

THE SEVENTH SCHEDULE

[See sections 47(1), 48(3), 51, 52 and 66(1)]

PROVISIONS AS TO APPORTIONMENT OF ASSETS AND LIABILITIES BETWEEN MADRAS, ANDHRA AND MYSORE

1. (1) Subject to the other provisions of this Schedule, all land and all stores, articles and other goods shall remain the property of, or as the case may be, pass to, the State in which they are situated.

(2) In this paragraph, the expression “land” includes immovable property of every kind and any rights in or over such property, and the expression “goods” does not include coins, bank notes and currency notes.

2. (1) A sum equivalent to the proceeds of any public loan raised by the Government of Madras between the 1st day of July, 1953 and the appointed day, or such portion thereof as the President may determine, shall be allocated between the States of Madras and Andhra in such proportion as may be fixed by the President having regard to the terms on which the loan was raised.

(2) Subject to the provisions of sub-paragraph (1) of this paragraph, the total of the cash balances in all treasuries of the State of Madras and the credit balances with the Reserve Bank of India immediately before the appointed day shall be divided between the States of Madras, Andhra and Mysore in the proportion of $62\frac{2}{3}$: 36 : $1\frac{1}{3}$.

Provided that for the purpose of such division there shall be no transfer of cash balances from any treasury to any other treasury and the apportionment shall be effected by adjusting the credit balances of the three States in the books of the Reserve Bank of India on the appointed day.

Explanation.—In this paragraph “treasury” includes a sub-treasury.

3. Any unissued stores of any class shall be divided between the States of Madras, Andhra and Mysore in proportion to the total indents for stores of that class made in the three years immediately preceding the 1st day of April, 1953, for the areas respectively comprised in the States of Madras and Andhra and the transferred territory excluding the indents relating to the Secretariat and offices of Heads of Departments located in the City of Madras:

Provided that nothing in this paragraph shall apply to stores held for specific purposes, such as, for the use or utilisation in particular institutions, workshops and electrical undertakings or on specific works under construction.

4. The State of Andhra shall be entitled to $\frac{36}{100}$ th share of the printing machinery in the Government Press at Madras. This share shall, as far as practicable, be given to that State in the form of machinery which can be removed and utilised by it, and to the extent to which this is not practicable, an adjustment shall be made in cash on the basis of the book value of the machinery less depreciation where such depreciation is adjusted in the accounts of the Press.

5. The right to recover arrears of taxes including land revenue shall belong to the State in which the taxed property is situate or the taxed transactions took place.

6. (1) The right to recover any loans or advances made before the appointed day by the State of Madras to any local body (other than the District Board of Bellary), society, agriculturist or other person in an area within the State shall belong to the State in which that area is included on the appointed day.

(2) If immediately before the appointed day any sums are due from the District Board of Bellary to the State of Madras on account of loans or advances made before that day, such part thereof as is

due on account of any loan or advance utilised in or for the benefit of Alur and Adonitaluks, or, in or for the benefit of Rayadrugtaluk shall be a debt due to the State of Andhra by the District Board of Kurnool or, as the case may be of Anantapur, and the remaining part shall be a debt due to the State of Mysore by the District Board of Bellary.

(3) The right to recover any loans or advances made before the appointed day by the State of Madras to any person, firm or institution outside the State, shall belong to the State of Madras:

Provided that any sum recovered in respect of any such loan or advance shall be divided between the States of Madras, Andhra and Mysore in the proportion of $62\frac{2}{3}$: 36: $1\frac{1}{3}$.

7. (1) The balance of the States' share of the taxes on income and of the Union duties of excise payable to the State of Madras in respect of the financial year 1953-54 shall be shared between the States of Madras, Andhra and Mysore in the proportion of $62\frac{2}{3}$: 36: $1\frac{1}{3}$.

Explanation.—The balance referred to in this sub-paragraph shall be taken to be one-half of the amount payable to the State of Madras as constituted immediately before the appointed day out of the States' share of taxes on income or of Union duties of excise, as the case may be in accordance with the Budget Estimates of the Central Government in respect of the financial year 1953-54.

(2) The States' share of the taxes on income or of the Union duties of excise payable to the State of Madras as constituted immediately before the appointed day in respect of each of the financial years commencing on or after the 1st day of April, 1954, shall, until other provision is made by law, be also shared between the States of Madras, Andhra and Mysore in the proportion of $62\frac{2}{3}$: 36: $1\frac{1}{3}$.

8. The sums at the credit of the Central Road Fund due to the State of Madras immediately before the appointed day shall be allocated between the States of Madras, Andhra and Mysore in the proportion of $62\frac{2}{3}$: 36 : $1\frac{1}{3}$.

9. The shares held immediately before the appointed day by the State of Madras in the Travancore Fertilizers and Chemicals Limited, the Madras Radio and Electrical Limited and the Madras Industrial Investment Corporation shall be divided between the States of Madras, Andhra and Mysore in the proportion of $62\frac{2}{3}$: 36 : $1\frac{1}{3}$.

10. The securities held in respect of investments made from any depreciation reserve fund shall accrue to the State in whose area the undertaking for which the depreciation reserve fund is maintained is situate.

11. Subject to the provisions of paragraph 12, the assets and liabilities relating to commercial or industrial undertakings shall in the case when the undertakings are situate in the transferred territory, pass to the State of Mysore and, in other cases, pass to the State in which the undertakings are situate.

12. (1) The public debt of the State of Madras attributable to loans raised by the issue of Government securities which are outstanding with the public immediately before the appointed day shall as from such day be the debt of the State of Madras; and the States of Andhra and Mysore shall be liable to pay to the State of Madras their shares of the sums due from time to time for the servicing and repayment of the debt. For the purpose of determining the said shares, the debt shall be deemed to be apportioned between the States of Madras, Andhra and Mysore as if it were a debt referred to in sub-paragraph (2) of this paragraph, and the shares of the States of Andhra and Mysore shall be determined accordingly:

Provided that the liability for any public loan or portion thereof referred to in sub-paragraph (1) of paragraph 2 shall, for the purposes of this sub-paragraph, be deemed to be apportioned between the

States of Andhra and Madras in the same proportion as may be fixed under sub-paragraph (1) of paragraph 2 in regard to the allocation of the proceeds of such loan or portion thereof.

Explanation.—In this sub-paragraph, the expression “Government securities” has the same meaning as in clause (a) of section 2 of the Indian Securities Act, 1920 (10 of 1920)

(2) The remaining public debt of the State of Madras that is to say, the debt attributable to loans taken from the Central Government, the Reserve Bank of India or any other Bank before the appointed day, shall be apportioned between the States of Madras, Andhra and Mysore in proportion to the total expenditure on all capital works and other capital outlays incurred in the territories of the States of Madras and Andhra and the transferred territory up to the commencement of the appointed day, including the terms dealt with in paragraph 9 of this Schedule:

Provided that any loan taken from the Central Government before the appointed day in connection with the construction of buildings, roads or other works for the temporary capital of the State of Andhra or for purposes incidental thereto shall to the extent of the expenditure so incurred until that day be wholly the liability of the State of Andhra.

(3) For the purposes of the allocation under sub-paragraph (2) of this paragraph, only expenditure on assets for which capital accounts have been kept (excluding the Buckingham Canal and any buildings for which such accounts have been kept) shall be taken into account:

Provided that the amount of public debt on account of the expenditure on the Tungabhadra Project referred to in section 66 shall be reallocated on such basis as may be agreed upon between the States concerned, or, if no agreement is entered into within two years from the appointed day, as may be fixed by order of the President.

(4) All sinking funds for loans raised before the appointed day by the Government of Madras shall remain with the State of Madras and the net amount of such funds shall be taken into consideration in allocating the dues on account of such loans between the States of Madras, Andhra and Mysore.

(5) In order to compensate the State of Andhra finally for its relatively smaller share of buildings, its share in the liability on account of debt to be apportioned between the States of Andhra and Madras under sub-paragraph (2) of this paragraph shall be reduced by 230.4 lakhs of rupees and the share of the State of Madras in such liability shall be correspondingly increased.

13. Civil deposits and local fund deposits shall pass to the State in whose area the deposits have been made, and the liability to pay them shall also fall on that State.

14. The securities held in the Zamindari Abolition Fund shall be allocated between the States of Madras, Andhra and Mysore in proportion to the estimated amount of compensation payable in the territories comprised within the State of Madras as constituted on the appointed day, in the territories forming the State of Andhra and the transferred territory.

15. The liability in respect of the undisbursed amounts in the Madras Road Fund as they stand immediately before the appointed day shall be taken over by the State in which the local bodies to whom they are payable exist.

16. Each State shall take over the liabilities in respect of the Provident Fund accounts of the Government servants permanently allotted to it.

17. (1) Subject to the adjustment mentioned in sub-paragraph (3) of this paragraph, each State shall, in respect of pensions granted by the State of Madras before the appointed day, pay the pensions drawn in its treasuries and sub-treasuries.

(2) Subject to the said adjustment, the liability in respect of pensions of officers serving in connection with the affairs of the State of Madras who retire or proceed on leave preparatory to retirement before the appointed day but whose claims for pensions are outstanding immediately before that day shall be the liability of the State of Madras.

(3) There shall be computed in respect of the part of the financial year 1953-54 commencing on the appointed day, and in respect of each subsequent financial year, the total payments made in each State in respect of pensions referred to in sub-paragraphs (1) and (2) of this paragraph; and each of the States of Andhra and Mysore shall receive from, or pay to, the State of Madras the amount by which the total payments in the State of Andhra or the State of Mysore, as the case may be, for that part of the year or for that year exceed or, as the case may be, fall short of 36 per cent. in the case of the State of Andhra and $1\frac{1}{3}$ per cent. in the case of the State of Mysore, of the total payments made in the States of Andhra, Mysore and Madras for that part of the year or for that year.

(4) The liability in respect of pensions of officers retiring on or after the appointed day shall be that of the State granting the pension. The portion of the pension attributable to the service of any such officer before the appointed day shall be allocated between the States of Madras, Andhra and Mysore in the proportion of $62\frac{2}{3}$: 36: $1\frac{1}{3}$, and the State which has granted the pension shall be entitled to receive from the other two States their shares of this liability. In respect of any officer whose services after the appointed day were partly in one of the States of Madras, Andhra and Mysore as granted the pension and partly in one or both of the other two States, such other State or each of such other States, as the case may be, shall reimburse the State by which the pension is granted an amount which bears to the portion of the pension of such officer attributable to his service after the appointed day the same ratio as the period of qualifying service of that officer after the appointed day under the State bears to the total qualifying service of such officer after the appointed day reckoned for the purposes of pension.

Explanation.—Any reference in this paragraph to pension shall be construed as including a reference to the commuted value of such pensions.

18. If and in so far as any item in suspense is ultimately found to affect an asset or liability of the nature referred to in the foregoing paragraphs, it shall be dealt with in accordance with provisions of the relevant paragraph.

19. The benefit or burden of any assets or liabilities not dealt with in the foregoing paragraphs or in section 48 or section 49 or section 50 or section 66 shall be apportioned between the State of Madras and the States of Andhra and Mysore in such manner as the President may by order direct:

Provided that nothing in this paragraph shall be taken as prohibiting the apportionment of such benefit or burden in any other manner if the States concerned so agree.