

## B. ASSETS AND LIABILITIES

59. The practical application to Rajasthan of the general principles relating to allocation of assets and liabilities (cf. Paragraphs 25 and 30 of Part I of our Report and also Chapter III of this Part) is illustrated below with reference to the position as at the end of the financial year 1947-48 for each of the units comprising the Union. The final allocation and apportionment should be made on the same lines, on the basis of a complete Statement of assets and liabilities to be compiled as at the date of federal financial integration.

### (1) "Unproductive" Capital Assets

The Central Government will take over all unproductive capital assets connected with "federal" functions, Services and revenues; the Rajasthan Government will retain the rest.

### (2) "Productive" Capital Assets

(a) All productive capital assets connected with "federal" functions will *pass* to the Central Government upon federal financial integration. There is no "specific debt" connected with those assets.

The book value of these assets in the different units comprised in the Rajasthan Union was as follows on the dates specified against each—

				(Rs. in lakhs)		
				As at	Railways	Telephones
Former Rajasthan Union	.	.	.	1-10-'48	147·89 ?	}
						?
Jaipur	.	.	.	1-9-'48	186·00 85·00	} 1·78
Jodhpur	.	.	.	1-10-'48	512·11	5·90
Bikaner.	.	.	.	1-4-'48	437·25	?
Jaisalmer	.	.	.	1-11-'48	..	..
Matsya	.	.	.	1-4-'48	19·00	3·22

NOTE. — (i) The capital cost of the Chabra-Baran Section of the G. I. P. Railway System must be added to the figure shown against "Former Rajasthan Union". The line was owned by the former Kotah State.

(ii) The Capital contribution made by the Jaipur Durbar towards the cost of the Nagda-Mathura Railway (Rs. 85 lakhs) has been included in the above statement, for the reasons explained in paragraph 15 of Chapter III. The amount represents the cost of the Jaipur Section of the Nagda-Mathura Railway; the investment made by the Durbar is,

according to the terms agreed between the Government of India and the Durbar, to be regarded as permanent.

(b) The Rajasthan Government will retain all other "productive" capital assets, that is to say, those connected with "Provincial" functions. Here also there is no "specific debt" connected with the assets.

The book value of these assets was as follows :

Name of Unit	As at	Electricity schemes	Productive Irrigation Works	Others	Total
Former Rajasthan Union	1-10-48	?	100·00 (Approx.)	?	100·00
Jaipur . .	1-9-48	58·42	..	36·40	94·82
Jodhpur . .	1-10-48	44·38	91·59	23·61	159·58
Bikaner . .	1-4-48	48·00	312·23	17·02	377·25
Jaisalmer . .	1-11-48	?	?	?	?
Matsya . .	1-4-48	10·94	175·00	?	185·94

### (3) Current Assets, Liabilities, Reserves, and Funds

The proper procedure here will be to allocate first the current and funded liabilities of the State between the Government of India and the Rajasthan Government on a "functional" basis, and to place, at the disposal of each, equivalent current assets to meet such liabilities. The principles involved and the detailed procedure to be followed have already been indicated in paragraph 16 of Chapter III.

An analysis of the liabilities, Reserves and Funds in Greater Rajasthan, so far as can be readily ascertained, is given in Statement III. There is no "Public Debt." An analysis of the "current" liquid assets available with the States in Rajasthan for meeting these liabilities is given in Statement IV.

As the figures in Statements III and IV represent the position on different dates for the different units comprised in Rajasthan, it is not possible to give here a complete picture of the position in regard to the assets and liabilities of the Union as a whole with reference to any

particular date. A very rough idea of the general position as revealed by the available details embodied in Statements III and IV is given below :—

Group	(Rs. in lakhs)
A. Current or Banking Liabilities, Trust Funds, etc . . . . .	About 1,100
B. Specific “ functional ” funds. . . . .	,, 500
C. Depreciation Funds . . . . .	,, 50
D. Capital Reserve Fund (pertaining to Railways) . . . . .	,, 90
E. Non-specific Funds . . . . .	,, 60
Total . . . . .	<u>1,800</u>

As against the above liabilities the total liquid assets and investments available were of the order of Rs. 3,200 lakhs as follows :—

	(Rs. in lakhs)
Bank Balances and Cash . . . . .	250
Investments . . . . .	1,650
Bank Deposits and Bullion . . . . .	50
Shares . . . . .	10
Current loans, advances etc. . . . .	1,200
Total . . . . .	<u>3,190</u>

(4) Clearly, there will be sufficient investments and other liquid assets on the date of federal financial integration to meet all the liabilities and Funds in full. The investments should therefore be first allocated to the Government of India and to the Government of Rajasthan upto an amount equivalent to the liabilities, Reserves and Funds allotted to each on a “ functional ” basis.

(5) There will then remain a surplus of liquid assets over liabilities. The exact amount of this surplus must be carefully computed as on 1st April 1950 (the proposed date of federal financial integration), *after* writing off altogether all irrecoverable amounts and losses, particularly Capital losses on foodgrains purchases remaining unadjusted under “ Advances ”. Appropriate amounts must also be ear-marked in respect of *sanctioned* schemes in progress (or about to be started in the near future) both in the “ federal ” and in the “ provincial ” fields. It is understood, for example, that in Jaipur there are several capital

works already sanctioned or actually in progress relating to University buildings, Irrigation works, Railways, Telephones etc. These commitments should be treated as "Funds" for specific purposes. After ear-marking sufficient amounts to cover the estimated future liabilities in respect of such schemes, the net surplus left over, if any, should be apportioned between the Government of India and the Government of Rajasthan. We recommend that the share to be allotted to the Centre should be fixed at 10 per cent of the surplus, to be expended in Rajasthan on schemes involving capital expenditure in the "federal" field; in the choice of such schemes, the State Government should be consulted.