

Tax in the divisible pool in respect of the net proceeds in the financial years, which have not yet been certified by the Comptroller and Auditor General.

The Attorney General also advised that the President may refer this matter to the Finance Commission for recommendations under article 280 (3) (c) of the Constitution "in the interests of sound finance".

6. The advice given by the Attorney General was carefully considered and it was decided to proceed on the lines suggested by him. A supplementary reference has accordingly been made to the Fifth Finance Commission asking for their recommendations as to : (i) the distribution of the unadjusted Advance Tax at the end of 1966-67, being the last year for which the Comptroller and Auditor General has already certified the net proceeds ; (ii) the changes, if any, to be made in the the distribution already prescribed, on the recommendations of the Fourth Finance Commission, of the net proceeds of taxes on income in 1967-68 and 1968-69 ; and (iii) the distribution of the net proceeds from the current year onwards after taking into account the Advance Tax collections.

7. It will be observed that :—

(a) the past practice regarding the inclusion of Advance Tax in the divisible pool only on completion of regular assessments, was communicated to the then Provincial Governments even before the commencement of the Constitution and had been recognised and accepted by all concerned, including the Finance Commissions and the Auditor-General ;

(b) the past practice had not affected the States adversely since it formed the basis of the schemes of devolution recommended by successive Finance Commissions ;

(c) the Attorney General has advised Government to proceed on the basis that the Comptroller and Auditor General's certification upto 1966-67 is final ;

(d) the Attorney General's advice that the Advance Tax collections may be included in the divisible pool with effect from 1967-68, the earliest year for which the net proceeds have not yet been certified by the

Comptroller and Auditor General, has been accepted. As, however, the distribution of the net proceeds of taxes on income in 1967-68 and 1968-69 is governed by the Fourth Finance Commission's recommendations framed on the basis of past practice, the Fifth Finance Commission has been asked to recommend changes, if any, to be made in that scheme since the net proceeds for these years would now be calculated on the revised basis ; and

(e) the distribution of the Advance Tax remaining unadjusted as on 31-3-1967 has to be fitted into the schemes of devolution so that it is paid out in a systematic manner and therefore the Fifth Finance Commission has been asked to make recommendations in this regard also.

12 52 hrs.

PAPERS LAID ON THE TABLE
NATIONAL INSTRUMENTS LTD.,
CALCUTTA—GOVERNMENT REVIEW
AND ANNUAL REPORT.

THE DEPUTY-MINISTER IN THE
MINISTRY OF INDUSTRIAL DEVELOPMENT,
INTERNAL TRADE AND COMPANY
AFFAIRS (SHRI BHANU
PRAKASH SINGH) : On behalf of Shri
F. A. Ahmed, I beg to lay on the Table a
copy each of the following papers under
sub-section (1) of section 619A of the
Companies Act, 1956 :—

- (1) Review by the Government on the working of the National Instruments Limited, Calcutta, for the year 1966-68.
- (2) Annual Report of the National Instruments Limited, Calcutta, for the year 1967-68 along with the audited Accounts and the comments of the Comptroller and Auditor General thereon. [Placed in Library. See No. L.T. 1118/69.]

TRIVENI STRUCTURALS LTD., AND
TUNGHADRA STEEL PRODUCTS
LTD., GOVT. REVIEW AND
ANNUAL REPORT

THE DEPUTY-MINISTER IN THE
MINISTRY OF STEEL AND HEAVY
ENGINEERING (SHRI MOHD. SHAFI
QURESHI) : On behalf of Shri C. M.