

**UNION DUTIES OF EXCISE (ELECTRICITY) DISTRIBUTION
ACT, 1980**

14 of 1980

[25th March, 1980]

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STATEMENT OF OBJECTS AND REASONS During each of the financial years from 1974-75 to 1978-79, based on the recommendations of the Sixth Finance Commission, a sum equivalent to twenty per cent of the annual net proceeds of Union duties of excise, excluding cases levied under special Acts and earmarked for special purposes, was paid to the States and distributed among them in the percentages which that commission had recommended. The Seventh Finance Commission, in its Report, 1978, recommended that- (i) forty per cent of the net proceeds of Union duties of excise, other than on generation of electricity, levied and collected during each of the years 1979-80 to 1983-84, excluding cesses levied under special Acts and earmarked for special purposes, should be paid out of the Consolidated Fund of India to the States and distributed among them in the percentages recommended by the commission; and (ii) during each of the years 1979-80 to 1983-84, the net proceeds of the Union duties of excise on generation of electricity should be paid out of the Consolidated Fund of India to each State in an amount equal to the

collection in or attributable to that State. The Union Duties of Excise Distribution Act 1979, to give effect to item (i) of the above re- commendation of the commission, has already been enacted by Parliament in May, 1979. In making its recommendation at item (ii) above, the Seventh Finance Commission had also taken note of the State-wise estimates of revenues. net of cost of collection, from Union duty of excise on electricity in each of the five years from 1979-80 to 1983-84, based on the anticipated energy availability in each State as contained in the Tenth Annual Power Survey. The Bill which seeks to give effect to item (ii) of the above recommendation, provides for the dis- tribution of the net proceeds of the duty among the States in the same percentages, in the respec- tive year, as th® commission has relied upon. -Gaz. of Ind. 12-3-1980 Pt. II, S. 2, Ext., p. 114.

1. Short title and commencement :-

(1) This Act may be called THE UNION DUTIES OÆXCISE (ELECTRICITY) DISTRIBUTION ACT, 1980.

(2) It shall be deemed to have come into force on the 1st day of April, 1979.

2. Definition :-

In this Act, the expression "distributable Union duties of excise on electricity" means the net proceeds of Union duties of excise on electricity levied and collected, other than in Union territories, under Central Excises and Salt Act, 1944 and any other law for the levy and collection of such duty, unless the law earmarks the proceeds of the duty for any special purpose. Explanation.- The expression "net proceeds" has the same meaning as in clause (1) of Article 279 of the Constitution.

3. Payment to States of sums equivalent to tlie net proceeds of Union duties of excise on electricity and provisional distribution of the sums among them :-

¹ .- During the financial year commencing on the 1st day of April, 1984, there shall be paid, out of the Consolidated Fund of India to the States sums equivalent to the distributable Union duties of excise on electricity levied and collected in that year and those sums shall be distributed provisionally to each of the States specified in column (1) of the Table below in such percentage as is set out against it in. column (2). TABLE

1. Substituted by the Union Duties of Excise (Electricity)

Distribution (Amendment) Act, 1984 (28 of 1984), S. 3 (1-4-1984).

4. Payment to be charged on the Consolidated Fund of India

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The expenditure on the payments in pursuance of section 3 shall be charged on the Consolidated Fund of India.

5. Power to make rules :-

(1) The Central Government may, by notification in the Official Gazette, make rules providing for the time at which and the manner in which any payments under this Act are to be made, for the making of adjustments between one financial year and another and for any other incidental or ancillary matters.

(2) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under this rule.