
STATEMENTS

HYDERABAD STATE

STATEMENT I*

Particulars of Revenues which will be lost to the State as a result of Federal Financial Integration.

(Figures based on the Budget Estimate for the year ending 30th September 1949).

S. No.	Particulars	Amount (Rs. in lakhs)	Remarks or reference to foot- notes
<i>A. "Federal" Revenues which will merge with the Revenues of the Government of India.</i>			
1.	Customs duties on foreign trade	Nil.	
2.	Corporation tax and Business Profits tax	3·000	(1)
3.	Income-tax other than agricultural income-tax and Corporation tax.	90·00	
4.	Central Excise duties	133·25	(2)
5.	Railways—(net receipts)	{ 68·00 (Interest) 78·51	(3)
6.	Posts— „ „	{ 4·20 —20·00	(4)
7.	Telephones— „ „	{ ·77 (Interest) 2·24	
8.	Currency & Mint—(net receipts)	141·26	(5)
9.	Interest on "federal" investments	?	(6)
10.	Miscellaneous (Berar rent)	29·17	(7)
Total of Section 'A'		557·40	
<i>B. Taxes which will be abolished on financial integration.</i>			
11.	Salt	Nil.	
12.	Import-Export Duties on Indian (Internal) trade	400·00	(8)
Total of Section 'B'		400·00	
GRAND TOTAL		957·40	

*All figures in this Statement are in terms of Hyderabad currency ; to arrive at the corresponding figures in Indian currency, they must be converted at the official rate of exchange (6 Indian Rupees to 7 Hyderabad Rupees).

HYDERABAD STATE

NOTES CONCERNING STATEMENT I

(1) Corporation Tax and Business Profits Tax

The Budget Estimates of Income-tax are allocated as follows on the basis of estimates furnished by the Commissioner of Income-tax:

	Rs. (Lakhs).
B. P. T.	5
Corporation Tax	25
Income-tax on non-Agricultural Income	90
Income-tax on Agricultural Income	5
Income-tax on Jagirdari Income	30
	<hr/>
	155
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The B. P. T. Act was in force for only one year. Nevertheless, the revenue from this is taken into account as B. P. T. is still in force in India.

E. P. T. being no longer in force, either in the State or in India, has been ignored. The E. P. T. collected under the State Act is credited not to Revenue but to a Fund for expenditure on general charitable purposes. E. P. T. Deposits were also collected under the State Act. It is expected that these deposits would be fully refunded and that all outstanding E. P. T. Assessments and B. P. T. Assessments would be fully completed before 31st March 1950.

(2) Central Excise

The amount shown against this item is made up as follows :—

	Rs. (Lakhs).
Duty on matches	35
„ sugar	12
„ cigarettes	45
„ tobacco	35
„ cloth	6
„ vegetable products	0·25
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	133·25
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Except for the duty on matches, there is no arrangement for pooling or sharing any Excise Duties with the Government of India. The match duty revenue

shown above represents the estimated appropriate share of Hyderabad during 1358 F., the practice being to credit actual collections to a Deposit Account and to take to Revenue only the appropriate share under the pooling arrangement.

(3) Railways

The figures of "Interest" and "Revenue" shown against Railways are exclusive of the corresponding figures for the Road Transport Department which is managed by the State Railways. 'Road Transport' not being a 'federal' subject its receipts must be separated. The Railway revenue proper is computed as follows :—

	(Rs. in Lakhs).
Interest as shown in Budget	
<i>Less</i> Estimated interest on Capital at Charge on Road Transport.	68·00
General Contribution excluding loss on Road Transport.	78·51

(4) Postal Department

The Postal Department is expected to incur a heavy loss in 1358F. on account of considerable re-organisational expenditure. However, as the average of three years will be taken as the final basis for computations, the result will not be abnormal because the re-organisational expenditure really represents expenditure which should have been incurred over the last two or three years.

An addition of Rs. 4·20 lakhs has been made to cover the loss which Hyderabad will suffer on account of the purchase of Service Postage Stamps after federal financial integration at Government of India Postal Rates which are approximately double the local rates.

(5) Currency

The figure shown against Currency and Mint is made up of a profit of Rs. 18·92 lakhs on minting, and a net income of Rs. 122·34 lakhs from the Paper Currency Reserve. In the final computations, the figure to be taken in respect of income from the Paper Currency Reserve should be based upon the average income from the Reserve during the three financial years of the State ending 30th September 1946 (*vide* paragraph 10 of the Report).

(6) Interest

The amount to be entered against this item will be the interest *receivable* by the Central Government upon such investments as may be allocated to it on the date of federal financial integration, under the scheme of apportionment of assets and liabilities, *less* interest *payable* on such liabilities as may be allocated to the Centre under the same scheme.

(7) Miscellaneous

The amount representing "Berar Rent" has been included here on the assumption that it will continue to be payable until terminated as a result of federal financial integration. If however it should be decided that this demand should cease before that date, it will have to be excluded from Statement I.

(8) Import-Export duties on Indian (Internal) trade

The figure for the Internal Customs Duties is made up as follows :—

	Rs. (Lakhs).
Ordinary Import-Export Duties including the share formerly payable to <i>Sarf-i-Khas</i>	350
Export Surcharge on certain oil seeds, etc.	50
	400

HYDERABAD STATE

STATEMENT II*

Particulars of Expenditure, which will be saved to the State as a result of Federal Financial Integration.

(Figures based on the Budget Estimates for the year ending 30th September 1949).

S. No.	Particulars	Amount (Rs. in lakhs)	Reference to footnotes.
SECTION A.—Expenditure to be taken over by the Government of India :			
1.	Cost of collection of taxes :		
	(1) Central Excise duties :		
	Tea and Coffee	} 2·00	(Estimated)
	Matches		
	(2) Income-tax	5·81	
2.	National Highways	17·43	(1)
3.	Defence (I. S. F. Units only)	200·00	(2)
4.	Aviation	4·49	(3)
5.	Broadcasting	9·46	(4)
6.	Meteorology	·56	
7.	Archaeology	2·55	
8.	Geology (Survey)	?	
9.	Patents, Copyrights, Trade Marks, Joint Stock Companies.	·70	
10.	“ Federal ” Civil Works	1·86	
11.	Pensions of Military and other ‘ federal ’ personnel	18·17	(5)
12.	Accounts and Audit	15·18	(6)
13.	Superintendent of Insurance	·30	
14.	Dearness Allowance	57·50	(5)
	TOTAL OF SECTION A	336·01	
SECTION B.—Expenditure which will cease to be incurred on federal financial integration :			
15.	Salt	
16.	Internal Customs	35·06	
	TOTAL OF SECTION B	35·06	
	GRAND TOTAL	371·07	

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NOTES CONCERNING STATEMENT II

(1) **National Highways.**—According to the latest information furnished by the Roads Organisation of the Government of India (Ministry of Transport) a length of 581 miles of road in Hyderabad will be eligible for declaration as 'National Highways'. The expenditure on this has been taken into account, in accordance with the estimates furnished by the Ministry of Transport, at Rs. 3,000 per mile.

(2) **Defence (I. S. Forces only).**—It is difficult to estimate accurately the normal expenditure on the sanctioned I. S. F. Units of the Hyderabad Defence Forces on the post-war basis. On the information available the amount has been estimated at Rs. 2 crores. The cost of irregular troops (Nizam Forces etc.) has been excluded.

(3) **Aviation.**—The amount shown against this item includes expenditure on the Hyderabad Aero-Club.

(4) **Broadcasting.**—The expenditure according to the Revised Estimates has been shown against this item.

(5) **Pensions and Dearness Allowance.**—Dearness Allowance and Pensions have been estimated on the basis of the ratio of 'federal' expenditure to total expenditure on 'Salaries'.

(6) **Accounts and Audit.**—It is assumed that the responsibility for audit and accounts in the State for both 'provincial' and 'federal' transactions would be taken over by the Centre upon federal financial integration; the entire cost of the existing organisation (corresponding to the audit and accounts department in Provinces) has accordingly been taken against this item.

(7) **General.**—There may be a few other items of "federal" expenditure which will have to be added to Statement II in the final computation, after ascertaining the exact amount involved: *e.g.*

- (i) Subventions to the Hyderabad, Secunderabad and Aurangabad Cantonments;
 - (ii) The cost of management of the "federal" portion of the Public Debt;
 - (iii) Any subsidies paid to Civil Aviation Companies, Flying Clubs, etc. if not included against item 4 of this Statement.
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HYDERABAD

STATEMENT III*

Analysis of Current Liabilities, Funds and Public Debt as at the end of the State Financial year 1357 F. (30th September 1948).

S. No.	Particulars	"Federal"	"Provincial"	Total	Reference to Foot-notes
		(Rs. in lakhs)			
<i>A. "Banking" or Current Liabilities</i>					
1.	Life Insurance and Provident Funds	?	214.70	214.70	(1)
2.	Depreciation Funds and Reserves	?	37.59	37.59	(2)
3.	Postal Savings Bank and other Postal Savings.	264.12	..	264.12	
4.	E. P. T. Deposits . . . . .	..	85.75	85.75	(3)
5.	Compulsory Savings Deposits . . . . .	..	.61	.61	
6.	Personal and Temporary Deposits	?	276.75	276.75	(4)
7.	Courts Deposits . . . . .	..	41.61	41.61	
8.	Deposits from Local Bodies . . . . .	..	152.11	152.11	
9.	Excise Duty on Matches . . . . .	..	—5.21	—5.21	
10.	Jagir Abkari Rights . . . . .	..	62.38	62.38	
11.	Railway Deposits	349.39	..	349.39	
12.	E. P. T. Fund . . . . .	..	157.69	157.69	(5)
13.	Govt. Accounts and other Deposits	?	399.78	399.78	(4)
14.	Road Fund . . . . .	..	14.70	14.70	
15.	Debt Redemption Reserve . . . . .	..	653.52	653.52	
16.	Famine Reserve . . . . .	..	229.88	229.88	
TOTAL SECTION A		613.51	2321.86	2935.37	
<i>B. Specific Functional Funds.</i>					
17.	Industrial Reserve	498.44	498.44	
18.	Deposits Reserve	24.85	24.85	
TOTAL SECTION B		..	523.29	523.29	

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S. No.	Particulars	"Federal"	"Provincial"	Total	Reference to Foot-notes
		(Rs. in lakhs)			
<i>C. Reserve Funds for Assets</i>					
19.	Securities Adjustment Reserve	..	218.78	218.78	
<i>D. Non-specific General Funds and Reserves.</i>					
20.	Post-war Development Reserve	..	2800.65	2800.65	
<i>E. Currency and Coinage Reserves.</i>					
21.	O. S. Sabisation Reserve	300.00	..	300.00	(6)
22.	Paper Currency Reserve	5408.70	..	5408.70	(6)
TOTAL SECTION E		5708.70	..	5708.70	
<i>F. Public Debt.</i>					
23.	Development Loans	2277.55			
	Less Redemption Fund	653.52	?	1624.03	1624.03 (7)
24.	Railway "Shares" and Balance of Old Loans.	41.36	..	41.36	(8)
25.	"Ways and Means" Loans	..	1194.21	1194.21	(7)
TOTAL SECTION F		41.36 (plus ?)	2818.24 (plus ?)	2859.60	
GRAND TOTAL		6363.57	8682.82	15046.39	

NOTES CONCERNING STATEMENT III

(1) **Life Insurance Fund.**—Life Insurance Fund, even in respect of personnel in “federal” Departments may continue with the State; but Provident Fund balances of such personnel will have to be taken over by the Centre.

(2) **Depreciation Funds and Reserves.**—Depreciation Funds and Reserves of “federal” Commercial Departments (*e.g.* Railways, Telephones, Broadcasting, etc.) must be transferred to the Centre.

(3) **E. P. T. Deposits.**—Represents collections of refundable E. P. T. Deposits.

(4) **Personal and Temporary Deposits.**—Any deposits relating to “federal” departments or to personnel in such departments or by outsiders in relation to the work of such departments must be transferred to the Centre.

(5) **E. P. T. Fund.**—E. P. Tax collections in the State have not been credited to revenue but to this Fund which is intended for charitable purposes.

(6) **Currency and Coinage Reserves.**—The Currency and Coinage Reserves require special treatment *vide* paragraph 10 of the Report.

(7) **Public Debt.**—The “federal” share of the Public Debt will have to be worked out in due course as suggested in paragraph 12 of the Report.

(8) **Railway Debt.**—The Railway Debt has been treated as “Specific Debt” which should be treated as wholly ‘federal’ on a “functional” basis.

HYDERABAD

STATEMENT IV*

Statement of Liquid Assets as at the end of the State Financial year 1357 F. (30th September 1949).

S. No.	Particulars	Rs. (lakhs)	Footnotes
1.	Cash	788.57	(1)
2.	<i>Earmarked Investments :</i>		
	Against Reserves and Funds	3053.22	
3.	Loans and Advances	1817.65	(2)
	TOTAL	5659.44	

(1) **Cash.**—This includes substantial sterling balances and, perhaps, some balances at Karachi. If any of these are a total loss by the time federal financial integration becomes effective, the actual cash balance then will be considerably lower.

(2) **Loan and Advances**—Advances for purchase of foodgrains will be included against this item. The amount of such advances will be represented actually by—

(i) cost of stocks of foodgrains on hand ; and

(ii) accumulated losses which must be written off.

(3) **General.**—The liquid assets held against the Paper Currency Reserve (Rs. 5408.70 lakhs) and the O. S. Stabilisation Reserve (Rs. 300 lakhs) fall in a separate category and have been excluded from this Statement.

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