paise per unit for first 150 kWh per month and 40 paise per unit for balance has been enforced with effect from 12-10-1974. We are of the view that this should be equated with light and fan consumers and a uniform net charge of 46 paise per unit should be levied.

(iv) *Commercial light and fan*—Prior to 12-10-1974 the rate was 38 paise per unit except for Lucknow, Allahabad and Kanpur cities, where it was 27 paise per unit. The distinction in rates between cities has been done away with and in view of low load factor and better paying capacity of this category of consumers, revis-

ed net rate enforced from 12-10-1974 is 50 paise per unit. We suggest that revised net rate should be kept at 51 paise per unit which would yield an additional revenue of Rs.1.29 crores per annum on pre 12-10-1974 rates based on 1973-74 consumption.

(v) *Commercial power*—Prior to 12-10-1974, the rate here was the same as was prescribed for domestic power and now it has been revised to net 42 paise per unit on a uniform basis with effect from 12-10-1974. On the basis of principles that we have adopted for domestic power, we suggest that the revised rate for commercial power may be kept at 51 paise per unit the same as for commercial light and fan, which would yield an additional revenue of Rs.0.411 crore per annum on pre 12-10-1974 rates based on 1973-74 consumption.

(vi) *Public lighting*—The rate prior to 12-10-74 was 23 paise per unit for Lucknow, Allahabad and Kanpur cities, 18 paise per unit for Nagar-palika and Contonment Board, Kanpur and 38 paise for others. The Government have with effect from 12-10-1974 raised it to net 36 paise, 27.5 paise and 40 paise respectively. We feel that there is no justification for keeping different rates for different places and since this power is being used for the public purposes, we would suggest that a lower uniform net rate of 39 paise per unit should be kept. This rationalisation would result in an additional revenue of Rs.0.189 crore per annum on 1973-74 consumption at pre 12-10-1974 rates.

(vii) *Cinemas and Theatres*—

(i) *Light and fan and projector*—Prior to 12-10-1974 the rate was 38 paise per unit in general and 27 paise per unit in the cities of Lucknow, Allahabad and Kanpur. This has been revised to a uniform net rate of 50 paise per unit with effect from 12-10-1974. We suggest that the revised net rate be kept at 51 paise per unit at par with commercial light and fan.

(ii) *Air conditioning and Cooling*—Prior to 12-10-1974 for first 10,000 kWh per month, the rate was 26 paise per unit and beyond that 24 paise per unit except for Lucknow, Allahabad and Kanpur cities where it was 17 paise and 15 paise respectively. Government have with effect from 12-10-1974 revised it to net 31 paise per unit for the first slab and 26 paise per unit for the second slab on a uniform basis. We agree with the revised rates enforced by the Government.

(viii) *Mixed load*—Prior to 12-10-1974, up to 100 kWh net through rate was 25.74 paise per unit and beyond that 21.86 paise per unit. This has been raised to net 36 paise per unit and 31 paise per unit with effect from 12-10-1974. We agree with the revised net rates enforced by the Government. This would yield an additional revenue of Rs.1.754 crores per annum.

(ix) *Private tube-wells/pumping sets*—(i) Prior to 12-10-1974 there was minimum charge of Rs.36 per B. H. P. per annum at 10 per cent load factor, plus a variable charge of 18 paise per unit, which gave a net through rate of 23.50 paise per unit. Now from 1-11-1974 a fixed guarantee of Rs.180 per B. H. P. per annum without any variable charge has been introduced. Prior to January 1972, there was a fixed

charge of Rs.120 per B. H. P. per annum without any variable charge. It is known that there is considerable theft of energy in rural connections and a substantial guarantee will insure the Board against loss due to this cause. On the other hand, the consumption of many rural consumers may be genuinely small. The load factor of such consumers is low and consumption is

seasonal. The running hours of tube-wells, both private and State, are low. Further when prior to 1972 a system of fixed minimum guarantee existed, a large number of consumers had to pay deficit bills indicating low utilisation as can be seen from the details of one circle in Table XXXI.

TABLE XXXI—Number of private tube-wells and deficit bills issued under Maintenance Circle, Lucknow.

Name of the Division	Year	Number of private tube-wells	Number of private tube-wells against whom deficit bills issued	Total amount of deficit bills issued	Deficit per tube-well
1 E. M. D., Lucknow	1969-70	1,258	769 60%	1,16,428.70	151.40
2 Ditto.	1970-71	1,717	848 50%	2,88,061.65	339.70
3 E. M.D., Sitapur	1969-70	610	387 62%	34,920.12	9.23
4 Ditto.	1970-71	1,992	894 45%	1,14,904.20	128.53

Source—State Electricity Board.

In agriculture, there are likely to be larger variations in duration of power used than in small industry and a high guarantee system may operate harshly on small farmers in less prosperous areas. A high guarantee system will have the effect of removing incentive to economise at a time of acute electricity scarcity, having no variable charges will extend the impact to all consumers. Normally fixed charges should only cover fixed costs. If large number of meters are defective, efforts should be made to set them right. There is a great need to keep up pressures to tape pilferage at the root. A private tube-well cannot be equated to a State tube-well in the matter of fixed minimum guarantee. This is so because a user of State tube-well pays for water according to hours run whereas a user of private tube-well has to pay for water according to fixed minimum charge for electricity. In Punjab where such a fixed charge was introduced sometime back, has been withdrawn recently and they have now decided to instal meters on each private tube-well. Therefore, considering the average cost of generation, transmission and distribution and various other factors mentioned above, we suggest that a minimum guarantee of Rs.120 per B. H. P. per annum in vogue prior to January 1972 may be reintroduced for consumption up to 700 hours per annum and for consumption in excess of this, a variable net charge of 25 paise per unit may be levied. This would yield an additional revenue of Rs.8.90 crores per annum on pre 1-11-1974 rates.

(ii) At present the Electricity Board meets the cost of drawing of service line from sub-station to the premises of a private tube-well which comes to about Rs.4,000 per well. No such concession is afforded to State tube-wells. This free line concession was started at a time when there was need to push up the installation of new private tube-wells. Now that they have been installed in large number, there is no need to continue this concession any more and we recommend its withdrawal.

(x) State tube-wells, pumped canal and lift irrigation

Prior to 1-11-1974 the rate was Rs.358 per B. H. P. per annum irrespective of running hours. This rate was enforced keeping in view that a State tube-well normally runs, on an average 3000 hours per annum. This gave a through net rate of 18 paise per unit. The average cost of power to the Board in 1973-74 was about 25 paise per unit. On this basis, the cost of energy to the Board in supplying power to a State tube-well/pumped canal for 3000 hours running comes to about Rs.450 per B. H. P. per annum. Accordingly the Board has now adopted this rate for State tube-wells and pumped canals etc. The revised rate would fetch an additional income of Rs.2.09 crores per annum to the Board. One reason for low running hours of tube-wells is shortage of power. So long as shortage of power continues and sufficient power is not made available particularly, during the Rabi season, the Board should grant a rebate in electricity to the Irrigation Department in proportion to the reduced power supply. We have made a detailed recommendation to this effect in para 53 of the Chapter on State Irrigation.

(xi) Small and medium power—Prior to 12-10-74 rates were 18 paise and 17 paise respectively for small and medium power. These have now been raised to net 24 paise per unit with effect from 12-10-1974 and simultaneously minimum guarantee has been raised from Rs.120 per B. H. P. to Rs.180 per B. H. P. per annum. Keeping in view the high rates in Andhra Pradesh, Bihar, Gujarat, Haryana and Rajasthan, we suggested a revised net rate of 25 paise per unit. This would yield an additional revenue of Rs.2.222 crores per annum on pre 12-10-1974 rates.

(xii) Large industry—Prior to 12-10-1974, through net rate was 12.88 paise per unit. This has been revised to net 17.10 paise per unit with effect from 12-10-1974. Keeping in view the high rates in Rajasthan, Bihar and Andhra Pradesh,

we suggest a revised net rate of 18 paise per unit which would yield an additional revenue of Rs.1.25 crores per annum on pre 12-10-1974 rates.

(xiii) *Heavy Power—*

(i) Prior to 12-10-1974, net through rate was 10.02 paise per unit which has been raised to net 15.35 paise per unit with effect from 12-10-1974. Rates in Rajasthan, Haryana, Gujarat, Bihar and Andhra Pradesh are considerably higher. Keeping in view the higher rates in other States and also the high load factor of this category of consumer, the revised net rate of 15.35 paise enforced by the Board with effect from 12-10-1974 may be rounded off to 15.50 paise per unit. In suggesting this rate, we have kept in view the need of industries and the future of industrial growth of the State. This would yield an additional revenue of Rs.5.25 crores per annum.

(ii) There are certain power intensive industries in this State and in their case, the cost of power forms an important part of overall cost of the product. At present, a rebate of 0.50 paise per unit in electricity rate is allowed to them. We recommend the continuance of this rebate to power intensive industries.

(xiv) *Railway traction—*Prior to 12-10-1974 a rate of 13.33 paise per unit was prescribed for Kanpur—Tundla Section and a rate of 16.20 paise was enforced for Mughal Sarai—Kanpur Section. Now, with effect from 12-10-1974 Government have raised it to 16.04 paise in the case of Kanpur—Tundla Section and 18.80 paise (including fuel cost variation) in the case of Mughal Sarai—Kanpur Section. We agree with these revised rates enforced by the Board which would bring in an additional revenue of Rs.0.434 crore per annum.

(xv) *Distributing licensees—*A net through rate of 16.335 paise per unit exists at present. It has been decided to raise it to 18.13 paise per unit with effect from 1-1-1975. We agree with the revised rates to be enforced by the Board to which 1 paise per unit should be added for Electricity Duty. This would yield an additional revenue of Rs.1.948 crores per annum.

(xvi) *Increase in meter rent—*Simultaneously, with the increase in electricity rates, the Board has revised meter rents. We agree with the increase in meter rents as detailed below:

Sl. No.	Type of meter	Meter rent as on 1-1-'72 (Rs./month)	Meter rent from 12-10-'74 (Rs./month)
1	2	3	4
1.	Single phase meter	0.75	2.00
2.	Three phase three wire meter	2.00	4.00
3.	Three phase four wire meter	2.00	4.00
4.	Trivector meter, 3 phase 3 wire, or 4 wire	20.00	40.00
5.	Maximum demand indicator on medium voltage	15.00	20.00
6.	Maximum demand indicator on high or extra high voltage	15.00	30.00
7.	Time switch for night supply	5.00	10.00

This would bring in an additional revenue of Rs.1.75 crores per annum to the Board.

(xvii) *Change in fuel cost variation clause—*This was chargeable at 0.001 paise ptr kWl corresponding to an increase of one paise in average coal price. Owing to inadequacy of the existing rate, this has been increased to 0.0015 paise per kWh. We agree with this step of the Board which would bring an additional revenue of Rs.2.00 crores per annum.

The various measures listed above would yield an additional revenue of Rs.33.00 crores (round) per annum to the Board on rates in force prior to 12-10-1974.

(xviii) In the case of certain tariff, there was no provision for rebate and a surcharge of 18 per cent was levied for late payment on the outstanding amount. In view of increase in bank rates and with a view to realising the outstanding amount expeditiously, the Board has raised the surcharge to 25 per cent. We also endorse this step.

50. There is considerable incidence of theft of energy in the State. It was brought to our notice that one of the difficulties faced by the Board in stopping this malpractice was that theft of energy was not declared a cognizable offence. We recommend that it should be made a cognizable offence so that it may be possible to take effective action against the recalcitrants.

*Electricity Duty*

51. The State Government is empowered to levy electricity duty on the energy consumed or sold in the State. This duty in Uttar Pradesh has been levied since January 1953 under the Uttar Pradesh Electricity (Duty) Act. This duty is levied by all other States also.

52. Comparative receipts from electricity duty in different State since 1960-61 are given in Annexure VIII. It will be seen therefrom that in almost all the States, the revenue from this duty has registered a phenomenal increase. During this period, revenue from this source in Uttar Pradesh has increased from Rs.0.89 crore to Rs.3.60 crores. This would go up further as power generation and sale in the State goes up. Despite the above, the contribution of electricity duty to State Tax revenue in 1972-73 was only 2.2 per cent in Uttar Pradesh whereas in other States like Madhya Pradesh, Maharashtra, Mysore and Orissa, it was 3.8 per cent, 6.5 per cent, 4.4 per cent and 10 per cent respectively. The low yield of revenue from this source in this state can be attributed to low level of power development in the State.

53. The pattern and rate of electricity duty in this State are laid down in the Electricity Act. The relevant provisions are explained below:

Effective from 31-1-1974.

*9—Electricity Duty—*

Electricity duty is levied for and paid to the State Government on the energy:

(a) Sold to a consumer by a licensee, the Board, the State Government or the Central Government.

or

(b) Consumed by a licensee or the Board in or upon premises used for commercial or residential purposes, or in or upon any other

premises except in the construction, maintenance or operation of his or its works.

(c) Consumed by any other person from his own source of generation at such rate or rates as may from time to time, be fixed by the State Government by notification in the *Gazette* and such rate may be fixed either as a specified percentage of the rate charged or as a specified sum per unit.

2. The existing rates of electricity duty are as follows:

(a) On energy (a) sold to a consumer by a licensee, the Board, the State Government or

Rate charged
(1) Up to and including 24 paise per unit.
(2) More than 24 paise per unit but not exceeding 34 paise per unit.
(3) More than 34 paise per unit but not exceeding 38 paise per unit.
(4) More than 38 paise per unit but not exceeding 48 paise per unit.
(5) More than 48 paise per unit but not exceeding 50 paise per unit.
(6) 50 paise per unit and above.
(7) On energy consumed from his own source of generation by a person other than licensee or appointed authority.

(Energy consumed in the process of generation of Electricity by a person from his own source of generation shall be exempt from the levy of electricity duty).

3. No electricity duty shall be levied on:

(a) energy consumed by the Central Government or sold to the Central Government for consumption by that Government;

or

(b) energy consumed by the State Government or sold to the State Government for consumption by that Government;

or

(c) energy consumed in the construction, maintenance or operation of any railway by the Central Government or sold to that Government for consumption in the construction, maintenance or operation of any railway;

(d) by a cultivator in agricultural operations carried on in or near his fields such as the pumping of water for irrigation, crushing, milling or treating of the produces of these fields or chaff cutting.

The State Government have also exempted from the payment of electricity duty on the energy—

(a) consumed by any person from his own source of generation installed after January 2, 1973; and

(b) sold to a consumer establishing a factory having a capital investment up to twenty-five lakhs in the backward districts of the State. (36).

54. Annexure VIII exhibits the rates of electricity duty levied on different classes of consumption in various States. The rates vary from State to State as also do the exemptions. In this State, agricultural consumption is exempt from this

the Central Government; or (b) consumed by a licensee or the Board in or upon premises used for commercial or residential purposes, or in or upon any other premises except in the construction, maintenance or operation of his or its work—

(1) for industrial or motive power purpose at medium, high or extra high voltage.

One paise per unit.

(2) For purposes other than those mentioned in item (1) above:

#### Electricity duty

25 per cent of the rate charged.  
6 paise per unit.

The amount which after including in the rate charged becomes 40 paise.  
2 paise per unit.

The amount which after including in the rate charged becomes 50 paise.

Nil.

One paise per unit.

duty. Besides, some exemptions have been granted to new industries in backward districts of the State and to power consumed by persons from their own source of generation installed after January 2, 1973. On energy used as industrial or motive purpose at medium, high or extra high voltages, the tax is 1 paise per unit and where the tariff rate exceeds 34 paise per unit, the duty is levied at differential rates. For purposes of determining whether the rates of electricity duty on different types of consumers in this State are low and whether they can be raised, we have to take an overall impact of the electricity tariff plus the duty which the consumer has to pay.

55. Electricity duty is defined as a tax on the sale or consumption of energy. It is at present collected by the licensees/the Board from a large number of individual consumers and then passed on to Government. Under the existing duty rate structure different specific rates have been fixed for the different uses to which electricity is put. The electricity tariff is the result of a complex of commercial socio-economic and other considerations, which we have outlined earlier. In our opinion the difficult exercise at fabrication of the tariff is rendered somewhat superfluous by the addition of a differential tax which bears no relation to the tariff schedule. We are, therefore, of the view that the electricity duty should be a uniform duty taking no cognizance of any considerations with regard to differential treatment for different categories of consumers; such considerations being taken care of in the formulation of the tariff rates.

56. The duty could in principle, be a specific one or be fixed *ad valorem*. For reasons of simplicity, we recommend a fixed duty on electricity at the rate of so many paise per unit sold or consumed. This charge should be levied on the

generators. Thus the electricity duty will be like another element of cost as far as the main supplier is concerned. At present, the incidence of electricity duty in the State, on an average, is 1 paise per unit. We have taken this incidence into account in suggesting revised tariff. In the case of other licensees, a uniform duty of 1 paise per unit of consumption should continue to be levied.

57. The change in the system of levy of electricity duty recommended by us is advantageous. In so far as the public and the consumer are concerned, it is the tariff alone which will be relevant. Simplicity of administration is another advantage. A large number of calculations will be eliminated and in this way, paper work will be reduced. It will also help in reducing the work of Electrical Inspector to Government and his staff, who are at present charged with the responsibility of administering this duty.

#### SUMMARY OF RECOMMENDATIONS

##### *Electricity Board and Electricity Duty—*

1. Partly owing to the slowing down of increase in power generating capacity, there is a grave power shortage in the State. Economic development is largely dependent on greater availability of power. At the same time, acute constraint of financial resources is being felt by all sectors of the economy. It would be in the interest of the State if maximum attention is paid to power projects that can be completed within the Fifth Plan period. (Para 8).

2. Out of the total units generated in 1960-61, units generated from hydel sources were 45.4 per cent, that from thermal sources 53.9 per cent and from diesel sources 0.7 per cent. In 1973-74 the power generated from hydel sources declined to 29.2 per cent and that from diesel source to 0.2 per cent, while that from thermal source, increased to 70.6 per cent. The thermal power assumed ascendancy as thermal plants are set up in a short period and their capital cost is less. But cost of their maintenance and operation is heavy. On the other hand, capital cost of hydel stations is very large and they take many years in construction. But they generate cheap power. In the Fifth Plan, the emphasis is on new hydel power projects but as they have long gestation periods, their impact would be felt in the Sixth Plan. (Para 10).

3. Generation of power from thermal power stations over the years has been fluctuating. This cannot be attributed to the factors beyond human control and indicates the possibility of improvement in operational efficiency of thermal power stations. (Para 11).

4. Over the years the ratio of connected load to installed capacity has increased to 1.9. This should normally be around 1.5. This indicates over-extending of the system, and the need for keeping down the connected load. (Para 12).

5. Out of the total 4804.099 million units consumed in 1972-73, agricultural load accounted for 794.482 million units of which 515.575 million units were consumed by private tube-wells and pumping sets. The other major consumption of

power was by large and heavy industries totalling 2150.171 million units. As compared to 1968-69, growth in consumption of power in 1972-73 has been very marked in the case of domestic power (39.4 per cent); large and heavy industries (53.4 per cent); public lighting (44.4 per cent); private tube-wells (151.2 per cent); traction (38.1 per cent); licensees (40.2 per cent) and to works and employees of the Board (88.7 per cent). (Para 14).

6. Financial working of the Board indicates that after 1964-65 there have been deficits which have increased over the years and reached all time record of Rs.30.58 crores in 1973-74. The growth in expenditure in the working of the Board has been far out-stripping the increase in revenue. (Para 16).

7. 1968-69 Taxation Enquiry Committee had recommended that Government should levy on loans to the Board a service charge of only 0.25 per cent over the rate of interest at which the State Government borrows funds from the Government of India, against the service charge of 1 per cent levied till then. The State Government decided in 1971-72 to reduce this service charge to  $\frac{1}{2}$  per cent. Since the Board is rendering a special public utility service, we recommend that on loans to the Board, the State Government should levy a service charge of only 0.25 per cent. This would provide relief to the State Electricity Board to the tune of about Rs.2 crores per annum. (Para 18).

8. Manpower strength per Megawatt of installed capacity of power stations of the Board is substantially higher than that of other power stations outside the State. Since the staff strength has a direct bearing on the cost of generation, it is necessary to reduce the ratio of manpower to installed capacity by rationalising the working procedure, improving the quality of training, and enforcing better efficiency norms. We urge that suitable arrangements be made to ensure that surplus manpower is not deployed. (Para 20)

9. Over the years, expenditure on staff, travelling allowances, printing and stationery, postage and transport etc., has been going up rapidly. This emphasises the need to control expenditure on these items. (Para 21).

10. Coal cost per unit of generation is higher in Uttar Pradesh than in most of the other States similarly of worse situated regarding distance from coal mines. This indicates the possibility of savings in this area. (Para 23).

11. Coal consumption per unit of power generated and coal handling charges per ton of coal are high in this State and there appears to be a considerable scope for reducing them. For ensuring thermal efficiency, it is essential that data of coal consumption, calorific value and ash contents etc., is analysed centrally and steps taken to reduce coal consumption, to ensure supply of better quality of coal and to reduce the coal handling charges.

12. In Uttar Pradesh, the availability factor of power stations is around 75 per cent against which utilisation factor is about 63 per cent. By

reducing the time taken in periodical overhauling, by improving the quality of preventive maintenance and the quality of operation so as to reduce the number of break-downs and forced shut-downs to the minimum, it should not be difficult to improve the availability factor to 80 to 85 per cent. The plant utilisation factor can also then improve from 63 per cent to about 70 per cent. The additional 7 per cent generation (3.34 million units) can prove an invaluable asset to the Board in meeting a part of the chronic power shortage in this State. It will at the same time yield about Rs.6 crores per annum of gross revenue to the Board. (Para 25).

13. In the past few years, there has been an alarming increase in the value of inventories held by the Board. Most of the increase in the value of inventories is under operating stores which during 1972-73 formed 40 per cent of the gross revenue of Board. If a reduction of about 10 per cent in inventories of operating stores could be made, a saving of Rs.3.34 crores in operating expenses of the Board would result. For reducing the inventories, the Administrative Staff College of India, after a detailed study had suggested reformation in the areas of systems and procedures relating to procurement of materials. We recommend that the above suggested reformations should be carried out. (Para 26).

14. Line losses in this State have been going up consistently. In 1972-73 they stood at 26.07 per cent. In the process of generation and distribution of power, some loss component is inevitable but an attempt has to be made to minimise the losses by balancing the cost of additional production against the cost of reducing wastage. Apart from the losses on technical grounds, losses occur on account of theft of energy, inaccurate meters etc. Such losses can be eliminated to a great extent. Unfortunately, no studies have been made in this State of system losses. We recommend that a study of the system losses should be carried out in this State on the lines of study made in Andhra Pradesh. We carried out a cross-section regression analysis for different State in 1971-72 taking losses as a dependent variable and the percentage of agricultural consumption as the independent variable. The results indicate that predicted losses in this State should not have exceeded 20.9 per cent of the total generation. If the line losses in Uttar Pradesh had reached this predicted level additional 300.8 million units of power would have been generated and an additional revenue of Rs.4.20 crores would have been effected. (Para 32.33).

15. Giving power free or at concessional rates to all employees of the Board, does not seem to be appropriate. Justification for this is even less now since the Board is making *ex gratia* payment in lieu of bonus at 8.33 per cent. We recommend that the Board may reconsider the conti-

21. Keeping various considerations in view, we recommend the following net rates of electricity in place of those revised recently by the

(i) Light and fan	...
(ii) Domestic power	...
(iii) Domestic multi-purpose	...
(iv) Commercial light and fan	...
(v) Commercial power	...
(vi) Public lighting	...

nuance of the grant of these concessions to all the employees of the Board in its present form.

(Para 34).

16. Arrears of revenue of the Uttar Pradesh Board have been going up steadily and in 1972-73 they were 31.2 per cent of the total sale revenue of the Board. During 1973-74 outstandings have gone up further to 46 per cent of the gross revenue. If the arrears of revenue could be reduced and brought down at least to 1970-71 level, it would yield about Rs.22 crores of revenue. Major arrears are of private tube-well owners and domestic and commercial light and fan consumers. For remedying the situation, we recommend that timely action should be taken to cut connections of defaulting consumers; no reconnections should be allowed unless past dues are paid and penalty for late payment including the element of interest charges should be raised. We also suggest introduction of spot billing system. To begin with, this may be introduced in two major cities of Lucknow and Kanpur.

(Para 36).

17. Once a power station has been constructed, elements of cost of generation such as cost of fuel, cost of operation and maintenance can be controlled by proper and effective monitoring system. We recommend the setting up of an independent monitoring cell in the Board which should tabulate information with relation to various elements of cost.

(Para 37).

18. Larger power stations in Uttar Pradesh are provided with an efficiency cell which is responsible for carrying out routine tests and general review of the efficiency and performance of the stations. At the headquarter, control over the performance of the power stations is exercised by the system operation section. This arrangement has, however, not proved effective. To serve as an effective mechanism for the evaluation of the performance of different units, we recommend the introduction of a Performance Budget.

(Para 38).

19. There is considerable scope for improving the efficiency of power plants for reducing their operation and maintenance expenses and of increasing the revenue. Some of the improvements can be achieved in a short time ensuring saving or additional revenue to the Board. Improvement in the performance of thermal plants and reduction in line losses can bring in an additional revenue of Rs.10 crores per annum and reduction in inventories and arrears of revenue can yield Rs.25.30 crores on a non-recurring basis.

(Para 40).

20. Data regarding cost of power delivered to each category of consumers is not compiled by the Board in the absence of which fabricating rate structure becomes difficult. We suggest that the Board should regularly compile such data.

(Para 47).

we recommend the following net rates of electricity Board:

46 paise per unit on a uniform basis.
46 paise per unit on a uniform basis.
A uniform charge of 46 paise per unit:
51 paise per unit.
51 paise per unit.
We have suggested a rationalised rate of
39 paise per unit for all cities.

(vii) Cinemas and theatres:

(i) Light and fan projectors

51 paise per unit.

(viii) (i) Private tube-well/pumping sets: A minimum guarantee of Rs.120 per BHP per annum up to 700 hours and for consumption in excess of this, a variable charge of 25 paise per unit.

(ii) At present the Board meets the cost of installing the service line from sub-station to the premises of the private tube-well owners which comes to about Rs.4,000 per well. There is no need to continue this system any more and we recommend for its withdrawal.

(iii) State tube-wells and pumping canals.

(ix) Small and medium power

(x) Large industries

(xi) Heavy power

One reason for low running hours of tube-wells is shortage of power. So long as the shortage of power continues and sufficient power is not made available, particularly, during Rabi season, the Board should grant a rebate in electricity to the Irrigation Department in proportion to the reduced power supply. We have made a detailed recommendation to this effect in para 53 of the Chapter on State Irrigation.

We recommend a uniform rate of 25 paise per unit.

A revised rate of 18 paise per unit is recommended.

We suggest a revised rate of 15.50 paise per unit with a rebate of 0.50 paise per unit to the power intensive industries.

The recommendations regarding revision of rates etc. would yield an additional revenue of Rs.33.00 crores per annum to the Board on rates in force prior to 12-10-1974. (Para 49). Annexure

22. There is considerable incidence of theft of energy in this State. We recommend that it should be made a cognizable offence so that it may be possible to take effective action against the delinquents. (Para 50).

23. Electricity duty is levied on the sale or consumption of energy. At present, this duty is levied at differential rates. The electricity tariff is the result of a complex of commercial socio-economic and other considerations. Fabrication of the tariff is rendered somewhat negatory by the addition of a differential tax which bears no relation to the tariff schedule. We, therefore, recommend a uniform duty, taking no cognizance of any consideration demanding a differential treatment for different categories of consumers; such consideration being already taken care of in the formulation of the tariff rates. We recommend a fixed uniform duty on electricity at one paise per unit sold or consumed to be recovered from the generators. The change in the system of levy of duty recommended by us will lead to simplicity in administration. A large number of calculations will be eliminated and paper work will be reduced. In so far as the public and the consumers are concerned, it is the tariff alone which will be relevant. (Paras 56-57).

#### (CHAPTER XIII)

##### List of Annexures

- I. Statement showing the man power strength related to installed capacity of various thermal power stations of U. P. State Electricity Boards and some other Larger Thermal Power Stations of the Country.
- II. Statement showing the man power strength at various Hydro Power Stations of U. P. State Electricity Board and also of some other Hydro Power Stations of the Country.
- III. Statement showing colliery-wise average calorific value and ash content of coal, 1972-73.
- III-A. Forced outage Record of Thermal Power Stations (Based upon the average of 3 years 1971, 1972 and 1973).
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- IV. Financial Results of State Electricity Boards for the year 1971-72.
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- VIII. Receipts from Electricity Duty.
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## ANNEXURE I

Statement showing the man power strength related to installed capacity of various Thermal Power Stations of U. P. State Electricity Board and some other larger Thermal Power Stations of the Country.

Serial no.	Name of thermal power station	Total installed capacity (MW)	Total man power strength	Man power strength per MW of installed capacity
1	2	3	4	5
1	Obra thermal power station	250 (5 × 50)	2163	8.652
2	Harduaganj 'A' thermal P.S.	90 (3 × 30)	1083	12.033
3	Harduaganj 'B' thermal P.S.	158 (2 × 50 + 1 × 58)	1518	9.793
4	River side power House, Kanpur	87.5 (1 × 12.5 + 5 × 15)	1389	15.874
5	Panki T.P.S.	64 (2 × 32)	517	12.766
6	Pataratu T.P.S. (Bihar S.E.B.)	300 (4 × 50 + 1 × 100)	2462	8.2
7	Barauni Thermal P.S. (Bihar S.E.B.)	145 (3 × 15 + 2 × 50)	1372	9.4
8	Dhurvan T.P.S. (Gujarat S.E.B.)	304	867	2.85
9	Eranore T.P.S. (Tamil Nadu S.E.B.)	120 (3 × 60)	607	5.05
10	Kothagudem T.P.S. (Andhra Pradesh S.E.B.)	240 (4 × 60)	1474	6.14
11	Nasik T.P.S. (Maharashtra S.E.B.)	280 (2 × 140)	491	1.75
12	Khaperkheda T.P.S. (Maharashtra S.E.B.)	120 (3 × 10 + 3 × 30)	923	7.7
13	I. P. Station (Delhi)	279.1 (1 × 36.6 + 3 × 62.5 + 1 × 55)	943	3.4
14	Neyveli	600 (6 × 50 + 3 × 100)	2248	3.74

Source—Ghananand Pande Committee Report.

## ANNEXURE 2

Statement showing the man power strength at various hydro power stations of U. P. State Electricity Board and also of some other hydro power station of the country.

Serial no.	Hydro power stations	Installed capacity (MW)	Total manpower strength	Man power strength per MW of the installed capacity
1	Obra (U.P. S.E.B.)	99 KW (3 × 33)	300	3.03
2	Rihand (U. P. S.E.B.)	300 MW (6 × 50)	400	1.263
3	Dhalipur (U. P. S.E.B.)	51 MW (3 × 17)	74	1.45
4	Dhakrani (U. P. S.E.B.)	33.75 M.W. (3 × 11.25)	76	2.22
5	Khatima (U. P. S.E.B.)	41.4 MW (3 × 13.8)	135	3.26
6	Pathri (U. P. S.E.B.)	20.4 M.W. (3 × 6.8)	65	3.18
7	Matatila (U. P. S.E.B.)	30.6 M.W. (3 × 10.2)	100	3.26
8	Mahatma Gandhi Hydro Electric Works (Mysore S.E.B.)	120 M.W. (4 × 12 + 4 × 18)	478	3.98
9	Motture Tunnels (Tamil Nadu S.E.B.)	200 M.W. (4 × 50)	143	0.71
10	Sholoyar (Tamil Nadu S.E.B.)	70 M.W. (2 × 35)	73	1.043
11	Koyana Gen. Sth. (Maharashtra S.E.B.)	540 M.W. (4 × 60 + 4 × 75)	290	0.55
12	Sabarigiri (Kerala S.E.B.)	300 M.W. (6 × 50)	460	1.53

Source : Ghananand Pande Committee Report.

## ANNEXURE 3

Statement showing colliery wise average calorific value and ash content of coal, 1972-73.

Power Stations	Colliery				Average calorific Value K. Cal/Kg	Average ash content (percent)
1. Obra Thermal Station	..	Jhngurda	..	..	4235	32
	..	Dobra	..	..	4800	27
	..	Churi	..	..	5065	23.46
	..	Karadupara	}	..	4500	29.54
	..	Dwarkhand		..	4528	33.48
	..	Hudgear		..		
2. R.P.S., Kanpur	..	Barkaimulla	..	..	6664	13.09
	..	Girmind	..	..	6535	14.87
	..	East Buncha	..	..	6435	14.93
	..	Harasturia	..	..	6466	14.88
	..	Savila	..	..	6246	15.37
	..	Sayel 'D'	..	..	6341	17.20
	3. Panki	..	Giddi 'A'	..	..	6683
..		Phurkunda	..	..	5775	22.23
..		Giddi 'C'	..	..	5818	20.84
..		Sayel	..	..	5924	20.22
..		Sounda	..	..	5854	21.26
4. Harduaganj 'A'		..	Bhurkunda	..	..	5931
	..	Sayel 'D'	..	..	6000	18.30
	..	Sounda 'B'	..	..	5000	18.44
	..	Giddi 'A'	..	..	6000	19.30
	..	Giddi 'C'	..	..	6030	18.74
	..	Bohra	..	..	8123	14.03
	5. Harduaganj 'B'	..	Bijdit	..	..	6060
..		Parabolia	..	..	5862	24.02
..		Palidit	..	..	5904	21.20
..		Bodjira	..	..	6672	17.20
..		Churi	..	..	6288	18.90
..		Souda	..	..	6284	17.90
..		Kethora	..	..	5394	26.50
..		Hindgar	..	..	6246	22.80
..		B. C. C. L.	..	..	5823	23.0

Source : State Electricity Board.

## ANNEXURE 3-A

Forced outage record of Thermal Power Stations (Based upon the average of 3 years i.e. 1971, 1972 and 1973)

Serial no.	Name of the Thermal Power Station	Forced outages ( Hours per annum )				
		Boiler and auxillaries	Turbine and auxillaries	Generator and Auxillaries	Electrical and Switch yard	Miscellaneous
1	2	3	4	5	6	7
1	Bandel, West Bengal .. ..	598	65	1	96	56
2	Barauni, Bihar .. ..	2729	1,814	638	1,767	..
3	Basin Bridge, Tamil Nadu .. ..	499	79	9	1	..
4	Bhusaval, Maharashtra .. ..	164	213	12	15	..
5	Bokaro, D. V. C., Bihar .. ..	2,352	614	8	47	..
6	Ghandrapura, D. V. C. Bihar .. ..	D. N. A.	D. N. A.	D. N. A.	D. N. A.	D. N. A.
7	Dhuvaran, Gujarat .. ..	2382	443	61	150	..
8	Durgapur, D. V. C. West Bengal .. ..	2,714	372	316	393	..
9	Ennore, Tamil Nadu .. ..	1,496	1,069	140	2,450	..
10	Harduaganj 'A' Uttar Pradesh .. ..	3,774	257	..	88	..
11	Harduaganj 'B' Uttar Pradesh .. ..	3,654	2,655	370	453	3
11A	Indraprastha, D. E. S. U. Delhi .. ..	1,919	504	..	..	..
12	Korba No. 1 'A' Madhya Pradesh .. ..	D. N. A.	D. N. A.	D. N. A.	D. N. A.	D. N. A.
12A	Korba no. 2 'B' Madhya Pradesh .. ..	1,537	849	..	..	..
13	Nasik, Maharashtra .. ..	1,001	128	143	152	..
14	Neyveli, N. L. C. Tamil Nadu .. ..	18,552	2,054	442	9,877	378
15	Obra, Uttar Pradesh .. ..	2,948	159	262	1	356
16	Panki, Uttar Pradesh .. ..	425	1,938	97	221	..
17	Paras, Maharashtra .. ..	1,171	291	536	127	..
18	Sabarmati, Gaujarat .. ..	6,251	536	689	74	..
19*	Satpura, Madhya Pradash .. ..	1,474	161	..	5	36
20	Talcher, Orissa .. ..	9,006	505	5	7	..

\*Data supplied is incomplete.

D.N.A. Data not available.

Source—Report of Survey on Improving availability and utilization of existing installed generating Capacity—Bharat Heavy Electricals Limited, Unit : Research and Development Hyderabad/Bhopal, August, 1974—Annexure VIII.

## ANNEXURE 3-B

Contribution of different equipment outages affecting availability and utilization (in hours) 1971—1973

Boiler outages	A			Harduaganj B			Obra			Panki		
	1971	1972	1973	1971	1972	1973	1971	1972	1973	1971	1972	1973
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Super heater	..	..	24	596	230	648	989	683	644	..	..	..
2. Water tubes	792	552	..	684	262	810	554	1,224	493	..	..	..
3. Air preheater tubes.	72	240	96	..	683	231	102	77	638	..	..	..
4. Feed Pump	109	10	26	3,641	484	578	..	84	121	..	35	107
5. I. D. Fan	744	432	744	..	537	49	..	31	..	60	42	4
6. Coal handling equipments.	..	..	84	..	40	..	..	..	..	48	..	36
7. Pulverising Mill	..	24	102	..	129	511	..	33	115	210	89	..
8. Control and Safety valves.	..	..	..	..	155	..	590	97	502	..	..	1
9. Stoker strain	2,064	2,352	2,520	..	..	..	..	..	..	..	..	..
10. Miscellaneous	48	..	..	6	182	176	..	416	106	..	68	3

Source—Report of Survey of Improving availability and utilization of existing installed generating Capacity—Bharat Heavy Electricals Limited, Unit : Research and Development Hyderabad/Bhopal, August, 1974—Annexure VII.

## ANNEXURE 4

Financial Results of State Electricity Boards for the year 1971-72\*

(Rs. crores)

State	Block capital at the beginning of the year	Revenue receipts	Revenue expenditure	Gross operating surplus	Transfer to reserves	Operating surplus (5-6)	Operating surplus as % of block capital	Receipts from electricity duty	Operating surplus + Electricity Duty	
									Total	As % of block capital
1	2	3	4	5	6	7	8	9	10	11
1. Andhra Pradesh	273.19	45.40	25.96	19.53	7.94	11.59	4.2	..	11.59	4.2
2. Assam	80.43	5.71	3.29	2.42	2.09	0.33	0.4	0.20	0.53	0.7
3. Bihar	204.03	30.75	21.69	9.06	5.93	3.13	1.5	1.43	4.56	2.2
4. Gujarat	194.90	38.73	24.78	13.95	5.50	8.45	4.3	7.42	15.87	8.1
5. Haryana	150.89	19.90	11.33	8.57	3.64	4.93	3.3	1.92	6.85	4.5
6. Himanchal Pradesh	17.06	2.27	2.16	0.11	0.74	(-)-0.63	..	..	(-)-0.63	..
7. Jammu and Kashmir	..	..	..	..	..	..	..	..	..	..
8. Kerala	179.99	19.30	9.92	9.38	3.57	5.81	3.2	1.90	7.71	4.3
9. Madhya Pradesh	213.40	35.25	15.91	19.34	6.02	13.32	6.2	2.07	15.39	7.2
10. Maharashtra	332.87	62.33	34.26	28.07	8.80	19.27	5.8	3.50	22.77	6.8
11. Mysore	159.84	35.52	21.60	13.92	5.97	7.95	5.0	5.21	13.16	8.2
12. Orissa	114.00	13.34	8.00	5.34	2.85	2.49	2.2	2.03	4.52	4.0
13. Punjab	224.16	20.85	10.99	9.86	4.17	5.69	2.5	3.11	8.80	3.9
14. Rajasthan	184.66	23.82	13.31	10.51	4.43	6.08	3.3	1.09	7.17	3.9
15. Tamil Nadu	440.27	69.40	42.15	27.25	11.52	15.73	3.6	7.03	22.76	5.2
16. Uttar Pradesh	547.06	67.44	38.13	29.31	12.15	17.16	3.0	4.44	21.60	3.8
17. West Bengal	120.71	23.27	15.65	7.71	4.33	3.38	2.8	1.39	4.77	4.0

Source : Report of Sixth Finance Commission.

\*Actuals.

## ANNEXURE 5

Financial results of State Electricity Boards for the year 1972-73\*

(Rs. crores)

State	Block capital at the beginning of the year	Revenue receipts	Revenue expenditure	Gross operating surplus	Transfer to reserves	Operating surplus (5-6)	Operating surplus as % of block capital	Receipts from electricity duty	Operating surplus + Electricity Duty	
									Total	As % of block capital
1	2	3	4	5	6	7	8	9	10	11
1. Andhra Pradesh	308.96	47.40	28.34	21.06	9.06	12.00	3.9	..	12.00	3.9
2. Assam	87.75	6.31	3.40	2.91	2.44	0.47	0.5	0.22	0.69	0.8
3. Bihar	230.74	34.67	22.58	12.09	7.40	4.69	2.0	2.20	6.89	3.0
4. Gujarat	230.22	44.12	28.84	15.28	6.22	9.06	3.9	8.16	17.22	7.5
5. Haryana	177.55	24.31	15.40	8.91	3.93	4.98	2.8	2.04	7.02	4.0
6. Himanchal Pradesh	32.52	3.07	3.00	0.07	0.80	(-)-0.73	..	..	(-)-0.73	..
7. Jammu and Kashmir	..	..	..	..	..	..	..	..	..	..
8. Kerala	203.72	21.71	12.10	9.61	0.80	5.81	2.9	2.17	7.98	3.9
9. Madhya Pradesh	242.40	39.70	18.04	21.66	6.74	14.92	6.2	2.83	17.75	7.3
10. Maharashtra	385.95	70.84	42.68	28.16	9.06	19.10	4.9	4.30	23.40	6.1
11. Mysore	177.50	31.50	20.53	10.97	4.10	6.87	3.9	5.21	12.08	6.8
12. Orissa	129.00	16.75	8.93	7.82	3.34	4.48	3.5	2.65	7.13	5.5
13. Punjab	262.96	21.21	12.52	8.69	4.54	4.15	1.6	3.23	7.38	2.8
14. Rajasthan	222.77	26.08	14.15	11.93	5.42	6.51	2.9	1.14	7.65	3.4
15. Tamil Nadu	481.31	65.10	45.25	19.85	12.59	7.26	1.5	2.31	9.57	2.0
16. Uttar Pradesh	648.59	81.45	43.01	38.44	13.58	24.86	3.8	4.25	29.11	4.5
17. West Bengal	137.86	24.72	17.85	6.87	3.00	3.87	2.8	1.25	5.12	3.7

Source : Report of Sixth Finance Commission.

\*Latest Estimates.



	1	2	3	4	5	6	7
<b>VII. Revenue—</b>							
(i) from sale of energy within the State	..	84.38	102.65	134.06	170.52	200.00	631.61
(ii) Outside the State	.. ..	..	..	..	..	..	..
(ii) Miscellaneous	.. ..	8.70	9.18	9.68	10.21	10.77	48.54
(iv) Other receipts	.. ..	..	..	..	..	..	..
Total	..	93.08	111.83	143.74	180.73	210.77	740.15
<b>VIII. Expenditure—</b>							
(i) Fuel	.. ..	24.15	22.74	27.89	38.35	46.20	159.33
(ii) Cost of power purchase	.. ..	1.00	5.00	5.20	5.20	5.20	21.60
(iii) O & M charges	.. ..	14.04	15.59	17.36	18.78	20.18	85.95
(iv) Establishment	.. ..	14.87	17.31	20.57	23.27	26.11	102.13
(v) Additional establishment expenditure on account of Interim Relief & Adjudication assessed.	.. ..	6.00	6.00	6.00	6.00	6.00	30.00
Total	..	60.06	66.64	77.02	91.60	103.69	399.01
<b>IX. Gross operating surplus</b>	.. ..	33.02	45.19	66.72	89.13	107.08	341.14
<b>X. Reserve—</b>							
(i) Depreciation	.. ..	19.21	23.44	28.48	33.30	58.55	162.98
(ii) General Reserve	.. ..	3.22	3.99	4.90	5.88	6.84	24.83
(iii) Others	.. ..	..	..	..	..	..	..
Total	..	22.43	27.43	33.38	39.18	65.39	187.81
<b>XI. Gross Surplus</b>	.. ..	10.59	17.76	33.34	49.95	61.69	173.33
<b>XII. Interest payable to institutional creditors.</b>							
<b>(i) Market loans—</b>							
(a) Outstanding on 1-4-1974	.. ..	2.58	2.58	2.46	2.34	2.22	12.18
(b) V Plan loans	.. ..	0.23	0.69	1.15	1.61	2.07	5.75
<b>(ii) L. I. C.—</b>							
(a) Outstanding on 1-4-1974	.. ..	3.14	2.96	2.78	2.60	2.42	13.90
(b) Plan loans	.. ..	0.32	0.96	1.66	2.46	3.33	8.73
<b>(iii)</b>							
(a) Outstanding on 1-4-1974	.. ..	7.50	5.98	5.35	4.67	3.45	26.95
(b) V Plan loan	.. ..	0.60	1.54	2.58	3.61	4.64	12.97
Total	..	14.37	14.71	15.98	17.29	18.13	80.48
<b>XIII. Available for payment to interests</b>	.. ..	3.78	3.05	17.36	32.66	36.00	92.65
<b>XIV. Interest liability on State loan—</b>							
(a) Loans outstanding on 1-4-1974	.. ..	32.76	40.30	47.88	47.88	47.88	216.70
(b) Loans in V Plan (Rs.850 crores)	.. ..	..	10.75	10.75	10.75	10.75	43.00
Total	..	..	..	..	..	..	259.70
<b>XV. Loss.</b>							
(i) Shortfall in interest payments (No arrears of interest as at the end of IV Plan).	.. ..	..	..	..	..	..	166.85
(ii) Arrears of interest	.. ..	Nil.	..	..	..	..	..

				1974-75	1975-76	1976-77	1977-78	1978-79	Total V Plan
<b>XVI. Resources Receipts.</b>									
(i)	Depreciation	..	..	19.21	23.44	28.48	33.30	38.55	142.98
(ii)	General revenue	..	..	3.22	3.99	4.90	5.88	6.84	24.83
(iii)	Debts and deposits	..	..	0.80	0.90	1.00	1.10	1.20	5.00
(iv)	Consumers' contribution	..	..	..	..	..	..	..	..
(v)	Subvention from Government	..	..	0.35	0.35	0.35	0.35	0.35	1.75
(vi)	Provident Fund	..	..	1.02	1.09	1.09	1.09	1.09	5.38
(vii)	Others Inventories (reduction of)	..	..	5.00	3.00	2.00	..	..	10.00
(viii)	Recovery of arrears	..	..	1.00	1.00	1.00	1.00	1.00	5.00
Total				30.60	33.77	38.82	42.72	49.03	194.94
<b>Repayments—</b>									
(i)	Markot loan	..	..	..	..	(4.19)	..	(1.85)	(6.04)
(ii)	L. I. C.	..	..	2.20	2.59	3.02	3.50	4.05	15.36
(iii)	Others	..	..	3.01	2.13	2.66	4.70	5.37	17.87
Total				5.21	4.72	5.68	8.20	9.42	33.23
<b>Net Resources—</b>				25.39	29.05	33.14	34.52	39.61	161.71
<b>XVII. Other Information.</b>									
<b>(a) Existing Stations :</b>									
(i)	Hydel	..	..	..	..	..	..	..	..
(ii)	Thermal	..	..	..	..	..	..	..	..
<b>(b) Purchases from</b>				..	..	..	..	..	..
<b>(c) Schemes in V Plan</b>				..	..	..	..	..	..
<b>(d) Loans outstanding on 1.4.1974.</b>									
(i)	Government	..	..	786.90	In the main meeting, it was stated by the Finance Secretary, U. P. that the State Government will recover full interest from the S. E. B. The total surplus and internal resources of the Board were assessed at .				
(ii)	Market	..	..	48.10					
(iii)	L. I. C.	..	..	47.15+5.50					
(iv)	R. E. C.	..	..	16.92					
(v)	Other AFC	..	..	24.45					
					Surplus	..	92.85		
					Internal resources	..	161.71		
					Total	..	254.56		
<b>(e) Arrears of interest—</b>									
(i)	on 31-3-1973	..	..	Nil.					
(ii)	on 31-3-1974	..	..	Nil.	The State Government will recover Rs. 259.70 crores as interest and the Boards contribution will be Rs. 5.14 crores.				

## ANNEXURE 8

## Receipts from Electricity Duty

(Rs. in lakhs)

Serial no.	States	1960-61	1965-66	1968-69	1972-73 (R. E.)	1973-74 (B. E.)
1	2	3	4	5	6	7
1	Andhra Pradesh	6	2	2	N. A.	N. A.
2	Assam	0	7	17	24	30
3	Bihar	57	322	351	757	83
4	Gujarat	108	307	461	812	882
5	Kerala	10	1	250	210	225
6	Madhya Pradesh	85	168	262	414	468
7	Tamil Nadu	20	433	766	435	270
8	Maharashtra	350	889	1421	1931	2215
9	Mysore	85	217	371	568	582
10	Orissa	4	87	208	374	435
11	Punjab	72	273	244	323	356
12	Haryana	..	..	..	213	222
13	Rajasthan	..	38	66	118	124
14	Uttar Pradesh	64	89	125	360	430
15	West Bengal	391	699	922	1205	1284

Source—State Budgets.

ANNEXURE 9

Average rates of Electricity Duty (in Paise)

States	1. Domestic Consumption			2. Commercial Consumption			3. Industrial Consumption					Agricultural Consumption (10 H.P. 15% L.F.) 817 KWH/ P.M.	Public Lighting	Date of enforcement	
	a. Light and fan 30KWH/ P.M.	b. Heat and small power 100 KWH/ P.M.	c. Combined load 130 KWH/ P.M.	a. Light and fan 200 KWH/ P.M.	b. Heat and small power 400 KWH/ P.M.	c. Combined load 600 KWH/ P.M.	a. Small scale industries (10 KW 20% L.F.) 1460KWH/ P.M.	b. Medium industries (50 KW I(250 KW) II (1000KW) 30% L.F.) 10950KWH/ P.M.	c. Large industries (40% L.F.) 73000 KWH/ P.M.	d. Large industries (50% L.F.) 38500 KWH/ P.M.	e. Heavy industries (60% L.F.) 2190000 KWH/ P.M.				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1. Uttar Pradesh	..	6.00	6.00	6.00	6.00	6.00	6.00	1.00	1.00	1.00	1.00	1.00	..	6.00	1-1-'74
2. Haryana	..	10.25	Not applicable	9.77	10.00	Not applicable	9.08	2.31	2.65	2.19	1.90	1.61	..	5.40	1-7-'72
3. West Bengal	..	3.00	3.00	..	3.00	3.00	..	0.33	1.50	1.65	1.65	1.65	0.33	..	31-8-'65
4. Gujarat	..	*10.00	10.00	..	*10.00	*10.00	..	0.33	0.33	1.60	1.60	1.60	1.20	..	1-1-'70
5. Orissa	..	4.20	3.15	2.87	3.83	3.64	3.58	2.32	2.74	2.15	2.43	2.29	2.40	2.85	1,8-'65
6. Punjab	..	10.25	..	9.77	12.40	..	12.55	2.13	2.30	1.91	1.65	1.40	..	3.75	June, 1968
7. Andhra Pradesh	..	The rate is 3 paise per unit where the price exceeds 12 paise per unit and the monthly sale exceeds 18,661 units or annual sale exceeds 2,00,000 units.													
8. Himachal Pradesh	..	No duty on consumption/sale of electricity has been levied so far.													
9. Tamil Nadu	..	The duty @ 3 paise per unit in respect of all sale of energy affected during the previous month at a price of more than 18 paise a unit. The sales to Central Government departments, railways and consumption by licensees for construction, operation and maintenance of electrical undertakings are exempted from payment of the duty. In addition, the electricity consumption tax has been levied with effect from 1st July, 1962; it is leviable at a prescribed percentage on the price of the energy consumed by the consumers in the State.													

\*In respect of Ahmedabad, Surat, Baroda, Bhavnagar, Rajkot and Jamnagar.

@In respect of Industrial undertakings in which investment in the form of machinery and equipment does not exceed the value of Rs.7.50 lakhs.

Sources : State Electricity Board, Uttar Pradesh

## CHAPTER XIV

## State Road Transport Corporation

Among the facilities vital for speedy planned development, road occupies an important place. In the development of roads Uttar Pradesh lags behind other major States of the country. The following table gives a comparative picture of road length in terms of area and population.

TABLE 1—Length of Surfaced Roads per 100 sq. km. of area and per lakh of population by States—1970-71.

Sl. no.	State	Length of surfaced roads (Km.) Per 100 sq. Km. of area	Per lakh of population
1	2	3	4
1.	Uttar Pradesh	12	41
2.	Andhra Pradesh	13	82
3.	Bihar	14	43
4.	Gujarat	10	77
5.	Karnataka	26	172
6.	Kerala	54	100
7.	Madhya Pradesh	8	83
8.	Maharashtra	13	82
9.	Punjab	23	85
10.	Tamil Nadu	38	122
11.	West Bengal	20	39

Source—Basic Road Statistics—1970-71. Transport Research Division, Ministry of Shipping and Transport, Government of India.

2. The surfaced roads increased in this State from 26,570 kms. in 1960-61 to 30,874 kms. in 1971-72, that is by 16 per cent during the decade. The above table reveals that excepting Madhya Pradesh and Gujarat in respect of area and excepting West Bengal in respect of population, Uttar Pradesh compares unfavourably with other States in regard to length of roads. According to the Bombay Plan the metalled roads in the State were expected to increase to 46,960 Kms. by 1981.

3. In Uttar Pradesh the passenger transport service is being catered by the nationalised road

transport as well as by private operators. The nationalization has covered nearly 75 per cent of the total pucca route length. In this respect Uttar Pradesh is lagging behind Maharashtra Tamil Nadu, Gujarat and Haryana, but is ahead of other States. As regards goods transport, the role of public sector is confined to the hill areas where it supplements the services rendered by the private sector. In other areas, goods transport is exclusively in the hands of the private sector.

4. *Formation and constitution of corporation*—The departmental undertaking known as U. P. Government Roadways was started in May 1947 with a view to provide an efficient public utility service and for catering to the demands of the expanding volume of traffic. Parliament amended the Motor Vehicles Act 1939 to confer upon State Governments the power to acquire exclusive rights over existing road transport services. For a speedy development of nationalised road transport in the State and to have greater autonomy in mobilising resources for the purpose, the State Road Transport Corporation was established on June 1, 1972.

5. The Corporation consists of a Chairman and 8 members. The Chairman is also the General Manager of the Corporation. 2 non-official members are nominated by the State Government. Of the 6 official members, 3 each are nominated by the State Government and the Railways. The General Manager is assisted by 6 Deputy General Managers and other staff at the Headquarters. There are 12 regions, each under the charge of a Regional Manager. Each region has 4 to 6 depots, the total number of depot workshops being 62. The Central Workshop at Kanpur functions under the Chief Mechanical Engineer assisted by 2 Deputy Chief Mechanical Engineers.

6. *Fleet holding*—The following table gives a picture of the fleet holdings of the U. P. State Road Transport Corporation *vis-a-vis* the private sector in the State.

TABLE 2—Private and State Buses, Trucks and Taxis on Road 1960-61 to 1973-74

Serial no.	Year	Buses		Trucks		Taxis	
		State	Private	State	Private	State	Private
1	2	3	4	5	6	7	8
1	1960-61	3,003	3,797	139	12,213	25	374
2	1965-66	3,604	4,887	443	14,315	71	697
3	1966-67	3,818	4,719	501	16,796	139	734
4	1967-68	3,879	5,477	559	17,068	114	1,417
5	1968-69	3,821	4,630	525	15,722	111	2,140
6	1969-70	3,853	4,842	506	18,635	132	2,396
7	1970-71	4,058	5,638	469	16,783	126	4,979
8	1971-72	4,253	6,179	410	22,085	95	6,071
9	1972-73	4,582*	6,769	351*	25,832	65*	6,677
10	1973-74	4,745*	7,333	336*	27,852	53*	5,074
Percentage increase in 1973-74 Over 1960-61		58	93	142	128	(—)4	1,257

\*Provisional.

Source : For State—Uttar Pradesh Rajya Sadak Parivahan Nigam Ke Karya Kalapon par tippani—1973-74. For Private—Parivahan Vibhag, Uttar Pradesh Ke Karya Kalapon par tippani—1973-74.

The above table shows that with the development of road transport the number of vehicles owned by State as well as private owners has increased, but there was more rapid expansion in private vehicles. The increase in number was more conspicuous in case of trucks and private taxis. Private buses during the period 1960-61 to 1973-74 increased by 93 per cent while the corresponding increase in public sector was by 58 per cent. The State Road Transport Service, which began on a modest scale with 200 buses, developed a fleet of 4745 buses by 1973-74, constituting 92.4 per cent of the total number of vehicles in the States sector. In 1970-71, about 60 per cent of the total passenger buses in the country were owned by private operators and 40 per cent by State undertakings. In Uttar Pradesh the corresponding percentages were 58 and 42 in 1970-71, and 61 and 39 in 1973-74. It may be noted that the number of State trucks and taxis have declined constantly in the last few years.

7. *Growth of State Transport Service*—The number of nationalised routes increased from 640 in 1960-61 to 1208 in 1973-74, and the route length increased from 13,336 Kms to 20,396 Kms during the period, recording an increase of 53 per cent. The following table gives the growth of state transport service in Uttar Pradesh.

TABLE 3—*Growth of State Transport Service, 1960-61 to 1972-73*

Serial no.	Year	Distance covered by buses (Lakh kms.)	Number of passengers carried (Lakhs)	Average daily distance covered per bus (Kms.)	Average number of passengers carried per bus (No.)
1	2	3	4	5	6
1	1960-61	1,512	1,352	179	156
2	1965-66	2,043	1,906	189	176
3	1966-67	1,758	1,646	165	154

TABLE 4—*Earning kilometres covered by trucks and taxis of the State Road Transport Corporation, 1960-61 to 1973-74.*

Serial no.	Year	Trucks			Taxis			
		Number	Earning kilometres covered (000 kms.)	Average earning distance per truck per day (kms.)	Number	Earning kilometres covered (000 kms.)	Average earning distance per taxi per day (kms.)	
1	2	3	4	5	6	7	8	
1	1960-61	..	139	2,002	39	55	1,027	51
2	1965-66	..	443	6,172	38	71	873	34
3	1968-69	..	525	3,310	17	111	1,164	20
4	1972-73	..	351	2,048	16	65*	903	38
5	1973-74	..	336*	1,616	13	53*	758	99

\*Provisional.

Source—Parivahan Anubhag-1.

	1	2	3	4	5
4	1967-68	1,907	2,014	180	190
5	1968-69	1,960	2,104	185	198
6	1969-70	1,968	2,172	185	205
7	1970-71	2,106	2,333	187	207
8	1971-72	2,280	2,513	194	213
9	1972-73*	2,324	2,382	209	214
Percentage increase in 1972-73 over 1960-61.		53.7	76.2	16.8	37.2

\*Provisional

Source—Cols. 3 and 4—Uttar Pradesh Rajya Sadak Parivahan Nigam Ke Karya Kalapon par Tippani, 1973-74.

Cols. 5 and 6—Office of the U.P. State Road Transport Corporation.

The distance covered by State buses increased from 15.12 crore Kms. in 1960-61 to 23.24 crore Kms. in 1972-73. The average daily distance covered per bus consistently increased from 179 Kms. in 1960-61 to 209 Kms. in 1972-73, except in 1966-67 when it declined to 165 Kms. due to a general strike by the employees.

8. Table 3 further shows that the number of passengers carried by State buses increased from 13.5 crores in 1960-61 to 23.8 crores in 1972-73, that is by 76.2 per cent. The average number of passengers carried per day per bus improved progressively from 156 in 1960-61 to 214 in 1972-73, except again in 1966-67 when it declined by 12.5 per cent from the previous year.

9. The following table gives the number of trucks and taxis and the distance covered by them.

The above table shows that the trucks increased from 139 in 1960-61 to 336 in 1973-74 but the earning kilometres covered by them decreased absolutely from 20 lakh Kms. to 16 lakh Kms. With an increase in number of trucks by about 142 per cent, the earning kilometres declined by about 20 percent. Similarly, the earning Kms. covered by the taxis declined by 26 percent. The average distance covered by a truck or taxi thus shows a decline. The data of operating number of vehicles are not available, but the average daily earning Kms. per truck and per

taxi, on the basis of their respective fleet strength, worked out at 39 Kms. and 51 Kms. respectively for the year 1960-61. It decreased to 13 Kms. and 39 Kms. respectively in 1973-74. These figures reveal that the trucks and taxis were not being utilized efficiently by the corporation. Profit and loss accounts of trucks and taxis were not prepared separately by the corporation. However, the figures of income and expenditure and of net profit/loss worked out on the basis of cost of operation of buses etc. are given in the following table:

TABLE 5—Income and Expenditure on Trucks and Taxis belonging to Road Transport Corporation, 1972-73, 1973-74 and 1974-75 (upto September 1974).

Year	Trucks			Taxis		
	Income	Expenditure	Net profit or loss	Income	Expenditure	Net profit or loss
1	2	3	4	5	6	7
1972-73 .. .. .	18,86,157	36,93,103	(—)18,06,946	4,29,174	7,18,953	(—)2,89,779
1973-74 .. .. .	19,80,041	41,37,442	(—)21,57,401	4,39,888	7,94,420	(—)3,54,532
1974 (upto September 1974)	10,69,473	22,87,698	(—)12,18,225	2,07,329	13,41,620	(—)11,34,291

Source : Office of the U. P. State Road Transport Corporation.

10. It was pointed out to us that except on a few hill routes, the trucks were mostly utilized for departmental transport. On the hill routes, these were operated for serving the economically backward regions. We are, however, informed that in hill areas, private goods vehicles are now available in greater number for goods transport. As the above table shows, the losses incurred in the operation of trucks and taxis are increasing. The financial position of the corporation is not very sound; it made a marginal profit only in 1973-74. The operation of the trucks and taxis, being a losing project, needs to be abandoned. We recommend that where they cannot serve a distinct socio-economic purpose, and cannot be used efficiently, their operation should be stopped.

11. *Capital assets*—At the time of its inception, the State Roadways Transport Corporation had a capital of about Rs.30 crores, Rs.25 crores belonging to the Roadways and the remaining 5 crores to the Central Workshop, Kanpur. The State Government decided to treat the sum of Rs.12 crores as its initial capital contribution and the balance of Rs.18 crores as loan to the Corporation. Before formation of the Corporation, the State Government was exclusively financing the capital expenditure of the departmental undertaking. During the first two years ending 1973-74, the corporation received loans of Rs.1 crore each from the State Government and State Bank of India and another Rs.1.67 crores from the Industrial Development Bank of India.

12. As per existing terms and conditions, the Central Government (Railways) will contribute 25 per cent of the initial capital invested by the State Government. They are required to contribute Rs.3 crores as their initial capital, but

surprisingly they have not done so. The Central Government should be immediately persuaded to make good this default. By the end of 1973-74, the assets of the corporation increased to Rs.30.33 crores. Vehicles, land and building, plants and tools, and furniture and fixtures accounted for 77.0, 20.2, 2.2 and 0.6 per cent respectively of the total fixed capital in 1972-73. The following table gives the percentage distribution of fixed capital amongst various constituents since 1960-61.

TABLE 6—Percentage distribution of fixed assets, 1960-61 to 1972-73

Serial no.	Year	Percentage distribution of investment on					Total investment (Rs. in lakhs)
		Vehicles	Tools and plants	Land and Building	Furniture and Fixtures		
1	2	3	4	5	6	7	
1	1960-61	81.2	2.7	15.3	0.8	1,105	
2	1965-66	78.8	2.2	18.2	0.8	1,737	
3	1968-69	75.1	2.5	21.6	0.8	1,841	
4	1971-72	73.6	2.5	23.2	0.7	2,293	
5	1972-73	77.0	2.2	20.2	0.6	2,817	

Source—Absolute figures from Parivahan Anubhag-1.

13. It may be observed that between 1960-61 and 1972-73 the total investment increased from Rs.11.05 crores to Rs.28.17 crores. The investment on vehicles as percentage of total fixed capi-

tal decreased from 81.2 per cent to 77.0 per cent on plants and tools from 2.7 to 2.2 per cent and on furniture and fixtures from 0.8 to 0.6 per cent. But the investment on land and building, which constituted 15.3 per cent of total fixed assets in 1960-61, increased to 20.2 per cent in 1972-73.

14. *Receipts and Expenditure*—The following table gives the total receipts and total expenditure including depreciation and interest relating to the Corporation between 1960-61 and 1973-74.

TABLE 7—*Receipts and Expenditure of State Road Transport Corporation, 1960-61 to 1973-74.*

Serial no.	Year	Total receipts (Rs. crores)	Total Expenditure (Rs. crores)	Col. 4 as percentage of col. 3
1	2	3	4	5
1	1960-61	10.25	8.10	79.0
2	1965-66	17.31	15.15	87.5
3	1966-67	15.55	15.51	99.7
4	1967-68	18.93	17.42	92.4
5	1968-69	21.01	18.46	87.9
6	1969-70	21.91	19.94	91.0
7	1970-71	24.44	22.03	90.1
8	1971-72	27.67	25.19	91.0
9	1972-73*	27.97	28.43	101.6
10	1973-74*	33.39	33.20	99.4
Percentage increase in 1973-74 over 1960-61.		225.8	309.9	

\*Provisional.

Source—Cols. 3 and 4—Uttar Pradesh Rajya Sadak Parivahan Nigam Ke Karya Kalapon par tippani-1973-74.

It will be seen that during the period of thirteen years ending 1973-74, the total expenditure increased at a much faster rate—310 per cent than total receipts which increased by 226 per cent. The total expenditure expressed as percentage of total income increased from 79.0 per cent in 1960-61 to 99.4 per cent in 1973-74 resulting in the reduction of the net profit to a meagre sum of Rs.0.19 crores. In the year 1972-73 the Corporation suffered a loss of Rs.0.46 crore due to the reasons mentioned earlier.

15. The expenditure on maintenance constituted 42.5 per cent of the total working expenditure in the year 1972-73 (Annexure 2). It has increased by 94.4 per cent from Rs.6.22 crores in 1964-65 to Rs.12.09 crores in 1972-73. The expenditure on salaries and dearness allowances was 55 per cent of total maintenance expenditure in 1972-73. The increase in expenditure on this item was 114 per cent from Rs.3.1 crores in 1964-65 to Rs.6.7 crores in 1972-73. The expenditure on petrol and diesel also increased substantially (67 per cent) during this period.

16. *Comparative Efficiency*—The following table gives some insight into the operational side of State bus transport service:

TABLE 8—*Per kilometre income and expenditure, earnings per passenger per day and percentage utilisation of buses, 1960-61 to 1973-74.*

Serial no.	Year	Per kilometre		Earning per passenger per day (Paise)	Average number of operating buses as percentage of total number of buses
		Income (Paise)	Expenditure (Paise)		
1	2	3	4	5	6
1	1960-61	60	51	76	79
2	1965-66	82	60	83	82
3	1966-67	85	82	86	77
4	1967-68	96	86	86	75
5	1968-69	104	89	91	76
6	1969-70	109	96	94	75
7	1970-71	114	99	98	76
8	1971-72	119	103	103	76
9	1972-73	114	108	111*	66*
10	1973-74	133*	130*	N.A.	N.A.

N.A.—Not available.

\*Provisional.

Source—Cols. 3 and 4, office of the U. P. State Road Transport Corporation.

Cols. 5 and 6, Statistical Diary, 1973, and Statistical Abstract, 1969 to 1971 except for 1972-73; for 1972-73, office of the State Road Transport Corporation through Arth Evam Sankhya Prabhag.

The above table shows that between 1960-61 and 1973-74, the per kilometre income as well as expenditure increased consistently from year to year, but the latter increased at a faster rate.

While the income per kilometre increased by 122 per cent from 60 paise in 1960-61 to Rs.1.33 in 1973-74, the expenditure per kilometre increased by 155 per cent from 51 paise to Rs.1.30 paise during the same period. In terms of per passenger per day, the earning of the corporation increased progressively by 46 per cent from 76 paise in 1960-61 to 111 paise in 1972-73.

17. A report made available to us by the U. P. State Transport Corporation, reveals that the city bus service was running at a loss in the year 1973-74. The average income per Km. of city bus service was Rs.1.19 as against the expenditure of Rs.1.24 in 1973-74 resulting in a loss of 5 paise per Km. The rural bus service, on the other hand, earned a profit at the rate of 20 paise per Km. during the same period, the income and expenditure per Km. being Rs.1.35 and Rs.1.15 respectively. The Corporation authorities were also of the view that the city bus service was not economical. We suggest that separate accounts should be maintained for the city bus service to enable the corporation autho-

rities to isolate vulnerable causes of loss of revenue and to explore avenues to make this service run without loss.

18. A comparison of vehicle utilization for the year 1970-71 in the various State Transport Corporations reveals that Uttar Pradesh used its vehicles less intensively than many other major States. The utilisation was 263 kms. per day in Andhra Pradesh, 252 kms. in Rajasthan, 242 kms. in Kerala, 238 kms. in Maharashtra, 234 kms. in Gujarat and 187 kms. for U. P. Government Roadways. The performance in U. P. improved to 209 kms. in 1972-73, but still it was lower. This indicates defective route planning. It is estimated that if the U. P. State Road Transport Corporation achieved 230 kms. per bus per day in the plains, it would gain by about Rs.3 crores in gross earnings per annum.

19. The following table gives the figures of load factor in passenger buses of the corporation in different years:

TABLE 9—Position of Load Factor in Uttar Pradesh Nationalised Road Transport, 1967-68 to 1973-74.

Sl. no.	Year	Percentage Load Factor
1.	1967-68	68.47
2.	1968-69	68.66
3.	1969-70	69.13
4.	1970-71	70.86
5.	1971-72	69.20
6.	1972-73	62.40
7.	1973-74	70.00

Source—Office of the U. P. State Road Transport Corporation.

The above table shows that except for the year 1972-73, the occupancy ratio varied between 68 and 71 per cent over a period of seven years ending 1973-74. It sharply declined to 62.4 per cent in 1972-73 due to the general strike of the employees. In view of persistent public complaints about the paucity of buses in relation to their needs, it is surprising that only slightly more than two-third of carrying capacity of buses is utilised. In compounding the passengers tax, the State Government assumes the occupancy of 75 per cent in private buses, and a fair percentage of operators avail themselves of the facility. By working up the same occupancy ratio, the earnings of the corporation can be raised significantly. A periodic review of the passenger load may help the management in diverting the buses from one route to another thereby maximising the income as well as public satisfaction.

20. Table 8 further shows that the operating buses expressed as percentage to total bus fleet of the corporation decreased from 79 in 1960-61 to 66 in 1972-73. It was highest (82) in the year 1965-66 and varied between 75 and 77 during the period of six years ending 1971-72. A comparison of fleet utilization of State Transport undertakings in different States for 1970-71 shows that it was as high as 94 per cent for Haryana Road-

ways, 90 per cent for Punjab Roadways, 80 per cent for Orissa Transport Service and 87 per cent for Pepsu Road Transport Corporation, as against 76 per cent in Uttar Pradesh. In 1973-74 the percentage of total buses on road varied between 80 to 90 in the five transport corporations of Tamil Nadu. It was 90 per cent for Cheran Transport Corporation, 88 per cent each for Pallavan and Kattabomman Transport Corporations, 83.3 per cent for Cholan Roadways Corporation and 80 per cent for Anna Transport Corporation. Efforts should therefore be made in this State to reduce the number of sick buses. This would require a planned census in respect of idle fleet listing the mechanical or workshop requirements of each single bus, and meeting them without delay. Roadways Workshops will have to play a more helpful role in putting as many sick buses in order as possible.

21. According to the Corporation, the average life of a bus is about 100 months or 4.8 lakh kms. in plains and 3.0 lakh kms. in hills. Annexures 3 and 4 give the distribution of State vehicles age-wise as well as according to the kilometres covered by them. In 1972-73, 15 per cent of the vehicles had served for more than eight years, only 56 per cent were in good condition being less than 4 years old. On applying the standard of distance covered, 68 per cent of the vehicles were in good condition having covered less than 3 lakh kilometres.

22. The corporation maintains a depreciation reserve fund which stood at about Rs.3.95 crores on 31-3-'74. This fund is utilised for the replacement of overage buses or those which otherwise need replacement. The cost of buses has increased considerably in the recent past. For example the cost of Leyland and Tata buses (without body) increased from Rs.60,000 each in January, 1972 to Rs.90,000 and Rs.86,000 in September, 1974. The body of a bus costs nearly Rs.32,000 now as against Rs.22,000 in January, 1972. If 75 per cent of the depreciation fund is utilised for purchasing new vehicles, it would suffice for the purchase of nearly 250 buses only as against nearly 725 overage buses. The fund thus needs to be placed on a sound footing for future expansion in bus services.

23. The corporation could not give figures regarding pilferage of material. We would suggest that the corporation may consider the possibility of negotiating with the manufacturers of various spare parts for specially branding all material supplied to them so that these could be easily distinguished. As the U. P. State Road Transport Corporation is the biggest transport undertakings in the country, the manufacturers should have no objection if such a proposal was made to them.

24. Break up of the State Road Transport Corporation—The State Road Transport Corporation is working as single unit, which we feel has become unwieldy. Tamil Nadu has five corporations, each managing a much smaller fleet strength as compared to Uttar Pradesh. The fleet holding of Cholan and Pandiyan Roadways corporations was 339 and 420 buses respectively in 1973. In Cheran Corporation, there were 412 buses on March 31, 1974. They were better managed and have since introduced a scheme of employees participation in equity capital and manage-

ment. The Maharashtra Legislative Committee on Public undertakings has also recommended the decentralisation of the Maharashtra State Road Transport Corporation.\* As noticed earlier, the Uttar Pradesh State Road Transport Corporation has a fleet strength of 4745 buses, and decentralisation of such a big management unit, would appear necessary. We have referred earlier to many unsatisfactory features of the working of the Corporation, which decentralization may remedy. At present, the vehicle utilisation was less in this State Corporation in comparison to many other corporations. Maintenance of vehicles was obviously poor resulting in a situation that nearly one-fourth buses were off the road. The demands of passenger transport have increased, but the occupancy ratio has not shown any significant improvement. This State has a large area and the corporation with its central office in Lucknow would find it difficult to control its services in the distant regions of Meerut, Gorakhpur and Uttarakhand efficiently and effectively. We, therefore, recommend that the Uttar Pradesh Corporation should be split up into a number of corporations, say four, so that it has viable units of management. We are confident that this would introduce in them a spirit of healthy competition, and the routes would be better managed. For achieving uniformity in their functioning, there may be one Chairman for all the corporations, as in Tamil Nadu.

25. *Passenger Fare*—The revenue from passenger fare constitutes the major portion of the total receipts. Annexure I shows that the revenue from the source was estimated at 95.6 per cent in the year 1973-74. The other sources of income are contract services, passenger's luggage, parcel services, postal mail services, out agency receipts, advertisements, canteen rents and miscellaneous receipts.

26. In Uttar Pradesh, the rates of passenger fare vary for different routes. The following table gives the rates as revised from time to time since October 1, 1962 for 'A' class routes.

TABLE 10—Rate of Bus fare per Km. per passenger for 'A' class routes (In paise).

Sl. No.	Dates/From	Plains	Hills (Others)
1	2	3	4
1.	October 1, 1962	2.50	4.00
2.	June 1, 1963	2.65	4.24
3.	June 14, 1965	2.89	4.62
4.	August 5, 1966	3.00	4.80
5.	August 9, 1968	3.30	5.50
6.	January 13, 1972	3.80	6.33
Percentage increase in 1972 over 1962.		52.00	58.2

Source: 1962 to 1966—U. P. Taxation Enquiry Committee, 1968-69.

1968 to 1972—Office of the U. P. State Road Transport Corporation.

\*State Transport News, Journal of Association of State Road Transport Undertakings, April 1974, page 8.

27. The above table shows that the rates of passenger fare per Km. increased from 2.50 paise to 3.80 paise in the plains and from 4.00 paise to 6.33 paise in the hills during the decade 1962-72, the percentage increase being 52.0 in plains and 58.2 in hills. The rates have not been revised thereafter. There has been a considerable increase in the working expenditure owing to increase in the prices of buses, diesel lubricants, tyres and tubes, spare parts, salaries and allowances of the employees and enhanced rates of sales tax etc. Annexure 5 shows the rises in prices of tyres, tubes and spare parts during the last two years. The prices of tyres have increased by 50 per cent. In case of some items, the percentage increase in prices is higher. As a result, the working expenditure in 1973-74 increased by 31.8 per cent as compared to that in 1971-72. On the other hand, the corresponding increase in total receipts was 20.7 per cent only. The corporation has furnished the details (Annexure-6) of additional expenditure estimated at Rs.11.07 crores incurred by it on various items from January 1972 up to the end of 1973-74. After March, 1974, the additional expenditure has further increased by Rs.1.45 crores due to increases in rates of dearness allowance admissible to the staff, in prices of tyres and diesel etc., and in road tax. The corporation could not give estimates of the annual increase in expenditure on these counts. As the additional expenditure of Rs.12.52 crores relates to the period of two and a half years and the additional expenditure has increased at a faster rate this year, it is estimated that the increase in expenditure is of the order of Rs.6 crores per annum.

28. The passenger fare rates prevalent in other States are given in the following table:

TABLE 11—Comparative Bus fare rates.

Sl. No.	State	Fare Rates per Passenger per Km.— (in paise).
1	2	3
1.	Uttar Pradesh	3.80*
2.	Andhra Pradesh	4.00
3.	Bihar	(i) 3.78 up to 160 Kms. (ii) 2.80 Beyond 160 Kms.
4.	Gujarat	(i) 4.16 up to 24 Kms. (ii) 3.33 Beyond 24 Kms.
5.	Karnataka	(i) 4.70 up to 51.2 Kms. (ii) 3.50 Beyond 51.2 Kms.
6.	Kerala	3.30
7.	Maharashtra	4.50
8.	Rajasthan	(i) 3.50 up to 250 Kms. (ii) 3.00 Beyond 250 Kms.

Since: Review of Operations and Financial Result 1972-73-Statistical Department, Central Offices Bangalore.

The above table reveals that the rate of passenger fare in Uttar Pradesh is less than the fare in Maharashtra only. Passenger tax is not levied separately in Andhra Pradesh, and the fare in this State, after including the passenger tax, is not lower than Andhra Pradesh.

\* Relates to 'A' class route. The rate is exclusive of passenger tax which is charged at the rate of 15 per cent of the fare rate.

29. It may be mentioned that the railways have since raised the rates of passenger fare by 20 to 25 per cent from September 15, 1974. While the U. P. Transport Corporation realises the fare at a flat rate, the rates of railway fare vary according to the distance travelled. The passenger fare charged by the railways and the bus fare in U. P. have been compared in the following table:

TABLE 12—Railway and Bus fares.

Kms.	Railway fares		Bus fares Lower- Class (Rs.0.00)	
	Mail or Express (Rs.0.00)	Ordinary (Rs.0.00)		
1	2	3	4	
For 100 kms.	..	5.63	4.06	3.80
For 250 kms.	..	12.69	9.50	9.50
For 500 kms.	..	22.50	16.74	19.00

Sources—(i) Indian Railway Conference Association Coaching Tariff no. 21 Pt. II and Northern Railway Special Rate Circular no. 3 of 1974.

(ii) U. P. Government Parivahan Vibhag notification, dated January 10, 1972.

30. The bus fares were, prior to the upward revision of fares by the railways, slightly higher than railway fare. Because of greater frequency of service and better service, buses are a preferred mode of travel for many short distance passengers. We feel that it would be justifiable to increase the bus fares. We find that during the period 1965-66 to 1973-74, the per kilometre expenditure on State Transport increased by 88.4 per cent, whereas the fare was raised only by 31.5 per cent in the plains and 37.0 per cent in hills. The increase in cost of operation should be reflected to some extent in the bus fares to enable the corporation to function on the lines of commercial undertakings. Keeping in mind the scope for expenditure reduction and the bearing capacity of the travelling public, we recommend that the rates of passenger fare should be increased from 3.80 paise per Km. to 4.50 paise per Km. for 'A' class routes in plains. For other classes of routes in the plains the fares should be increased in the same proportion. On account of the special roles played by city buses and service in hill areas, we recommend an increase in the existing fares by 10 per cent. We estimate that the suggested increase will yield an additional revenue of about Rs.6 crores to the corporation. We have earlier recommended that the operation of trucks and taxis should be given up by the corporation. This would afford a saving of nearly Rs.40 lakhs to the Corporation. The corporation should be able to economise in expenditure, for which we see considerable scope. We have also urged that concerted efforts should be made to improve the vehicle utilisation in plains, and the load factor by route planning. As a result of implementing all the measures recommended by us we feel that the increase in fares would afford some surplus to the corporation.

31. *Statistical Cell*—The need of having a full fledged statistical cell in the U. P. State Road Transport Corporation can hardly be underrated. At present, a skeleton staff looks after statistics at the Headquarters of the corporation. We were much handicapped by the paucity of data in respect of agewise and kilometreage-wise distribution of vehicles and their utilisation separately for each region. The load-factor was not available routewise. Inventories of spare parts or workshop accounts were not being maintained, although the corporation now proposed to have separate accounts for its workshops. We feel that an adequately staffed statistical branch in the corporation is necessary for operational reviews, undertaking revenue and cost analysis, keeping an eye on fuel consumption, kilometre operation, tyre, battery and engine performance and efficiency aspect of the undertaking. Besides rendering valuable service to the organisation and method-studies, the branch should be able to provide specific data to the management to overcome the drawbacks and to improve efficiency, productivity and quality performance of the transport service.

#### Summary of recommendations

1. The Uttar Pradesh passenger transport service is being catered by nationalised road transport as well as by private operators. Nearly 75 per cent of the total pucca route length has been nationalised. Public sector in goods transport is confined to hill areas. (Para 3).

2. U. P. Government Roadways started as a departmental undertaking in May, 1947. For a speedy development of nationalised road transport and to have greater autonomy in mobilising additional resources for the purpose, the Road Transport Corporation was established on June 1, 1972. (Para 4).

3. With the development of road transport the number of State vehicles as well as private vehicles has increased, but there was more rapid expansion in private vehicles. The Road Transport Corporation has developed a fleet of 4,745 buses plying on 1208 nationalised routes and 20,396 Kms. route length. (Paras 6 and 7).

4. The corporation has 336 trucks and 53 taxis. The earning Kms. covered by the trucks and taxis declined by 20 per cent and 26 per cent respectively during the period 1960-61 to 1973-74. Their average daily earning kilometres were only 13 and 39 respectively in 1973-74. The losses incurred in the operation of trucks and taxis are increasing. We recommend that where they do not serve a distinct socio-economic purpose, their operation should be stopped. (Paras 9 and 10).

5. The total investment of the corporation increased from Rs.11.05 crores in 1960-61 to Rs.28.17 crores in 1972-73. During the period, total receipts increased by 226 per cent but the total expenditure increased at a much faster rate (310 per cent). The income per kilometre increased by 122 per cent and expenditure by 155 per cent. (Paras 13 to 16).

6. The city bus service was running at a loss in 1973-74, the average income per Km. of city bus service was Rs.1.19 against the expenditure of Rs.1.24 resulting in a net loss of 5 paise per Km. The rural bus service, on the other hand, showed

a profit. We suggest that separate accounts should be maintained for the city bus service to enable the corporation to isolate vulnerable causes of loss of revenue and to explore avenues to make this service run without loss. (Para 17).

7. The vehicle utilisation in this State improved from 187 Kms. in 1970-71 to 209 Kms. per day in 1972-73, but it was lower than Andhra Pradesh (263 Kms.) and a number of other States. This indicates defective route planning, which should be immediately improved. (Para 18).

8. The load factor of buses was 70 per cent in 1973-74. In compounding the passenger tax, the State Government assumes the occupancy of 75 per cent in private buses, and a fair percentage of operators avail themselves of the facility. By working up to the same occupancy, the earnings of the corporation can be raised significantly. (Para. 19).

9. The number of operating buses decreased from 79 per cent of the total bus fleet in 1960-61 to 66 per cent in 1972-73. The fleet utilization was much higher in Haryana (94 per cent), Punjab (90 per cent) and Orissa (89 per cent). Vigorous efforts should, therefore, be made to reduce the number of sick buses by listing the workshop requirements of each bus and meeting them without delay. (Para 20)

10. The depreciation fund of the corporation stood at Rs. 3.95 crores on 31 March, 1974. The cost of buses having increased considerably in recent years it would suffice for the purchase of nearly 250 buses only as against nearly 725 over-age buses. The fund thus needs to be placed on a sound footing for the necessary replacement. (Para 22)

11. The Corporation in this State is functioning as a single unit, and has become unwieldy. Tamil Nadu has five corporations, each managing a small fleet of buses. In this State Corporation, the vehicle utilisation was less than many other corporations and the maintenance of vehicles was also poor. We are of the opinion that decentralization will greatly help in improving

the efficiency in these respects. We, therefore, recommend that the Uttar Pradesh Corporation should be split up in a number of corporations, say four. There may be one Chairman for all the corporations to achieve uniformity in their functioning. (Para 24).

12. The revenue from passenger fare constituted 95 per cent of the total revenues in 1973-74. The rates of passenger fare per km increased from 2.50 paise to 3.80 paise in plains and from 4.00 paise to 6.33 paise in hills during the decade 1962-72. The rates were last revised in January, 1972. (Paras 25 and 26).

13. There has been considerable increase in the working expenditure since then owing to increase in the prices of buses, diesel, lubricants, tyres, spare parts, salaries of staff etc. It is estimated that the increase in expenditure is of the order of Rs.6.00 crores annually. (Para 27).

14. The railways have raised the rates of passenger fare by 20 to 25 per cent from September 15, 1974. Prior to the revision, the bus fares were slightly higher than the railway fare, but now they are lower in some cases. (Para 29).

15. During 1965-66 to 1973-74, the per kilometre expenditure on State Transport increased by 88.4 per cent, whereas the fare was raised only by 31.5 per cent in plains and 37.0 per cent in hills. The increase in cost of operation should be reflected to some extent in the bus fares to enable the Corporation to function on the lines of commercial undertakings. Keeping in mind the scope for expenditure reduction, we recommend that the rates of passenger fare should be increased from 3.80 paise per km to 4.50 paise per km for 'A' class routes in plains. For other classes of routes in the plains, the rates should be increased in the same proportion. On account of the special roles played by city buses and service in hill areas, we recommend an increase in the existing fares by 10 per cent. We estimate that the suggested increase will yield an additional revenue of about Rs.6 crores to the Corporation. If all the measures recommended by us are implemented we feel that the Corporation will earn some surplus. (Para 30).

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#### ANNEXURE I

##### Main items of Income of State Road Transport Corporation, 1965-66 to 1973-74

Serial no.	Years	Income (Rs. Crores) from			Total
		Passenger fare	Contract Services	Others	
1	2	3	4	5	6
1	1965-66	15.52 (89.6)	0.22 (1.3)	1.57 (9.1)	17.31 (100.0)
2	1966-67	13.65 (89.1)	0.25 (1.6)	1.45 (9.3)	15.55 (100.0)

1	2			3	4	5	6
3 1967-68	..	..	..	17.01 (89.8)	0.39 (2.1)	1.53 (8.1)	18.93 (100.0)
4 1968-69	..	..	..	19.09 (90.8)	0.33 (1.6)	1.59 (7.6)	21.01 (100.0)
5 1969-70	..	..	..	20.03 (91.4)	0.59 (2.7)	1.29 (5.9)	21.91 (100.07)
6 1970-71	..	..	..	22.59 (92.4)	0.65 (2.7)	1.20 (4.9)	24.44 (100.0)
7 1971-72	..	..	..	25.62 (92.6)	0.74 (2.7)	1.31 (4.7)	27.67 (100.0)
8 1972-73	..	..	..	26.24 (93.8)	0.29 (1.0)	1.44 (5.2)	27.97 (100.0)
9 1973-74*	..	..	..	31.93 (95.6)	0.56 (1.7)	0.90 (2.7)	33.39 (100.0)

\*Provisional.

Source—Office of the U. P. State Road, Transport Corporation.

NOTE—Figures in parenthesis show the percentage distribution of income.

## ANNEXURE 2

### U. P. State Road Transport Corporation- Maintenance Expenditure, 1964-65—1972-73

Serial no.	Years	Maintenance Expenditure (Rs. Lakhs) on					Total
		Staff	Operation	Repair of Vehicles	Petrol and Diesel	Others	
1	2	3	4	5	6	7	8
1	1964-65	87 (14.0)	225 (36.1)	11 (1.8)	288 (46.3)	11 (1.8)	622 (100.0)
2	1965-66	111 (15.1)	249 (34.0)	44 (6.0)	325 (44.3)	4 (0.6)	733 (100.0)
3	1966-67	108 (15.2)	269 (37.8)	35 (4.9)	295 (41.5)	4 (0.6)	711 (100.0)
4	1967-68	144 (17.6)	305 (37.3)	34 (4.1)	331 (40.5)	4 (0.5)	818 (100.0)
5	1968-69	155 (18.2)	308 (36.2)	36 (4.2)	348 (40.8)	5 (0.6)	852 (100.0)
6	1969-70	172 (18.5)	335 (36.1)	53 (5.7)	363 (39.1)	5 (0.6)	928 (100.0)
7	1970-71	176 (17.6)	361 (36.1)	59 (5.9)	400 (40.0)	4 (0.4)	1,000 (100.0)
8	1971-72	197 (17.6)	377 (33.7)	74 (6.6)	464 (41.5)	6 (0.6)	1,118 (100.0)
9	1972-73	226 (18.7)	442 (36.5)	54 (4.5)	480 (39.7)	7 (0.6)	1,209 (100.0)

Source—Parivahan Anubhag-1.

NOTE—Figures in Parenthesis indicate percentage distribution of expenditure.

**ANNEXURE 3**  
*Age-wise Break-up of Vehicles*

Serial no.	Year	Percentage Break up
1	2	3
1	Below 1 Year	11
2	Between 1 to 2 Years	13
3	Between 2 to 3 Years	15
4	Between 3 to 4 Years	17
5	Between 4 to 5 Years	10
6	Between 5 to 6 Years	9
7	Between 6 to 7 Years	6
8	Between 7 to 8 years	4
9	Above 8 years	15
Total		100

Source—Office of the U. P. State Road, Transport Corporation.

**ANNEXURE 4**  
*Kilometreage-wise Break-up of Vehicles*

Serial no.	Km.	Percentage break up
1	2	3
1	0—1.00 Lakh	14
2	1.00—2.00 „	29
3	2.00—3.00 „	25
4	3.00—4.00 „	16
5	Above 4.00 „	16
Total		100

Source—Office of the U. P. State Road, Transport Corporation.

**ANNEXURE 5**

*Prices of Tyres, Tubes and Spare parts of Buses prevailing in 1972 and 1974*

Serial no.	Description	Net rate 1972 Rs. (0.00)	Net rate 1974 Rs. (0.00)	Percentage increase 1974 over 1972
1	2	3	4	5
1	Tyres 900×20 12 PR	827.82	1260.15	52.2
2	Tyres 825×20 12 PR.	719.76	1095.85	52.3
3	Tubes 900×20/825×20	65.49	94.55	44.4
4	Flaps 900×20	18.68	26.00	39.2
5	Flaps 825×20	12.80	18.00	40.6
6	Batteries 6v19P/21P	220.00	369.89	68.1
7	Thin Walled Main Bearing	101.40	193.75	91.1
8	Cylinder Head TATA	1400.00	1600.00	14.3
9	Crankshaft TATA	2500.00	2700.00	8.0
10	Engine Assembly	20400.00	22650.00	11.0
11	Rear Axle Assy.	7200.00	10600.00	47.2
12	Pistons	166.35	195.70	17.6
13	Spring Leaves	45.48	90.54	99.1
14	Shock Absorbers	73.47	109.00	48.4
15	Brake Drums	135.00	169.00	25.6
16	Propeller Shaft	340.00	477.00	40.3
17	Connecting Rod Bearing	70.50	130.20	84.7
18	Camshaft Bush	22.50	49.60	120.4

1	2	3	4	5
19	Taperred Roller Bearing	66.00	85.41	29.4
20	Gasket Kit.	56.25	99.90	77.6
21	Front Hub	160.00	236.00	47.5
22	Rear Hub	195.00	242.82	24.5
23	Front Spring Main leaf	27.48	54.35	97.8
24	Front Spring 2nd leaf	23.58	52.35	121.9
25	Front Spring 3rd leaf	18.10	39.56	118.6
26	Front Spring 4th leaf	16.25	35.10	116.0
27	Rear Spring 2nd leaf	39.80	85.30	114.3
28	Rear Spring 3rd leaf	32.50	65.35	101.1
29	Rear Spring 4th leaf	26.91	58.25	116.5
30	Camshaft.	235.00	325.00	38.3
31	Bracket Front Spring	18.52	23.97	29.4
32	Shackle Front	15.49	18.00	16.3
33	Rear Spring Bracket	28.97	35.00	20.8
34	Wheel Mounting Bolt	2.50	4.30	72.0
35	Drag Link	90.00	110.04	22.3
36	Tie Rod Assy.	115.50	118.50	2.6
37	Drag Link Repair Kit	26.00	35.27	35.7
38	Tie Rod Repair Kit	28.70	36.68	27.8
39	Centre Bolt Front	1.50	2.30	53.3
40	U. Bolt Rear	10.25	15.00	46.3
41	Connecting Rod Leyland	202.53	470.80	132.5
42	Crankshaft Leyland	4707.00	9390.15	99.5
43	Engine Assy. 370	22866.00	31524.00	39.9
44	Crown Wheel Tail Pinion	2973.50	4158.50	39.9
45	Radiator Assy.	634.35	1536.00	142.1
46	Air Compressor Assy.	1017.00	1541.20	51.5
47	Connecting Rod Brg. Std.	42.00	116.00	176.2
48	Connecting Rod Bearing 010 to 030 U/S	45.00	120.35	167.4
49	Main Bearing Std.	105.00	174.00	65.7
50	Main Bearing 020 to 030 U/S	108.00	181.25	67.8
51	Piston Comp. 370	428.90	558.24	30.2
52	Value Inlet and Exhaust	231.47	562.96	143.2
53	Clutch Disc.	107.30	124.70	16.2

Source : Office of the U. P. State Road Transport Corporation.

### ANNEXURE 6

Details of Extra Expenditure, January 1972 to March 1974

	Rs.
1. Extra expenditure due to increase in rate of good conduct allowance, night out allowances, mileage allowance.	851000
2. Increase in the daily wages of daily rated employees from Rs.2.50 ( average) to Rs.5.19 per day	150000
3. Extra expenditure due to sanction of interim relief to the employees	6000000
4. Increase in the wages of semi-skilled and skilled workers	284000
5. Increase in expenditure on account of bringing 75 per cent of the work-charged staff on regular establishment.	666000

6. Increase in the rate of interest payable on capital .. .. .	5900000
7. Extra expenditure due to payment of sales tax on spare parts .. .. .	1500000
8. Extra expenditure due to payment of fitness and registration fee etc. to the Regional Transport Branch	800000
9. Ex-gratia .. .. .	7000000
10. Increase in Dearness Allowance .. .. .	13200000
11. Approximate increase in emoluments of employees with the adoption of recommendations of Pay Commission.	10000000
12. Increase in House Rent Allowance .. .. .	6000000
13. Increase in expenditure on spare parts, lubricants etc. .. .. .	6000000
14. Additional amount of Depreciation due to increased cost of vehicles .. .. .	2700000
15. Engagement of apprentices .. .. .	1500000
16. Due to increase in postal Telephone, Telegram rates and Uniform, Stationery papers etc. ..	2500000
17. Increase in sales tax, spare parts (10½% to 12½) .. .. .	1000000
18. Depreciation due to increase in buses cost .. .. .	800000
19. Lubricants oil .. .. .	4000000
20. Increase in Diesel about Rs.1.80 per kl. .. .. .	10800000
21. Further increase in the prices of tyres and spare parts etc. .. .. .	25500000
22. Dearness Allowance for February 1974 .. .. .	3500000
<b>Total</b> .. .. .	<b>110651000</b>

Source—office of the U. P. State Road Transport Corporation.

## CHAPTER XV

### Conclusions

In this last chapter, we may well sum up the major impressions that we have formed as a result of our examination of the tax and non-tax revenues of this State and the scope for further resource mobilisation. Even during the period we were examining this question, under exigencies of trying circumstances the State had to levy massive doses of taxation. Some of these as on land revenue were basically in accordance with our recommendations made earlier; some like rise in electricity prices were in line with our thinking; there were still others to which we had devoted no thought. The Draft Fifth-Year Plan of Uttar Pradesh estimates additional resource mobilisation of Rs.250 crores during the Fifth Plan; this has been already exceeded by the Government. The revenue measures adopted by them are expected to add Rs.50 crores in 1974-75 and Rs.100 crores in 1975-76. Tax measures will fetch Rs.78 crores in 1975-76 implying an increase in per capita tax incidence of Rs.7.5. On the assumption that State income will increase as targeted by 6.5 per cent per annum, the total tax revenue will amount to 3.6 per cent of State income. The details are given below:

Items	(Rs. in crores)	
	1974-75 Latest estimates	1975-76 Budget estimates
<b>A—Additional Taxation</b>		
Stamp Duty .. .. .	3.00	3.50
State Excise Duty .. .. .	10.75	14.38
Sales Tax on motor Spirit .. .. .	4.25	7.71
Sales Tax .. .. .	8.90	20.15
Tax on Motor Vehicles .. .. .	1.50	3.75
Goods tax .. .. .	1.00	1.00
Entertainment and Betting Tax .. .. .	1.50	2.25
Tax on hotels .. .. .	..	0.08
Land Revenue .. .. .	12.00	24.00
Purchase Tax on Sugarcane .. .. .	2.00	2.00
	44.90	78.82
Concession—Exemption from purchase tax on wheat purchased under levy scheme.	(-)0.50	(-)0.50
Total—A	44.40	78.32
<b>B—Increase in Rates.</b>		
Revision in rates charged by State Electricity Board.	5.40	30.80
Total—B	5.40	30.80
Grand Total—A+B	49.80	109.12

2. We have made further recommendations for resources mobilisation in the knowledge that with a rise in price level the need for financial resources for meeting Plan expenditure will increase, that increases in non-Plan expenditure will eat into surplus at 1973-74 rates of taxation, and

that capital funds, which greatly depend on the Centre, may not be forthcoming. In any case, increases in revenue receipts will come in handy for a State where the needs for additional State expenditure are pressing.

3. Lack of reliable data and the conditional nature of some of our recommendations makes it difficult to estimate the revenue that will be obtained as a result of their implementation. The broad estimates that we have been able to make show that on a conservative basis the State and Local Government will increase their revenue receipts by Rs.550 crores, during the Plan period. Out of this, about Rs.36 crores would accrue in the next two years from the re-imposition of land revenue on holdings up to 6.25 acres and by way of additional development levy on higher holdings, the measures already accepted by the State Government on the basis of our interim recommendations. We presume that by 1976-77 it will be possible to introduce a more equitable and productive agricultural land taxation system based on a new land settlement. The additional revenue receipts will largely accrue from (a) land revenue, the only important direct tax left to the State Government, and property taxation left to local bodies and (b) increases in earnings of commercial departments and public corporations by assuming reasonable progress in their spending wisely and efficiently and by increasing rates where they are needed or put them on a "no profit no loss" basis even after the first adjustment. It was surprising to find that in important instances the commercial departments and public corporations were not operating at standard efficiency levels. Raising of efficiency is time consuming and in the meantime, losses in public enterprises must not accumulate at high rates. Unlike privately owned public utilities, these losses are borne by the general tax-payers who are not in any sense more responsible for their inefficient working, and may have less capacity to pay them than the users. Rate increases were, therefore, inevitable and recommended or held justifiable. We hope this will not be interpreted by public enterprises as a permission to continue their wasteful and inefficient methods. There should be continuous vigilance and pressure on them to work more efficiently. It is disturbing to contemplate the likely waste in working of non-commercial departments where no performance yardsticks are generally applied.

4. We found that the *per capita* incidence of many taxes in this State in 1973-74 was lower than in many other States, including some with lower *per capita* income. Naturally the question arose whether the tax efforts were inadequate, or whether there were objective circumstances not amenable to State control which explained this. We tried to dive into this mystery in detail and compared the rates, bases and the changes in them with those of other State Governments tax by

tax. We found that in many cases the Uttar Pradesh rates compared favourably with those in other States, but the tax bases and the changes in them were low. We pursued this examination vigorously regarding sales taxation with its wide base. Many of the basic economic features of Uttar Pradesh generally associated with economic backwardness like low *per capita* income, low percentage of urban population to total, and low *per capita* income from manufacture were examined to see if alone or together they furnished a sufficient explanation for this. The nature of distribution trade, wholesale and retail, in foodgrains and non-foodgrains, as reflected in the proportion of income-tax-payers in these sectors to the total population and their income assessed was also examined. We would have liked to try another characteristic viz., consumption in kind for which we could not get comparative figures beyond 1957-58. Our exercises were to no effect; they only revealed that Uttar Pradesh should have got much more. This examination, we hope, will be further continued. In the meantime we must rest with expressing our strong feeling of the existence of widespread evasion. It is difficult to get comparative figures or even impressions of evasion in other States but it is very likely that the States collecting larger amounts *per capita* in spite of equally low *per capita* incomes are those able to tackle more successfully problems of tax evasion partly because of a great degree of geographical concentration of the tax base. Uttar Pradesh, is, in a way, fortunately not so concentrated and must, therefore, make a greater effort to prevent evasion. We found there were large arrears in this State in sales-tax, property tax and electricity charges. It has been difficult to get comparative statistics for all these in other States, but we could do so in case of sales taxation, where Uttar Pradesh seemed to make a poor show. Assessment standards is another matter in which we found this State lagging behind. That a large number of sales-tax assessment cases should remain pending for more than two years, and at the end be disposed of in such a way that 31.3 per cent of the assesses go in for appeal more often with assessments being revised connotes an unhealthy sales-tax-payer relationship not conducive to large or speedy tax collections. We were glad to find that there was increasing awareness on the part of the department and the Government of these problems and steps were being contemplated to tackle them. We hope our own humble efforts in this direction will help them. If our analysis is correct even partially, increase in the rates of taxation will need to be supplemented by vigorous efforts at safeguarding and strengthening the tax bases.

5. From the analysis of tax receipts at constant rates of taxation, State incomes at constant prices and wholesale price index especially compiled for the purpose for the years 1961-1973, it was established that the tax revenue have an income elasticity of more than one but that their price elasticity is low. The latter would also hold good for net contributions of commercial departments and profits of public corporations. Income growth greatly helps tax revenues; price increases favourably affect tax revenues in money terms but

the purchasing power of increased tax revenues is lower. A relatively small price increase can counteract the favourable effects on real tax revenues of a substantial income growth.

6. We devoted considerable thought to the question of whether tax revenue cannot be made more price and income elastic, so that price and income increases will automatically bring in more revenues. Some of our recommendations will have a notable effect in this direction especially after a time lag but the problems vary from tax to tax, and there are conflicting considerations involved in some cases. The needs of simple and easy administration, convenience to the public, and prevention of corruption on the one hand and the necessity of making the tax income and price elastic on the other require sometimes different courses of action. The most notable incidence are on agricultural land taxation, passenger and goods tax, and entertainment tax. In these cases, after examining more elastic tax arrangements we found an advantage on balance in going in for simpler systems or introducing arrangements like compounding which adversely affects tax elasticity. To neutralize the effects of large price increases accompanied by low rates of growth additional doses of taxation may still be essential; and like Alice in the Wonderland the State may need more and more taxation to get the same percentage of income.

7. The art of resource mobilisation no longer consists only in so increasing rates as to obtain more revenues provoking the least resistance. With heavy taxes in certain sectors; there is a need to observe carefully the effects of a rate increase on the productivity of other taxes and on the economy and see that the growth in the latter in desired directions is not hampered. This calls for a high level of economic intelligence and analysis which have to be built up. Collection of tax statistics is at present done in a desultory fashion; they are not easily available and not readily shared with research workers; research in tax matters is practically absent both in the Government departments and the Universities. The task of gathering detailed tax statistics can be best performed by persons attached to tax departments. There will however, be a need for co-ordinating the work of tax departments to the task of evolving a suitable tax policy. We understand that a Resources Division has already been set up in the Finance Ministry for this purpose. We hope it will soon bend its energy to the pressing job of persuading the tax departments to collect and collate the necessary information. Tax intelligence is, in many cases, interconnected with general economic intelligence and tax information is relevant to general economic analysis. The Resources Division should be able to get help from bodies like Economics and Statistics Division of State Planning Institute so as to obtain supplementary economic information and where necessary get field surveys done. Above all we presume that the Resources Division and the State Planning Institute will follow a policy of sharing all their information with research wor-

