

MADHYA BHARAT

STATEMENT I

Particulars of revenues which will be lost to the State as a result of federal financial integration.

(Figures based on the Budget estimates for the State financial year ending 31st March 1950)

Serial No.	Particulars	Amount (Rs. in lakhs)	Reference to footnotes
<i>A.—“ Federal ” revenues which will merge with the revenues of the Government of India :</i>			
1	Customs duties on foreign trade.	..	(1)
2	Corporation Tax (plus 10·00)	(2)
3	Income Tax (Other than agricultural Income Tax and Corporation Tax).	8·00 (plus 20·00)	(2)
4	Opium (Receipts from cultivation, manufacture or sale for export).	4·20	(3)
5	Taxes (other than Stamp Duties) on transactions in Stock Exchanges.	4·02	(4)
6	Central Excise	53·50	(5)
7	Railways (Net Receipts)		
	S. S. Rly	0·57	
	Interest	3·87	
	Worked lines	30·00	
	—————	34·44	(6)
8	Posts and Telegraphs (Net receipts).	(—)2·53	(7)
9	Telephones (Net receipts).		

Serial No.	Particulars	Amount (Rs. in lakhs)	Reference to footnotes
10	Currency and Mint	(8)
11	Defence (I. S. F.)	1.44	(9)
12	Interest on 'federal' investments	(10)
Total of Section A		<u>103.07 (plus 30.00)</u>	
<i>B.—Taxes which will be abolished on financial integration :</i>			
13	Salt	3.99	(11)
14	Import-export duties on Indian (internal) trade.	160.00	(12)
Total of Section B		<u>163.99</u>	
GRAND TOTAL		<u>267.06 (plus 30.00)</u>	

MADHYA BHARAT

NOTES RELATING TO STATEMENT I

(1) Customs duties on foreign trade

Not being a maritime State, there is no revenue in Madhya Bharat under this head.

(2) Corporation Tax and Income-tax

An Income-tax Bill is now before a Select Committee of the Dhara Sabha. If passed, the revenue under "Corporation Tax" (item 2) is likely to be Rs. 10 lakhs ; and the revenue under Income-tax (item 3) is likely to be Rs. 20 lakhs. These estimates have been shown against items 2 and 3 respectively in brackets.

The Industrial Profits-Tax in Indore is of the nature of Income-Tax on industrial concerns. Its estimated yield is Rs. 8 lakhs ; this has been shown against item 3.

(3) Opium

Opium is cultivated and manufactured in the Madhya Bharat Union. The cost of opium paid to the cultivators is accounted for

through an "Advance" account and so does not enter into the Opium Revenue account at all. The Opium Revenue account includes :—

(i) Royalty from the Government of India upon opium supplied to them at Rs. 3 per seer, and

(ii) "Provincial" Opium duty, etc.

The former being "federal" income which, after federal financial integration, will be lost to Madhya Bharat, is shown against item 4.

(4) Taxes on transactions in Stock Exchanges

In the Indore and Gwalior States there are taxes (apart from Stamp Duties) upon Stock Exchange transactions and "futures" contracts in certain commodities. This is a "federal" item of revenue.

(5) Central Excise Duties

The amount of Rs. 53.50 lakhs against item 6 represents :

	(Rs. in lakhs)
Madhya Bharat's share of duties on matches	7.00
Madhya Bharat's share of duties on sugar	8.00
Madhya Bharat's share of duties on tobacco	4.50
Excise duties on cloth	34.00

	53.50

(6) Railways

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

	(Rs. in lakhs)
Net surplus on lines operated by the Madhya Bharat Union (after charging interest, and providing or replacement and renewals)	0.57*
Interest on capital at charge	3.87
Income from Madhya Bharat railways worked by "foreign" railways	30.00

	34.44

(7) Posts & Telegraphs & Telephones

The figure entered against this item represents

(i) the net financial result of working of Posts, Telegraphs

and Telephones. There is an operating loss of Rs. 2·91 lakhs **plus*

(ii) the value of postal immunities at present enjoyed by some of the covenanting States.

	(Rs. in lakhs.)
Dhar	0·03
Gwalior	negligible.
Indore	0·35
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	0·38
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(8) Currency and Mint

The minting of one pice and two pice coins which used to be done in Gwalior State has been stopped.

(10) Interest on 'federal' investments

The figures to be taken against this item should be computed on the lines indicated in paragraph 12 (14) of Chapter II.

(11) Salt

The 'federal' revenue from salt shown against this item is made up of

	(Rs. in lakhs.)
Government of India Salt compensation	3·79
Salt (Excise) Duty	0·20 (estimated)
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	3·99
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(12) Import-export duties on Indian (internal) Trade

There is a very substantial revenue from internal customs duties, shown at Rs. 160 lakhs against this item.

*This figure does *not* provide for the flat 25% cut in the expenditure which has been ordered by the Madhya Bharat Government as a measure of economy.