PART XII
FINANCE, PROPERTY, CONTRACTS AND SUITS

CHAPTER I.—FINANCE

General

1[264. In this Part, “Finance Commission” means a Finance Commission constituted under article 280.]

265. No tax shall be levied or collected except by authority of law.

266. (1) Subject to the provisions of article 267 and to the provisions of this Chapter with respect to the assignment of the whole or part of the net proceeds of certain taxes and duties to States, all revenues received by the Government of India, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled “the Consolidated Fund of India”, and all revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled “the Consolidated Fund of the State”.

(2) All other public moneys received by or on behalf of the Government of India or the Government of a State shall be credited to the public account of India or the public account of the State, as the case may be.

(3) No moneys out of the Consolidated Fund of India or the Consolidated Fund of a State shall be appropriated except in accordance with law and for the purposes and in the manner provided in this Constitution.

1Subs. by the Constitution (Seventh Amendment) Act, 1956, s. 29 and Sch., for art. 264.
(Part XII.—Finance, Property, Contracts and Suits.—
Arts. 267-268.)

267. (1) Parliament may by law establish a Contingency Fund in the nature of an imprest to be entitled “the Contingency Fund of India” into which shall be paid from time to time such sums as may be determined by such law, and the said Fund shall be placed at the disposal of the President to enable advances to be made by him out of such Fund for the purposes of meeting unforeseen expenditure pending authorisation of such expenditure by Parliament by law under article 115 or article 116.

(2) The Legislature of a State may by law establish a Contingency Fund in the nature of an imprest to be entitled “the Contingency Fund of the State” into which shall be paid from time to time such sums as may be determined by such law, and the said Fund shall be placed at the disposal of the Governor of the State to enable advances to be made by him out of such Fund for the purposes of meeting unforeseen expenditure pending authorisation of such expenditure by the Legislature of the State by law under article 205 or article 206.

Distribution of Revenues between the Union and the States

268. (1) Such stamp duties and such duties of excise on medicinal and toilet preparations as are mentioned in the Union List shall be levied by the Government of India but shall be collected—

(a) in the case where such duties are leviable within any [Union territory], by the Government of India, and

(b) in other cases, by the States within which such duties are respectively leviable.

1The words “or Rajpramukh” omitted by the Constitution (Seventh Amendment) Act, 1956, s. 29 and Sch.
2Subs. by s. 29 and Sch., ibid., for “State specified in Part C of the First Schedule”.
(2) The proceeds in any financial year of any such duty leviable within any State shall not form part of the Consolidated Fund of India, but shall be assigned to that State.

*[268A. (1) Taxes on services shall be levied by the Government of India and such tax shall be collected and appropriated by the Government of India and the States in the manner provided in clause (2).

(2) The proceeds in any financial year of any such tax levied in accordance with the provisions of clause (1) shall be—

(a) collected by the Government of India and the States;

(b) appropriated by the Government of India and the States,
in accordance with such principles of collection and appropriation as may be formulated by Parliament by law.]*

269. 1[(1) Taxes on the sale or purchase of goods and taxes on the consignment of goods shall be levied and collected by the Government of India but shall be assigned and shall be deemed to have been assigned to the States on or after the 1st day of April, 1996 in the manner provided in clause (2).

Explanation.—For the purposes of this clause,—

(a) the expression “taxes on the sale or purchase of goods” shall mean taxes on sale or purchase of goods other than newspapers, where such sale or purchase takes place in the course of inter-State trade or commerce;

(b) the expression “taxes on the consignment of goods” shall mean taxes on the consignment of goods (whether the consignment is to the person making it or to any other person), where such consignment takes place in the course of inter-State trade or commerce.

*Ins. by the Constitution (Eighty-eighth Amendment) Act, 2003, s. 2 (which is yet not in force, date to be notified later on).

1Subs. by the Constitution (Eightieth Amendment) Act, 2000, s. 2, for cls. (1) and (2).
(Part XII.—Finance, Property, Contracts and Suits.—
Arts. 269-270.)

(2) The net proceeds in any financial year of any such
tax, except in so far as those proceeds represent proceeds
attributable to Union territories, shall not form part of the
Consolidated Fund of India, but shall be assigned to the
States within which that tax is leviable in that year, and
shall be distributed among those States in accordance
with such principles of distribution as may be formulated
by Parliament by law.]

[1][3] Parliament may by law formulate principles for
determining when a [2][sale or purchase of, or consignment
of, goods] takes place in the course of inter-State trade or
commerce.]

[3][270. (1) All taxes and duties referred to in the Union
List, except the duties and taxes referred to in articles
[1][268 and 269], respectively, surcharge on taxes and duties
referred to in article 271 and any cess levied for specific
purposes under any law made by Parliament shall be
levied and collected by the Government of India and
shall be distributed between the Union and the States in
the manner provided in clause (2).

(2) Such percentage, as may be prescribed, of the net
proceeds of any such tax or duty in any financial year
shall not form part of the Consolidated Fund of India,
but shall be assigned to the States within which that tax
or duty is leviable in that year, and shall be distributed
among those States in such manner and from such time
as may be prescribed in the manner provided in
clause (3).

(3) In this article, “prescribed” means,—

(i) until a Finance Commission has been
constituted, prescribed by the President by order,
and

(ii) after a Finance Commission has been
constituted, prescribed by the President by order
after considering the recommendations of the
Finance Commission.]

1Ins. by the Constitution (Sixth Amendment) Act, 1956, s. 3.
2Subs by the Constitution (Forty-sixth Amendment) Act, 1982, s. 2, for “sale or purchase
of goods”.
3Subs. by the Constitution (Eightieth Amendment) Act, 2000, s. 3, for art. 270 (w.e.f.
1-4-1996).
4The words and figures in brackets shall stand substituted as “articles 268, 268A and
269” by the Constitution (Eighty-eighth Amendment) Act, 2003, s. 3 (which is yet not in
force, date to be notified later on).
271. Notwithstanding anything in articles 269 and 270, Parliament may at any time increase any of the duties or taxes referred to in those articles by a surcharge for purposes of the Union and the whole proceeds of any such surcharge shall form part of the Consolidated Fund of India.

272. [Taxes which are levied and collected by the Union and may be distributed between the Union and the States.] Rep. by the Constitution (Eightieth Amendment) Act, 2000, s. 4.

273. (1) There shall be charged on the Consolidated Fund of India in each year as grants-in-aid of the revenues of the States of Assam, Bihar, Orissa and West Bengal, in lieu of assignment of any share of the net proceeds in each year of export duty on jute and jute products to those States, such sums as may be prescribed.

(2) The sums so prescribed shall continue to be charged on the Consolidated Fund of India so long as any export duty on jute or jute products continues to be levied by the Government of India or until the expiration of ten years from the commencement of this Constitution whichever is earlier.

(3) In this article, the expression “prescribed” has the same meaning as in article 270.

274. (1) No Bill or amendment which imposes or varies any tax or duty in which States are interested, or which varies the meaning of the expression “agricultural income” as defined for the purposes of the enactments relating to Indian income-tax, or which affects the principles on which under any of the foregoing provisions of this Chapter moneys are or may be distributable to States, or which imposes any such surcharge for the purposes of the Union as is mentioned in the foregoing provisions of this Chapter, shall be introduced or moved in either House of Parliament except on the recommendation of the President.

(2) In this article, the expression “tax or duty in which States are interested” means—

(a) a tax or duty the whole or part of the net proceeds whereof are assigned to any State; or
(b) a tax or duty by reference to the net proceeds whereof sums are for the time being payable out of the Consolidated Fund of India to any State.

275. (1) Such sums as Parliament may by law provide shall be charged on the Consolidated Fund of India in each year as grants-in-aid of the revenues of such States as Parliament may determine to be in need of assistance, and different sums may be fixed for different States:

Provided that there shall be paid out of the Consolidated Fund of India as grants-in-aid of the revenues of a State such capital and recurring sums as may be necessary to enable that State to meet the costs of such schemes of development as may be undertaken by the State with the approval of the Government of India for the purpose of promoting the welfare of the Scheduled Tribes in that State or raising the level of administration of the Scheduled Areas therein to that of the administration of the rest of the areas of that State:

Provided further that there shall be paid out of the Consolidated Fund of India as grants-in-aid of the revenues of the State of Assam sums, capital and recurring, equivalent to—

(a) the average excess of expenditure over the revenues during the two years immediately preceding the commencement of this Constitution in respect of the administration of the tribal areas specified in \(^1[\text{Part I}]\) of the table appended to paragraph 20 of the Sixth Schedule; and

(b) the costs of such schemes of development as may be undertaken by that State with the approval of the Government of India for the purpose of raising

---

\(^1\)Subs. by the North-Eastern Areas (Reorganisation) Act, 1971 (81 of 1971), s. 71, for “Part A” (w.e.f. 21-1-1972).
the level of administration of the said areas to that of
the administration of the rest of the areas of that
State.

1[(1A) On and from the formation of the autonomous
State under article 244A,—

(i) any sums payable under clause (a) of the
second proviso to clause (1) shall, if the
autonomous State comprises all the tribal areas
referred to therein, be paid to the autonomous State,
and, if the autonomous State comprises only some
of those tribal areas, be apportioned between the
State of Assam and the autonomous State as the
President may, by order, specify;

(ii) there shall be paid out of the Consolidated
Fund of India as grants-in-aid of the revenues of
the autonomous State sums, capital and recurring,
equivalent to the costs of such schemes of
development as may be undertaken by the
autonomous State with the approval of the
Government of India for the purpose of raising
the level of administration of that State to that
of the administration of the rest of the State of
Assam.]

(2) Until provision is made by Parliament under
clause (1), the powers conferred on Parliament under
that clause shall be exercisable by the President by order
and any order made by the President under this clause
shall have effect subject to any provision so made by
Parliament:

Provided that after a Finance Commission has been
constituted no order shall be made under this clause
by the President except after considering the
recommendations of the Finance Commission.

1Ins. by the Constitution (Twenty-second Amendment) Act, 1969, s. 3.
276. (1) Notwithstanding anything in article 246, no law of the Legislature of a State relating to taxes for the benefit of the State or of a municipality, district board, local board or other local authority therein in respect of professions, trades, callings or employments shall be invalid on the ground that it relates to a tax on income.

(2) The total amount payable in respect of any one person to the State or to any one municipality, district board, local board or other local authority in the State by way of taxes on professions, trades, callings and employments shall not exceed \[\text{two thousand and five hundred rupees}\] per annum.

(3) The power of the Legislature of a State to make laws as aforesaid with respect to taxes on professions, trades, callings and employments shall not be construed as limiting in any way the power of Parliament to make laws with respect to taxes on income accruing from or arising out of professions, trades, callings and employments.

277. Any taxes, duties, cesses or fees which, immediately before the commencement of this Constitution, were being lawfully levied by the Government of any State or by any municipality or other local authority or body for the purposes of the State, municipality, district or other local area may, notwithstanding that those taxes, duties, cesses or fees are mentioned in the Union List, continue to be levied and to be applied to the same purposes until provision to the contrary is made by Parliament by law.

278. [Agreement with States in Part B of the First Schedule with regard to certain financial matters.] Rep. by the Constitution (Seventh Amendment) Act, 1956, s. 29 and Sch.
279. (1) In the foregoing provisions of this Chapter, “net proceeds” means in relation to any tax or duty the proceeds thereof reduced by the cost of collection, and for the purposes of those provisions the net proceeds of any tax or duty, or of any part of any tax or duty, in or attributable to any area shall be ascertained and certified by the Comptroller and Auditor-General of India, whose certificate shall be final.

(2) Subject as aforesaid, and to any other express provision of this Chapter, a law made by Parliament or an order of the President may, in any case where under this Part the proceeds of any duty or tax are, or may be, assigned to any State, provide for the manner in which the proceeds are to be calculated, for the time from or at which and the manner in which any payments are to be made, for the making of adjustments between one financial year and another, and for any other incidental or ancillary matters.

280. (1) The President shall, within two years from the commencement of this Constitution and thereafter at the expiration of every fifth year or at such earlier time as the President considers necessary, by order constitute a Finance Commission which shall consist of a Chairman and four other members to be appointed by the President.

(2) Parliament may by law determine the qualifications which shall be requisite for appointment as members of the Commission and the manner in which they shall be selected.

(3) It shall be the duty of the Commission to make recommendations to the President as to—

(a) the distribution between the Union and the States of the net proceeds of taxes which are to be, or may be, divided between them under this Chapter and the allocation between the States of the respective shares of such proceeds;

(b) the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India;
1[(bb) the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Panchayats in the State on the basis of the recommendations made by the Finance Commission of the State;]

2[(c) the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Municipalities in the State on the basis of the recommendations made by the Finance Commission of the State;]

3[(d)] any other matter referred to the Commission by the President in the interests of sound finance.

(4) The Commission shall determine their procedure and shall have such powers in the performance of their functions as Parliament may by law confer on them.

281. The President shall cause every recommendation made by the Finance Commission under the provisions of this Constitution together with an explanatory memorandum as to the action taken thereon to be laid before each House of Parliament.

Miscellaneous Financial Provisions

282. The Union or a State may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which Parliament or the Legislature of the State, as the case may be, may make laws.

283. (1) The custody of the Consolidated Fund of India and the Contingency Fund of India, the payment of moneys into such Funds, the withdrawal of moneys therefrom, the custody of public moneys other than those credited to such Funds received by or on behalf of the Government of India, their payment into the public account of India and the withdrawal of moneys from such account and all other matters connected with or

1Ins. by the Constitution (Seventy-third Amendment) Act, 1992, s. 3 (w.e.f. 24-4-1993).
2Ins. by the Constitution (Seventy-fourth Amendment) Act, 1992, s. 3 (w.e.f. 1-6-1993).
3Sub-clause (c) re-lettered as sub-clause (d) by s. 3, ibid. (w.e.f. 1-6-1993).
ancillary to matters aforesaid shall be regulated by law
made by Parliament, and, until provision in that behalf
is so made, shall be regulated by rules made by the
President.

(2) The custody of the Consolidated Fund of a State
and the Contingency Fund of a State, the payment of
moneys into such Funds, the withdrawal of moneys
therefrom, the custody of public moneys other than those
credited to such Funds received by or on behalf of the
Government of the State, their payment into the public
account of the State and the withdrawal of moneys from
such account and all other matters connected with or
ancillary to matters aforesaid shall be regulated by law
made by the Legislature of the State, and, until provision
in that behalf is so made, shall be regulated by rules
made by the Governor \(^1\) of the State.

284. All moneys received by or deposited with—

(a) any officer employed in connection with the
affairs of the Union or of a State in his capacity as
such, other than revenues or public moneys raised
or received by the Government of India or the
Government of the State, as the case may be, or

(b) any court within the territory of India to the
credit of any cause, matter, account or persons,
shall be paid into the public account of India or the
public account of State, as the case may be.

285. (1) The property of the Union shall, save in so
far as Parliament may by law otherwise provide, be exempt
from all taxes imposed by a State or by any authority
within a State.

(2) Nothing in clause (1) shall, until Parliament by
law otherwise provides, prevent any authority within a
State from levying any tax on any property of the Union
to which such property was immediately before the
commencement of this Constitution liable or treated as
liable, so long as that tax continues to be levied in that
State.

\(^1\) The words “or Rajpramukh” omitted by the Constitution (Seventh Amendment) Act, 1956, s. 29 and Sch.
(1) No law of a State shall impose, or authorise the imposition of, a tax on the sale or purchase of goods where such sale or purchase takes place—

(a) outside the State; or

(b) in the course of the import of the goods into, or export of the goods out of, the territory of India.

(2) Parliament may by law formulate principles for determining when a sale or purchase of goods takes place—

(a) a tax on the sale or purchase of goods declared by Parliament by law to be of special importance in inter-State trade or commerce; or

(b) a tax on the sale or purchase of goods, being a tax of the nature referred to in sub-clause (a) of sub-clause (c) or sub-clause (d) of clause (29A) of article 366,

be subject to such restrictions and conditions in regard to the system of levy, rates and other incidents of the tax as Parliament may by law specify.

(3) Any law of a State shall, in so far as it imposes, or authorises the imposition of—

(a) a tax on the sale or purchase of goods declared by Parliament by law to be of special importance in inter-State trade or commerce; or

(b) a tax on the sale or purchase of goods, being a tax of the nature referred to in sub-clause (a) of sub-clause (c) or sub-clause (d) of clause (29A) of article 366,
company for consumption in the construction, maintenance or operation of any railway, and any such law imposing, or authorising the imposition of, a tax on the sale of electricity shall secure that the price of electricity sold to the Government of India for consumption by that Government, or to any such railway company as aforesaid for consumption in the construction, maintenance or operation of any railway, shall be less by the amount of the tax than the price charged to other consumers of a substantial quantity of electricity.

288. (1) Save in so far as the President may by order otherwise provide, no law of a State in force immediately before the commencement of this Constitution shall impose, or authorise the imposition of, a tax in respect of any water or electricity stored, generated, consumed, distributed or sold by any authority established by any existing law or any law made by Parliament for regulating or developing any inter-State river or river-valley.

Explanation.—The expression “law of a State in force” in this clause shall include a law of a State passed or made before the commencement of this Constitution and not previously repealed, notwithstanding that it or parts of it may not be then in operation either at all or in particular areas.

(2) The Legislature of a State may by law impose, or authorise the imposition of, any such tax as is mentioned in clause (1), but no such law shall have any effect unless it has, after having been reserved for the consideration of the President, received his assent; and if any such law provides for the fixation of the rates and other incidents of such tax by means of rules or orders to be made under the law by any authority, the law shall provide for the previous consent of the President being obtained to the making of any such rule or order.

289. (1) The property and income of a State shall be exempt from Union taxation.

(2) Nothing in clause (1) shall prevent the Union from imposing, or authorising the imposition of, any tax to such extent, if any, as Parliament may by law provide
in respect of a trade or business of any kind carried on by, or on behalf of, the Government of a State, or any operations connected therewith, or any property used or occupied for the purposes of such trade or business, or any income accruing or arising in connection therewith.

(3) Nothing in clause (2) shall apply to any trade or business, or to any class of trade or business, which Parliament may by law declare to be incidental to the ordinary functions of Government.

290. Where under the provisions of this Constitution the expenses of any court or Commission, or the pension payable to or in respect of a person who has served before the commencement of this Constitution under the Crown in India or after such commencement in connection with the affairs of the Union or of a State, are charged on the Consolidated Fund of India or the Consolidated Fund of a State, then, if—

(a) in the case of a charge on the Consolidated Fund of India, the court or Commission serves any of the separate needs of a State, or the person has served wholly or in part in connection with the affairs of a State; or

(b) in the case of a charge on the Consolidated Fund of a State, the court or Commission serves any of the separate needs of the Union or another State, or the person has served wholly or in part in connection with the affairs of the Union or another State,

there shall be charged on and paid out of the Consolidated Fund of the State or, as the case may be, the Consolidated Fund of India or the Consolidated Fund of the other State, such contribution in respect of the expenses or pension as may be agreed, or as may in default of agreement be determined by an arbitrator to be appointed by the Chief Justice of India.

1[290A. A sum of forty-six lakhs and fifty thousand rupees shall be charged on, and paid out of, the Consolidated Fund of the State of Kerala every year to

Adjustment in respect of certain expenses and pensions.

Annual payment to certain Devaswom Funds.

1Ins. by the Constitution (Seventh Amendment) Act, 1956, s. 19.
the Travancore Devaswom Fund; and a sum of thirteen lakhs and fifty thousand rupees shall be charged on, and paid out of, the Consolidated Fund of the State of [Tamil Nadu] every year to the Devaswom Fund established in that State for the maintenance of Hindu temples and shrines in the territories transferred to that State on the 1st day of November, 1956, from the State of Travancore-Cochin.]


CHAPTER II.—BORROWING

292. The executive power of the Union extends to borrowing upon the security of the Consolidated Fund of India within such limits, if any, as may from time to time be fixed by Parliament by law and to the giving of guarantees within such limits, if any, as may be so fixed.

293. (1) Subject to the provisions of this article, the executive power of a State extends to borrowing within the territory of India upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by the Legislature of such State by law and to the giving of guarantees within such limits, if any, as may be so fixed.

(2) The Government of India may, subject to such conditions as may be laid down by or under any law made by Parliament, make loans to any State or, so long as any limits fixed under article 292 are not exceeded, give guarantees in respect of loans raised by any State, and any sums required for the purpose of making such loans shall be charged on the Consolidated Fund of India.

(3) A State may not without the consent of the Government of India raise any loan if there is still outstanding any part of a loan which has been made to the State by the Government of India or by its predecessor Government, or in respect of which a guarantee has been given by the Government of India or by its predecessor Government.

1Subs. by the Madras State (Alteration of Name) Act, 1968 (53 of 1968), s. 4, for “Madras” (w.e.f. 14-1-1969).
(Part XII.—Finance, Property, Contracts and Suits.—
   Arts. 293—295.)

(4) A consent under clause (3) may be granted subject
to such conditions, if any, as the Government of India
may think fit to impose.

CHAPTER III.—PROPERTY, CONTRACTS, RIGHTS,
   LIABILITIES, OBLIGATIONS AND SUITS

294. As from the commencement of this
Constitution—

   (a) all property and assets which immediately
before such commencement were vested in His
Majesty for the purposes of the Government of the
Dominion of India and all property and assets which
immediately before such commencement were vested
in His Majesty for the purposes of the Government
of each Governor’s Province shall vest respectively
in the Union and the corresponding State, and

   (b) all rights, liabilities and obligations of the
Government of the Dominion of India and of the
Government of each Governor’s Province, whether
arising out of any contract or otherwise, shall be the
rights, liabilities and obligations respectively of the
Government of India and the Government of each
corresponding State,

subject to any adjustment made or to be made by reason
of the creation before the commencement of this
Constitution of the Dominion of Pakistan or of the
Provinces of West Bengal, East Bengal, West Punjab and
East Punjab.

295. (1) As from the commencement of this
Constitution—

   (a) all property and assets which immediately
before such commencement were vested in any
Indian State corresponding to a State specified in
Part B of the First Schedule shall vest in the Union,
if the purposes for which such property and assets
were held immediately before such commencement
will thereafter be purposes of the Union relating to
any of the matters enumerated in the Union List, and

Succession to property, assets, rights, liabilities
and obligations in certain cases.
(b) all rights, liabilities and obligations of the Government of any Indian State corresponding to a State specified in Part B of the First Schedule, whether arising out of any contract or otherwise, shall be the rights, liabilities and obligations of the Government of India, if the purposes for which such rights were acquired or liabilities or obligations were incurred before such commencement will thereafter be purposes of the Government of India relating to any of the matters enumerated in the Union List, subject to any agreement entered into in that behalf by the Government of India with the Government of that State.

(2) Subject as aforesaid, the Government of each State specified in Part B of the First Schedule shall, as from the commencement of this Constitution, be the successor of the Government of the corresponding Indian State as regards all property and assets and all rights, liabilities and obligations, whether arising out of any contract or otherwise, other than those referred to in clause (1).

296. Subject as hereinafter provided, any property in the territory of India which, if this Constitution had not come into operation, would have accrued to His Majesty or, as the case may be, to the Ruler of an Indian State by escheat or lapse, or as bona vacantia for want of a rightful owner, shall, if it is property situate in a State, vest in such State, and shall, in any other case, vest in the Union:

Provided that any property which at the date when it would have so accrued to His Majesty or to the Ruler of an Indian State was in the possession or under the control of the Government of India or the Government of a State shall, according as the purposes for which it was then used or held were purposes of the Union or of a State, vest in the Union or in that State.

Explanation.—In this article, the expressions “Ruler” and “Indian State” have the same meanings as in article 363.
1[297. (1) All lands, minerals and other things of value underlying the ocean within the territorial waters, or the continental shelf, or the exclusive economic zone, of India shall vest in the Union and be held for the purposes of the Union.

(2) All other resources of the exclusive economic zone of India shall also vest in the Union and be held for the purposes of the Union.

(3) The limits of the territorial waters, the continental shelf, the exclusive economic zone, and other maritime zones, of India shall be such as may be specified, from time to time, by or under any law made by Parliament.]

2[298. The executive power of the Union and of each State shall extend to the carrying on of any trade or business and to the acquisition, holding and disposal of property and the making of contracts for any purpose:

Provided that—

(a) the said executive power of the Union shall, in so far as such trade or business or such purpose is not one with respect to which Parliament may make laws, be subject in each State to legislation by the State; and

(b) the said executive power of each State shall, in so far as such trade or business or such purpose is not one with respect to which the State Legislature may make laws, be subject to legislation by Parliament.]

299. (1) All contracts made in the exercise of the executive power of the Union or of a State shall be expressed to be made by the President, or by the Governor of the State, as the case may be, and all such contracts and all assurances of property made in the exercise of that power shall be executed on behalf of

---

1Subs. by the Constitution (Fortieth Amendment) Act, 1976, s. 2, for art. 297 (w.e.f. 27-5-1976).
2Subs. by the Constitution (Seventh Amendment) Act, 1956, s. 20, for art. 298.
3The words “or the Rajpramukh” omitted by s. 29 and Sch., ibid.
(Part XII.—Finance, Property, Contracts and Suits.—
Arts. 299—300A.)

the President or the Governor\(^1\) by such persons and in
such manner as he may direct or authorise.

(2) Neither the President nor the Governor\(^2\) shall
be personally liable in respect of any contract or assurance
made or executed for the purposes of this Constitution,
or for the purposes of any enactment relating to the
Government of India heretofore in force, nor shall any
person making or executing any such contract or
assurance on behalf of any of them be personally liable
in respect thereof.

300. (1) The Government of India may sue or be sued
by the name of the Union of India and the Government
of a State may sue or be sued by the name of the State and
may, subject to any provisions which may be made by
Act of Parliament or of the Legislature of such State
enacted by virtue of powers conferred by this Constitution,
sue or be sued in relation to their respective affairs in the
like cases as the Dominion of India and the corresponding
Provinces or the corresponding Indian States might have
sued or been sued if this Constitution had not been
enacted.

(2) If at the commencement of this Constitution—

\((a)\) any legal proceedings are pending to which
the Dominion of India is a party, the Union of India
shall be deemed to be substituted for the Dominion
in those proceedings; and

\((b)\) any legal proceedings are pending to which a
Province or an Indian State is a party, the
corresponding State shall be deemed to be substituted
for the Province or the Indian State in those
proceedings.

\(^3\)[CHAPTER IV.—RIGHT TO PROPERTY

300A. No person shall be deprived of his property
save by authority of law.]

\(^1\)The words “or the Rajpramukh” omitted by the Constitution (Seventh Amendment) Act, 1956, s. 29 and Sch.
\(^2\)The words “nor the Rajpramukh” omitted by s. 29 and Sch., \textit{ibid}.
\(^3\)Ins. by the Constitution (Forty-fourth Amendment) Act, 1978, s. 34 (w.e.f. 20-6-1979).