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REPORT
OF
THE ELEVENTH FINANCE COMMISSION

(FOR 2000-2005)

JUNE, 2000

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Introduction

1.1 The Finance Commission was constituted by an Order of the President [SO No.557 (E) dated July 3, 1998], which read as follows:

"In pursuance of the provisions of article 280 of the Constitution of India, and of the Finance Commission (Miscellaneous Provisions) Act, 1951 (33 of 1951), the President is pleased to constitute a Finance Commission consisting of Prof. A.M. Khusro, former Ambassador and Vice-Chancellor, as the Chairman and the following four other Members, namely:-

1.	Shri N.C. Jain, former Advocate General of Madhya Pradesh	-	Member
2.	Shri J.C. Jetly, IAS (Retd.), former Secretary to Government of India	-	Member
3.	Dr. Amaresh Bagchi, former Director of the National Institute of Public Finance and Policy	-	Member
4.	Shri T.N. Srivastava, IAS	-	Member-Secretary

2. The Chairman and the other Members of the Commission shall hold office from the date on which they respectively assume office up to the 31st day of December, 1999.

3. The Commission shall make recommendations as to the following matters:-

(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 Chapter 1 of Part XII of the Constitution 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 and the sums to be paid to the States which are in need of assistance by way of grants-in-aid of their revenues under article 275 of the Constitution for purposes other than those specified in the provisos to clause (1) of that article;

(c) 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;

(d) 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.

4. The Commission shall review the state of the finances of the Union and the States and suggest ways and means by which the governments, collectively and severally, may bring about a restructuring of the public finances so as to restore budgetary balance and maintain macro economic stability.

5. In making its recommendations, the Commission shall have regard, among other considerations, to:-

(i) the resources of the Central Government and the demands thereon, in particular, on account of expenditure on civil administration, defence and border security, debt-servicing and other committed expenditure or liabilities;

(ii) revenue resources of the States for the five years commencing on 1st April, 2000, on the basis of the levels of taxation possible to be reached in 1998-99, targets set for additional resources mobilisation for the Plan and the potential for raising additional taxes;

(iii) the requirement of the States for meeting the Plan and non-Plan revenue expenditure; keeping in view the need for generating surplus for capital investment and reducing fiscal deficit;

(iv) the maintenance and upkeep of capital assets and maintenance expenditure of plan schemes to be completed by 31st March, 2000 and the norms on the basis of which specified amounts are recommended for the maintenance of the capital assets and the manner of monitoring such expenditure;

(v) the requirements of States for upgradation of standards in non-developmental and social sectors and services particularly of States which are backward in general administration with a view to modernise and rationalise the administrative set up in the interest of speed, efficiency and sound fiscal management;

(vi) the need for ensuring reasonable returns on investment by the States in irrigation projects, power projects, state transport undertakings, departmental commercial undertakings, public sector enterprises, etc.;

(vii) such provisions for emoluments and terminal benefits of Government employees including teachers and other employees of aided institutions as obtaining on a specified date as the Commission deems it proper and with reference to appropriate objective criteria rather than in terms of actual increases that may have been given effect to;

(viii) the scope for better fiscal management consistent with efficiency and economy in expenditure including the incentives that need to be provided for better realisations of tax and non-tax revenue.

6. In the case of local bodies -

(a) the commission shall take into account the recommendations of the State Finance Commissions; and

(b) where the State Finance Commissions have not been constituted as yet, or have not submitted their report giving recommendations, the Commission will make its own assessment about the manner and extent of augmentation of Consolidated Fund of the State to supplement the resources of the Panchayats and Municipalities in the State. While making such assessment, the Commission —

(i) shall take into account the provisions required to be made for the emoluments and terminal benefits of the employees of local bodies including those of teachers;

(ii) shall take into account the existing powers of the Panchayats and Municipalities to raise financial resources including those by way of raising additional taxes by the Panchayats and Municipalities; and

(iii) the powers, authority and responsibility transferred to Panchayats and Municipalities under Article 243 G and 243 W of the constitution read with Schedules Eleven and Twelve.

7. The commission may suggest changes, if any, to be made in the principles governing the distribution amongst the states of—

(a) the net proceeds in any financial year of the additional duties of excise leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957) in lieu of the sales tax levied formerly by the State Governments, and

(b) the grants to be made available to the States in lieu of the tax under the repealed Railway Passenger Fares Tax Act, 1957 (25 of 1957).

8. In making its recommendations on the various matters aforesaid, the Commission shall adopt the population figures of 1971 in all cases where population is regarded as a factor for determination of devolution of taxes and duties and grants-in-aid.

9. The Commission may make an assessment of the debt position of the States as on 31st day of March, 1999 and suggest such corrective measures as are deemed necessary, keeping in view the long term sustainability for both the Centre and the States.

10. The Commission may review the present scheme of Calamity Relief Fund and may make appropriate recommendations thereon.

11. The Commission shall make its report available by the 31st day of December, 1999 on each of the matters aforesaid, covering a period of five years commencing on the 1st day of April, 2000.

12. The Commission shall indicate the basis on which it has arrived at its findings and make available the State-wise estimates of receipts and expenditure."

1.2 The Chairman and all the Members including the Member Secretary served the Commission on a full time basis for the entire period.

1.3 The Commission started its work as soon as its appointment was notified. Chairman wrote letters to the Chief Ministers of the States and various other eminent persons seeking their views on the terms of reference (ToR) of the Commission. The Member Secretary wrote letters to the Chief Secretaries of the States and the Secretaries of the Union Government to give their views on the ToR and on any issue, pertaining to their Ministries and Departments. The State Chief Secretaries were also requested to send their forecast of the revenue receipts and expenditure for each of the five years commencing from the financial year 2000-01 to 2004-05. Constant interaction with the State Governments helped in expediting the flow of information which enabled the Commission to start the visits of the States from January, 1999 for holding discussions. However, the process was disrupted due to the premature dissolution of the Lok Sabha in April, 1999 and consequential declaration of elections which were held in September/October, 1999. Unavoidably, the Commission, had to make a request for an extension of time for submission of report. The President was pleased to grant this extension up to 30th June, 2000 and further directed that the Commission will give an interim report by 15thJanuary, 2000 for enabling provisional arrangements to be made for devolution of share in the Central taxes and other grants-in-aid to the States during the year commencing April 1, 2000. A copy of this Order is at Annexure I.1. The Commission, accordingly, submitted its Interim Report, as required, to the President on January 15, 2000. A copy of this Report is at Appendix I.1.

1.4 The Commission issued a Press Note in the month of August, 1998 inviting the general public to give their views on the issues before the Commission. A number of institutions and individuals submitted their representations and memoranda, a list of which is given in Annexure I.2 and I.2A. The Commission held discussions with some of these persons at its headquarters in New Delhi and during its visits to various States.

1.5 The Comptroller and Auditor General of India (C&AG), at our request, issued instructions to the Accountants General of the States to furnish information and data relating to our work and to assist us, as and when required. Our discussions with the Accountants General, during our visits to the States, have been very helpful in forming our views about the budgetary position of the States. We are thankful to them for the assistance extended to us.

1.6 The Commission started the process of consultation with the States by holding a Conference of State Finance Ministers on September 2, 1998. Since this Commission was required to make recommendations, for the first time, for the augmentation of the Consolidated Fund of the States for the supplementation of resources of panchayats and municipalities, conferences of State Ministers in charge of panchayats and municipalities were separately held on September 9, 1998 and September 16, 1998 respectively. The discussions in these Conferences were useful in focussing attention to the core issues in the ToR relating to the local bodies and helped in expediting the submission of information, memoranda and the forecast from the States. On the suggestion made in the conference of the State Finance Ministers, a separate meeting of the Finance Ministers of the special category States, namely, Arunachal Pradesh, Assam, Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura was held on November 11, 1998 to discuss the peculiar problems of these States and the difficulties that they face in generating and harnessing their own financial and physical resources.

1.7 This Commission, for the first time, was required to review the state of the finances of the Union and the States and suggest ways and means by which the governments, collectively and severally, may bring about restructuring of the public finances so as to restore budgetary balance and maintain macro economic stability. We felt that consultations with economists and economic administrators would be essential for defining the scope of this term of reference for the purpose of making recommendations. Accordingly, the Commission held two meetings of the economists and economic administrators on August 26, 1998 and December 4, 1998. A list of those who participated in these meetings is given in Annexure I.3.

1.8 We held a couple of meetings with the Deputy Chairman, Planning Commission and Members of the Planning Commission. Our Member Secretary had interactions with the Secretary, Planning Commission separately. The interaction helped us in getting an idea of the perception of the Planning Commission on the availability of financial resources and developmental needs (Annexure I.3A).

1.9 At the behest of the Commission, the National Institute of Public Finance and Policy organised a seminar on the issues before the Finance Commission. Eminent economists and economic administrators were invited to attend this seminar. Shri Yashwant Sinha, Finance Minister, Dr. Manmohan Singh, M.P. and former Finance Minister, Shri P. Chidambaram, former Finance Minister and Dr. C. Rangarajan, Governor of Andhra have been very useful. The proceedings of the seminar have since been brought out in a volume by the National Institute of Public Finance and Policy.

1.10 The Commission entrusted a number of studies to prominent national academic institutions on the various Terms of Reference. A list of the institutions along with the subject matter of the study done by them is given in Annexure I.4. Some of the reports of these studies were focussed and were found to be quite useful by the Commission in formulating its views. We are thankful to these institutions for undertaking these studies.

1.11 Keeping in view the terms of reference on local bodies the Commission constituted two advisory groups – one on panchayats and the other on municipalities. The list of members of these groups are given in Annexures I.5 and I.6. The Commission held a couple of meetings with these advisory groups to delineate and define the scope of the terms of reference in regard to rural and urban local bodies. Based on the advice given in these meetings, the studies on these subjects were commissioned. Another group on Defence was constituted to have an idea of the security environment and the needs of defence. The list of members of this group is given in Annexure I.7. Based on the discussion in the group, a study on the issue relating to the defence expenditure including the scope for economy was commissioned.

1.12 We visited all the State capitals for holding discussions with the State Chief Ministers, Finance Ministers, other Ministers and officials of the State Governments on the various issues relating to the terms of reference and on the forecast and memorandum submitted by them. We also held discussions separately with the representatives of urban local bodies and rural local bodies, Ministers in-charge of urban local bodies and rural local bodies, eminent economists, representatives of the various chambers of commerce and industry, representatives of political parties and other eminent persons on the issues relating to terms of reference. We also made field visits to get a first hand information of the problems of the local people in as many States as it was possible to do within the limited time available with us. The process of formal consultations with the States was completed by our visit to the State of Jammu and Kashmir on 15 - 16 May, 2000. A list of dates of visits to the States and a list of persons met by us is given in Annexures I.8 and I.9A - 9E.

1.13 We had a series of discussions with the Union Finance Secretary and other Secretaries of the Ministry of Finance to get an idea of the budgetary needs of the Central Government including those relating to internal security, defence and development. These discussions were useful in making an assessment of the Centre's revenue receipts and the revenue expenditure during the period 2000-01 to 2004-05. We also held discussions with the Secretaries of Ministries/Departments of Rural Development, Urban Development, Defence, Defence Production, Petroleum, Fertilizers, Education, Coal, Power, Family Welfare, Agriculture, Public Distribution. We also held discussions with the Secretary, Department of Statistics and Director General, Central Statistical Organisation on the quality and availability of data on the various subjects as also the possibility of making projections. The list of Secretaries and other officials met by the Commission is given in Annexure I.10.

1.14 The Ministry of Railways gave a separate memorandum on the grants given to the State Governments in lieu of tax on railway passenger fares. Chairman, Railway Board and other officials held discussions with the Commission on this matter and other related issues. A list of officials from the Railways who met the Commission is given in Annexure I.11.

1.15 The Director, Intelligence Bureau and some Directors General of Police of the States held a meeting with the Commission to discuss the problems of the police in the States. A memorandum prepared by the Bureau of Police Research and Development on the operational needs of the police was given to the Commission in this meeting. In particular, the discussion concentrated on the operational problems faced by the police in the changing internal security situation and the need to equip it to face the new challenges. A list of officials who met the Commission is given in Annexure I.12.

1.16 Mid-way through our work, Shri J.C. Jetli, Member gave a note on the terms of reference stating that the term 'State' includes Union Territories (UTs) and, therefore, the Commission is required to give a report for devolution of resources to the Union Territories and to the urban and rural local bodies in the UTs. In terms of article 280 of the Constitution, the Commission has to get the views of Union Territories on the terms of reference, hold consultations with them and give recommendations. A copy of the note of Shri Jetli is given in Annexure I.13. The matter was examined by the Secretariat of the Commission and since the matter was important having a bearing on the interpretation of the Constitution and the work of the Commission, it was referred to the Union Ministry of Finance along with a detailed note on the subject for clarification. A copy of the reference along with the detailed note is given in Annexure I.14. The Ministry of Finance informed the Commission that the word 'State' used in Chapter I, Part XII of the Constitution and article 280 (3) do not include Union Territories. The Ministry of Finance sent the clarification along with a copy of the opinion of the Department of Legal Affairs on the subject. These are given as Annexure I.15. In view of the clarification given by the Union Ministry of Finance, the matter was not pursued further.

1.17 The Commission had the benefit of a visit by the Chairman of the Fiscal and Finance Commission, South Africa. The Commission extended hospitality to the Chairman during his stay in India and held useful discussions on the various matters relating to our Finance Commission and the experience of the working of the South African Fiscal and Finance Commission. In addition, a four member study team on devolution of financial powers between the Centre and States of the Ministry of Economic Development and Cooperation, Government of Ethiopia also visited the Commission and held discussions with the Member Secretary and officials of the Commission on the various issues relating to fiscal federalism. The staff mission of the International Monetary Fund, on their visit to India, also held discussions with the officials of the Commission. The list of foreign visitors along with the dates is given in Annexure I.16.

1.18 A number of eminent persons as also the representatives of national level organisations met the Commission, and gave their view on the terms of reference. The interaction with them was quite useful in formulating our views. A list of these persons is given in Annexure I.17.

1.19 We also met the Law Secretaries of a few States on April 4, 2000 to discuss the financial administration. Discussion with them helped us in appreciating the difficulties in speeding up the disposal of cases in district courts. The suggestions given by them were very useful.

1.20 At the stage of finalisation of recommendations and preparation of report, two important developments took place which had a bearing on the work of the Commission. An additional term of reference was added by the Presidential Order dated April 28, 2000 (Annexure I.1A) as follows:

> "In particular, the Commission shall draw a monitorable fiscal reforms programme aimed at reduction of revenue deficit of the States and recommend the manner in which the grants to States to cover the assessed deficit in their Non-plan Revenue account may be linked to progress in implementing the programme".

1.21 Formulation of a fiscally monitorable reforms programme required another round of consultations with the States, and the Union Ministry of Finance. The Commission, therefore, sought an extension of time upto August 31, 2000 for submission of its report. Simultaneously, it started the process of consultations with the State Governments. Our Member Secretary wrote letters to the Chief Secretaries of the States requesting them to send the views of the State Government on this term of reference by May 15, 2000. The Union Finance Secretary was also requested to give views on this subject. The Commission also convened a meeting of the State Finance Ministers on May 22, 2000 to hold discussions with them.

1.22 The second important development related to the enactment of the Constitution (Eightieth Amendment) Act, 2000 by the Parliament which received the assent of the President on June 9, 2000. This amendment provides for sharing of the net proceeds of all Union taxes and duties with the State. It has also drastically changed article 269 of the

Constitution, which earlier provided for levy and collection of some taxes by the Government of India but which were assigned to the States. The amendments made in the Constitution necessitated changes in the terms of reference. These were modified by the Presidential Order dated June 19, 2000. By this Order, para 7 of the terms of reference was deleted. This para required the Commission to suggest changes, if any, in the principles governing the devolution amongst the States of the net proceeds of the additional excise duties leviable under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 in lieu of the sales tax formerly levied by the State Governments, and the grants to be made available to the states in lieu of the tax under the repealed Railway Passenger Fares Act, 1957. The Commission was required to give a report by June 30, 2000 on each of the terms of reference contained in the Order dated 3rd July, 1998 (excluding para 7), and further a report by 31st August, 2000 on the term of reference notified in the order dated 28th April, 2000. A copy of the notification is given in Annexure I.1B.

1.23 Accordingly, we are giving this report addressing the terms of reference contained in the Presidential Order of July 3, 1998 (excluding paragraph 7). We will submit another report on the term of reference notified in the Order dated April 28, 2000 by August 31, 2000.

1.24 We would like to place on record our deep appreciation of the contributions made by Dr. D.K. Srivastava, our Principal Consultant, in the preparation of this report. The work done by him helped us in formulating our views on some of the critical issues arising from the terms of reference given to us and we are thankful to him for his efforts.

1.25 We would also like to thank Shri K.M. Thomas, Economic Adviser, who continued to help us even after retirement, and the two Joint Secretaries – Shri S. Vijayaraghavan and Shri Sudhir Krishna, for the hard work put in by both of them in preparing the briefs and notes on various issues on the subjects entrusted to them. They also took the additional responsibilities in other areas. The Directors – Smt. Sudarshana Talapatra, Dr. S. Rohini, Shri R.B. Sinha, who left on promotion and Shri B. Nayak were also not far behind. Apart from taking work from the research teams working under their guidance they also made their own contributions in preparing the briefs on specific subjects. We are thankful to them for their contribution. The entire research team consisting of the Joint Directors, Dr. C. Bhujanga Rao, Ms. Ruchika Govil, Shri A. Maitra and Dr. G.K. Arora, Deputy Directors – Smt. Madhumita Hari, Shri R.N. Tewari, Shri Deepak Israni and Shri Yashvir Singh; Assistant Directors - Dr. O.P. Bohra, Shri V. Srikant, Shri Jasvinder Singh, Shri S. Pradhan, Ms. Nalini Pathak and Shri Ranjan Mukherjee (left the Commission on promotion) and the whole research staff consisting of Consultants, Senior Economic Investigators, Economic Investigators and Computors working under them did an excellent job. Shri R.K. Gaur and Shri Rakesh Sharma, Deputy Directors, Shri H.S. Bhalla, Assistant Director, Shri S.S. Panwar, AAO and the entire staff with them did the house keeping job and looked after the needs of each one of us. We are thankful to all of them. We are thankful to all the Principal Private Secretaries, Private Secretaries and Personal Assistants who did an excellent job behind the desk. In particular, we would like to thank Shri Praveen Kumar, Shri S. Ananda Raman, Ms. Anita S. Dahara, Shri P. Suresh and Shri R. Ravichandran who did the final job of bringing the report in shape and making it ready for presentation. We would like to thank the National Informatics Centre and, in particular, Shri V. Manivannan, Systems Analyst, for helping us in creating a database in the Commission with a local area network in a short time. Shri Manivannan provided excellent support to our research units and to each one of us. Lastly, we would like to thank the Bank of Baroda for making available the accommodation and the necessary logistic support from time to time.

Chapter II

Issues and Approach

2.1 A sound system of intergovernmental fiscal transfers constitutes the cornerstone of a strong and stable federal polity. Transfers serve a two-fold purpose: one, to address the vertical imbalance – the inadequacy of revenues of sub-national governments to meet their expenditure liabilities, arising from asymmetrical assignment of functional responsibilities and financial powers among different governmental levels, and two, to alleviate horizontal imbalances, the disparities in the revenue capacity of the constituent units of the federation – the States and local bodies in our case – in order that all of them may be in a position to provide basic public services to their citizens at a reasonable level. In recognition of the need to redress these imbalances in a fair and orderly fashion, the Indian Constitution provides for devolution of a part of the Centre's revenue to the States mandatorily. Further, in order that the dependence of the recipient governments on flow of funds from above does not undermine their autonomy, the Constitution sought to entrust the task of mediating the devolution of the revenues of the Union to the States to an independent panel – the Finance Commission – to be appointed by the President. Similarly, Finance Commissions are now required to be set up at the State level to guide the devolution of funds to local bodies.

2.2 The Presidential Order appointing this Finance Commission (EFC) like those of its predecessors incorporates the mandate contained in article 280 of the Constitution centering around the tasks of determining the appropriate share of the States in the divisible taxes of the Union government and their *inter se* allocation, and formulating principles to govern the grants-in-aid to States in need of assistance. However, as noted in our Interim Report, the Terms of Reference (ToR) given to us have several distinguishing features. In addition to the task of apportioning an appropriate share of the Centre's divisible revenues among the States in the form of tax devolution and grants, we have been asked to recommend suitable measures to augment the resources of the States to supplement those of their local bodies, the panchayats and the municipalities. Following the pattern of the past, the ToR set for us also enumerate a number of considerations to be kept in view while making our recommendations. As pointed out in the Interim Report, these too contain some significant new features, but they relate essentially to the function of deciding the dimensions and design of the transfers from the Centre to the States through tax sharing and grants, with an extended mandate this time to suggest measures to strengthen the finances of the States keeping in view the need to supplement the resources of their local bodies in the context of the 73rd and 74th amendments of the Constitution.

2.3 What marks a striking departure from the past in the ToR referred to us is the enlargement of the Commission's tasks by the insertion of paragraph 4 in the ToR whereby we have been asked to review the state of finances of the Union and the States and suggest ways and means whereby the governments, collectively and severally, may bring about a restructuring of the public finances so as to restore budgetary balance and maintain macroeconomic stability. Even otherwise, in deciding how much of the Centre's revenues can be devolved to the States, the Finance Commission has to undertake a review of the current state of finances of the respective governments and the likely scenario for the five years for which they are required to make the allocations. The mandate to suggest measures for restructuring adds a new dimension to our tasks, reflecting a two-fold concern viz., the persistence of unsustainably large deficits in the government budgets at both levels and the deterioration in the composition of government expenditure with a disproportionately large share of the receipts getting pre-empted by interest payments and unproductive expenditure, leaving too little for the social sectors and much needed investments. The reference in Para 5 of the ToR setting out the considerations that we are expected to keep in view, to the need for generating surplus for capital investment and upgradation of standards in public services in the social and other sectors underscores these concerns. The ToR also wants us to pay attention to the scope for better fiscal management consistent with efficiency and economy in expenditure.

2.4 The mandate to suggest measures for restructuring having regard to considerations of efficiency, economy and composition of expenditure implies that revenue sharing between the Centre and the States cannot be decided in isolation but must be anchored to a macro framework defined by parameters of fiscal adjustment in the desired directions along with incentives to induce prudent and efficient fiscal management. This involves in the first instance visualising a macro scenario in terms of key macro-economic variables including budget variables, that is, the level of revenue (tax and non-tax) and expenditure (revenue and capital) and the permissible size of deficits that would be consistent with the requirement of growth and stability and also the goals of public policy like provision of basic services to all at a minimum level and balanced regional development. Restructuring would need disaggregating the budget targets derived for different levels of government contrasting with those of the base year, and specification of their adjustment path. It also calls for spelling out the directions of reform over a wide front spanning not only fiscal policy, budgetary practices and design of intergovernmental transfers but also the monetary, legal and administrative systems within which budgets operate, in order to facilitate the implementation of the restructuring plan. A supplement to the ToR issued towards the end of our tenure has called upon us to evolve a monitorable fiscal reform programme to accompany the grants-in-aid that may be recommended by us. For a Commission with limited time and resources, this poses a formidable agenda. Nevertheless, it has been our endeavour to address our tasks as best as we can. The details of our proposals for restructuring and recommendations regarding revenue sharing, grants-in-aid and other matters referred to us are contained in the chapters that follow. In this chapter, we outline the critical issues that in our view arise for consideration in the context of our ToR, the approach adopted by us in addressing them and their rationale.

State of Government Finances in India: An Overview

Budget Imbalance: The Broad Magnitudes and Recent Trends

2.5 For an idea of the dimensions of the tasks on hand, and as mandated by the ToR, before setting out to formulate our proposals we undertook a review of the current trends in the finances of the Union and the State governments. As indicated briefly in the Interim Report, the picture that emerged is a matter of deep concern. The secular decline in the fiscal balance of the economy that had set in during the eighties, marking the transition of a revenue surplus economy to one of deficits, to which pointed attention was drawn by the Tenth Finance Commission, has not only persisted but got accentuated in the closing years of the nineties, with some of the key deficit indicators climbing to unprecedented “highs”. The economic reform programme launched in the wake of the balance of payments crisis of 1991 with fiscal reform as a key component, led to a number of corrective initiatives on the fiscal front, producing some promising results in the first two years. Expenditure growth was reined in and the deficits were down, but only for a while, it would appear. After remaining subdued at a relatively moderate level, the budget imbalances widened as the decade was coming to a close, with fiscal stress turning acute in 1998-99. The budget for 1999-00 seemed to hold out some promise of a turnaround. This, however, does not seem to have been fulfilled, judging by the available revised estimates. The fact of the matter is that, no sustained improvement can come about unless the root causes of the malaise that afflicts our public finances are correctly diagnosed and addressed frontally with a carefully designed plan of action.

2.6 Table 2.1 sets out the budgetary outcomes of the Centre and the States, and also their combined picture in terms of fiscal deficit (FD)[1] and revenue deficit (RD) as a proportion of Gross Domestic Product (GDP) over the decade of the nineties. The table also gives the ratios of primary or non-interest fiscal deficit (PD) to GDP, another key deficit indicator that reflects the sustainability of current fiscal operations. It will be seen that fiscal deficits of the Centre which were already large (over 6 per cent of GDP) in the first half of the eighties, widened further in the second half (*vide* Annexures II.1 and II.2) reaching almost 9 per cent in 1986-87 and stood at 8.3 per cent in 1990-91. With the States' FD at 3.3 per cent, the combined FD of the Centre and the States measured 9.6 per cent of GDP in 1990-91. However, the FD registered an appreciable decline in the next two years going down to 7.4 per cent in 1992-93. There was a setback in 1993-94 with the combined deficit level moving up to 8.7 per cent of GDP (old series). The subsequent three years saw a resumption of the correction trail and the combined FD fell below 7 per cent for two consecutive years, 1995-96 and 1996-97, but started creeping up again thereafter, reaching 7.7 per cent in 1997-98. In 1998-99, on a comparable basis the combined FD stood at 9.5 per cent of GDP, reaching almost the level that prevailed in the crisis year 1990-91.

2.7 The reduction in the combined FD that took place in the first two years of the reforms came about largely through a contraction in the Centre's budget, complemented by a downward trend in the deficits of the States as well (taking all States in a consolidated picture). After suffering a set-back in 1993-94, the Centre's FD went down further reaching 5.23 per cent in 1996-97. Although the deficits in the Centre's budget registered a rise subsequently, the accentuation of fiscal stress in 1998-99, is attributable mainly to the widening of the deficits in the State budgets. Of the combined FD of 9.5 per cent recorded in 1998-99, 4.47 percentage points emanated from the States. Evidently, fiscal consolidation has not made much headway in the States.

Table 2.1: Centre and States: Aggregate Budgetary Balance

[% of GDP Old Series]

Year	Fiscal deficit			Revenue Deficit			Primary Deficit		
	Centre	States	Combined	Centre	States	Combined	Centre	States	Combined
1990-91	8.33	3.28	9.64	3.47	0.84	4.31	4.32	1.69	5.00
1991-92	5.89	2.93	7.17	2.64	0.81	3.45	1.58	1.19	2.19
1992-93	5.69	2.92	7.38	2.63	0.72	3.36	1.29	1.06	2.23
1993-94	7.43	2.49	8.68	4.04	0.47	4.51	2.90	0.56	3.39
1994-95	5.99	2.86	7.36	3.22	0.73	3.95	1.42	0.84	1.93
1995-96	5.38	2.75	6.81	2.66	0.77	3.43	0.91	0.86	1.61
1996-97	5.23	2.97	6.82	2.56	1.43	3.98	0.57	0.97	1.35
1997-98	6.21	3.10	7.74	3.24	1.29	4.53	1.63	1.00	1.40
1998-99	6.80	4.47	9.50	4.08	2.72	6.80	2.13	2.34	3.23
1999-2000(RE/BE)	5.96	4.98	10.40	4.03	3.13	7.16	0.96	2.55	2.13
1993-94	*7.01*	*2.35*	*8.19*	*3.81*	*0.45*	*4.25*	*2.74*	*0.52*	*3.20*
1994-95	*5.71*	*2.73*	*7.02*	*3.07*	*0.70*	*3.77*	*1.35*	*0.80*	*1.84*
1995-96	*5.10*	*2.60*	*6.44*	*2.52*	*0.73*	*3.25*	*0.86*	*0.81*	*1.52*
1996-97	*4.90*	*2.79*	*6.40*	*2.40*	*1.34*	*3.73*	*0.53*	*0.91*	*1.26*
1997-98	*5.87*	*2.93*	*7.32*	*3.06*	*1.22*	*4.28*	*1.54*	*0.94*	*1.33*
1998-99	*6.43*	*4.23*	*8.99*	*3.85*	*2.57*	*6.43*	*2.01*	*2.22*	*3.06*
1999-2000(RE/BE)	*5.64*	*4.71*	*9.84*	*3.81*	*2.96*	*6.77*	*0.90*	*2.41*	*2.02*

Note: *Figures in italics indicate deficits as per cent of GDP (New Series). Old series for 1997-98 to 1999-00 have been derived from the New Series by using a conversion factor 1.0577. For 1999-00, FD and PD of the Centre exclude the States' and UTs' share of small savings.*

Source *(Basic data):* *Finance Accounts and Budget Documents.*

2.8 A particularly worrisome feature of the fiscal scene as it emerged in the latter half of the nineties is that the fiscal deficits are being driven more and more by deficits on revenue account of the budget ('revenue deficit' as they are called). There was a time when revenue deficits were a rare phenomenon in India's public finances, and the revenue budgets used to turn out some surplus, though not large, yet of the order of 1 to 2 per cent of GDP (vide table at Annexure II.3). A turning point for the Centre came in 1979-80 and for the States (taken as a whole) in 1986-87, with the revenue budgets of governments at both levels showing deficits of varying order every year thereafter. Even so, the revenue deficits of the Centre averaged 1.11 per cent of GDP in the first half of the eighties; in 1998-99, RD of the Centre measured 3.85 per cent of GDP (new series). In 1990-91, RD formed less than 50 per cent of the Centre's FD; in 1999-00 the proportion touched, according to revised estimates, 67.5 per cent. In the States too, RDs now constitute the main propeller of FD. In 1990-91, RD of the States accounted for no more than 26 per cent of their FD; in 1998-99, the proportion stood at about 61 per cent.

2.9 The deterioration in the fiscal situation of the States in the nineties, especially in the latter half, has, in fact been more acute than what would appear from the consolidated deficit figures of all States narrated above. The frequency distribution of the States according to their RD and FD as proportion of respective Gross State Domestic Product (GSDP), shows that in 1990-91, the majority of the States had RD of less than 1 per cent; and 8 of them (6 belonging to the special category) had a revenue surplus. In 1998-99, 14 out of the 25 States had RD of over 3 per cent, and in 2 of them RD exceeded 7 per cent of the GSDP. In 1990-91, for the majority of the States, FD was less than 5 per cent; in 1998-99, as many as 19 States had FD of more than 5 per cent; and in 8, FD exceeded 7 per cent. Going by 1999-00 budget estimates, the majority of the States had fiscal deficit of more than 7 per cent (Table 2.2).

Table 2.2: Frequency Distribution of States according to size of Revenue Surplus/Deficit and Fiscal Deficit [as % of GSDP]

Surplus/ Deficit (-) (% of GSDP)	1990-91		1995-96		1998-99		1999-2000 BE	
	RS/RD	FD	RS/RD	FD	RS/RD	FD	RS/RD	FD
Surplus	8	2	9	0	6	0	4	0
0 to –1	7	0	5	0	1	0	1	1
-1 to –2	4	0	7	3	2	1	7	0
-2 to –3	5	6	2	5	2	0	2	0
-3 to –5	1	5	1	10	9	5	7	8
-5 to –7	0	6	1	3	3	11	2	3
<-7	0	6	0	4	2	8	2	13
Total	25	25	25	25	25	25	25	25

For details, vide Annexure II.4.

2.10 Another manifestation of the deterioration in the imbalances in State budgets is the spurt in post-devolution deficits in all States in 1997-98 and 1998-99. Although few among the States ever showed a surplus in the budget without the Central transfers, with tax devolution there were at least some whose revenue budgets yielded a surplus even though small. In 1998-99, none but one (Karnataka) had a post-devolution non-plan revenue surplus. Even States which earlier showed handsome post-devolution surplus regularly (Gujarat, Maharashtra, Goa, Kerala and Tamil Nadu), turned in a revenue deficit even after tax devolution in 1998-99. As plan grants invariably fall short of plan revenue expenditure, plan revenue accounts of all States are routinely in deficit. With the disappearance of post-devolution surpluses in non-plan account combined with deficits in plan revenue account[2], overall revenue deficit went up to levels never witnessed before (Annexure II.4). Although capital expenditure underwent continuous compression, fiscal deficits – reflecting the State Governments' borrowing requirement – also went up to unprecedented levels in 1998-99.

2.11 The only fiscal balance indicator that seems to have registered some improvement following the reforms of the nineties is the primary (or non-interest) deficit. From 5 per cent of GDP in 1990-91, the combined primary deficit of the Centre and the States decreased to 2.19 per cent in 1991-92 and remained below 3 per cent in the next six years except for 1993-94. However, in 1998-99, like in other deficit indicators, there was a surge in primary deficit too with the combined PD moving up to 3.23 per cent of GDP again originating both from the Centre and the States. In any case, failure to turnaround primary deficits and generate primary surpluses reveals the structural weakness of the government finances and raises questions about their viability in the long term.

2.12 With both the Centre and the States resorting to borrowing over the last two decades to finance even a part of their current expenditure, the level of indebtedness of the government has gone up significantly and stood at a little above 65 per cent of GDP in 1999-00. The growth of domestic debt of the government had slowed down in the nineties following the fiscal correction in the early years of the reforms with a narrowing of the wide gap between debt growth and the nominal GDP growth that prevailed in the eighties (19.4 per cent as against 14.9 per cent). Yet, domestic debt growth continued to outpace growth in GDP in the nineties as well (15.2 per cent as against 12.5 per cent)[3], pointing to the unsustainability of the fiscal deficits.

2.13 Account should be taken in this context also of the contingent liabilities assumed by the governments (both by the Centre and the States) over the years. As a proportion of GDP, outstanding government guarantees as at the end of March 1998 measured 9.4 per cent of GDP. Of this, 4.7 per cent is on account of the guarantees given by the State governments[4]. While this marks a decline from the level that prevailed in 1992, such liabilities also go into the assessment of the country's creditworthiness and sustainability of debt. Besides, in several States, there has been a tendency to resort to borrowing "off-budget", routing them through State-owned corporations. Though not a part of the States' debt, the liabilities of these corporations ultimately fall on the State government. Such practices raise questions about the transparency of the budgets of the State governments and create doubts about their solvency even if the debt-GDP ratio shows some stability over a few years.

2.14 Concerns at the persistence of large fiscal deficits arise from several other considerations. Deficits in government budgets pose problems in macro-economic management, creating pressures on interest rates and prices and tend to jeopardise external balance. Revenue deficits in particular imply pre-emption of private savings for government consumption and tend to crowd out private investment without a corresponding increase in the capital spending by the government. With RDs accounting for an increasingly large part of the FD, it is not surprising that the Central government's capital expenditure as a proportion of GDP has declined from over 6 per cent in the eighties to an average of about 4.6 per cent in the first half of the nineties and 2.6 per cent now as of 1999-00 (Annexure II.1). Continuous accumulation of debt has entailed growing burden of debt servicing, with interest payments accounting for 52 per cent of the net revenue receipts of the Centre and 22.7 per cent in the case of general category States in 1998-99 (Annexure II.5). The proportion of developmental expenditure in the total expenditure of the States has gone down from over 70 per cent in the late eighties to 60 per cent now (as of 1999-00)[5].

2.15 The year 1999-00 saw some fresh initiatives towards fiscal consolidation on the part of both the Centre and the States. With a medium term objective of bringing down the Centre's FD to 2 per cent and eliminating RD altogether, the Union budget for 1999-00 aimed at an FD of Rs.79,955 crore and RD of Rs.54,147 crore to contain the Centre's FD at 4 per cent and bring down its RD to 2.7 per cent of GDP. Revised estimates for the year, however, show that the budget has overshot both these targets with FD at Rs.1,08,898 crore and RD at Rs.73,532 crore measuring 5.64 per cent and 3.81 per cent of GDP (New Series), respectively. That a borrowing programme of this order could be carried through without any visible impact on prices or on interest rates during the year should not lead to any complacency, since, as observed by the Governor, Reserve Bank of India (RBI) in his Statement on Monetary and Credit Policy for 2000-01, this was possible because of the depressed conditions of the economy during the year.

2.16 State budgets for 1999-00 also aimed at restraining the levels of both RD and FD. The revised figures for 1999-00, however belie the budget projections. According to latest available information, in 1999-00, RD of the States taken together measured nearly 3 per cent of GDP and FD, 4.71 per cent. Thus the expected deceleration in the growth of deficits has not come about. On the contrary, combined RD of the Centre and the States soared to an all time high of 6.77 per cent of GDP in 1999-00 constituting over 70 per cent of the aggregate FD which now stands at almost the same level as at the end of the eighties that presaged the economic crisis of 1991. In some ways, the extent of imbalance is even more acute than reflected in the deficit ratios because the budgets, particularly of the States do not fully reflect the true state of affairs as many liabilities go unrecorded in the governments' accounts, with loans incurred "off budget" through Special Purpose Vehicles and bonds floated through State corporations.

Underlying causes

2.17 Factors that led to the deterioration of fiscal situation in 1997-98 and their further worsening in 1998-99, are several. Some were passing or temporary in nature while others were systemic and persistent. Two proximate causes were: one, the fallout of the revision of the salaries and pensions of government employees in the wake of the Fifth Central Pay Commission driving up revenue expenditure all round and two, the cyclical recession in economic activity retarding the growth of tax revenues at both levels of government.

2.18 The immediate impact of the pay and pension revision of employees of Central government ministries and departments including defence services (excluding Telecom, Post and Railways) was a rise in their salary bill by 33.6 per cent and pension bill by 35 per cent in 1997-98. Salaries and pensions as a percentage of the revenue receipts of the Centre in 1998-99 worked out to 20.8 as against 17.4 per cent prior to the revisions[6]. In the case of the States, the impact has been even more severe, as the revisions were extended not only to employees of the government administration but also to those of aided institutions and local bodies. This has been further aggravated, as in some States, pay-scales are higher than the pay-scales of the Central government employees of certain categories. While reliable and comprehensive figures of payments under the head salaries and pensions for the States are not available, in several States, salary related expenditure absorb over two-thirds and in some (e.g., Maharashtra), nearly three-fourths, of their revenue receipts. Apart from aggravating the budget imbalances, the sharp rise in salaries has resulted in inadequate provision for spending on materials essential for running public services efficiently and maintaining assets in workable conditions. Salary intensity in social services went up in all States leaving too little for efficient delivery of services in vital areas like healthcare and education.

2.19 The impact of pay and pension revision on the budget was compounded by the slowdown in the growth of revenue receipts. In 1997-98 the net revenue receipts of the Centre increased by a mere 6 per cent while revenue expenditure grew by 13.5 per cent. In 1998-99, the respective growth rates were 11.7 per cent and 20.6 per cent.

Revenue receipts of the States also registered a growth of only 2.8 per cent in 1998-99 while their revenue expenditure increased by 17 per cent. The budget for 1999-00 anticipated a revenue growth of 21.9 per cent and expenditure increase of 17.9 per cent but these estimates are unlikely to have materialised.

2.20 The slump in the growth of tax revenue was, in some measure, due to recession in the economy with industrial production growth decelerating sharply and exports showing a negative growth in 1998-99. Difficulties faced in achieving the deficit targets projected in the budget in 1999-00 have arisen in the case of the Centre also from unanticipated occurrences like the Orissa cyclone and requirements of security arising out of the Kargil operations. The Centre's problems had their reflection in the State budgets too. The drop in the growth of Central taxes affected the flow of tax devolution. However, it will not be correct to ascribe the resurgence of deficits in the last three years of the nineties to cyclical or temporary factors alone.

2.21 According to an analysis carried out in the RBI, factors influencing the budget outcomes in India are mainly structural, and not cyclical. Structural deficit, defined as a product of "the discretionary policy actions of an expansionary fiscal stance of the government" measured as a proportion of GDP registered an increase during the 1980s accounting for more than 100 per cent of the FD of the Centre in the late eighties. Following the reforms initiated in the wake of the balance of payments crisis of 1991, the structural deficit went down, yet accounted for over 86 per cent of the FD. Structural factors were found to be dominant in the case of the States also[7].

2.22 Looking at the long-term trend in the Central government finances, the RBI study avers that the structural weakness of Centre's finances has its genesis essentially in inadequate revenue growth in the face of rising expenditure. Long run structural weaknesses of the States are identified as expenditure growth tending to outpace the growth of revenues. The gap between the two that had surfaced in the eighties widened in the mid-nineties with stagnating revenue growth and fast expansion of expenditure. It was reduced partly by cutting back on developmental expenditure and investments but met ultimately through large-scale borrowing, adding to the debt-servicing burden and casting shadows on the budgets of the future.

2.23 Even allowing for its limitations, the RBI study, by sifting the cyclical from the structural components of the deficits, provides valuable insight into the character of the imbalance in the public finances in India. It brings out clearly that deficits in the budgets of government, at both levels are predominantly structural and not just a cyclical phenomenon. In fact, the causalities run deep into the system. Critical among them are the following:

a. On the revenue side,
   - i) erosion of the tax-GDP ratio in the 1980s, and more visibly in the 1990s; and
   - ii) virtual stagnation in the level of non-tax revenues.

b. On the expenditure side,
   - i) periodic upward revision of the emoluments of government employees without adequate consideration of the ability of the public sector to bear the burden and the convergence of salary structures of Central and State governments on the one hand and of local governments, and aided institutions on the other;
   - ii) upward shift of interest rates on government borrowings resulting from near alignment with the market and change in the composition of government liabilities with greater reliance on market borrowings; and
   - iii) burgeoning subsidies, explicit and implicit.

Unsustainable expenditure growth has been fuelled also by competitive populism of governments resulting in needless subsidies, and *ad hoc* announcement of packages by governments to placate particular regions and sections without commensurate effort to raise the required resources. Other contributory factors have been poor project management, thin dispersal of available funds over too many programmes and long gestation periods.

2.24 It is relevant to note that revenue growth had decelerated in the nineties even before the onset of the recessionary phase of the economy. The tax-GDP ratios had slumped even earlier. The buoyancy of tax revenue of both the Centre and the States which had been declining in the eighties, as compared to the earlier two decades went down further in the nineties (*Vide* Table 2.3).

Table 2.3: Tax Buoyancies – of Centre and States

	Total Tax Revenue (Combined)	Centre's Gross Tax Revenue	States' Own Tax Revenue
1950-51 to 1959-60	1.38	1.38	1.39
1960-61 to 1969-70	1.16	1.15	1.17
1970-71 to 1979-80	1.30	1.27	1.35
1980-81 to 1989-90	1.14	1.15	1.12
1990-91 to 1998-99	0.96	0.91	1.04

Note: *Relevant t-values indicate that the coefficients are statistically significant in all cases.*
Source: *(Basic Data), Indian Public Finance Statistics (various issues).*

The buoyancy of gross tax revenue of the Centre with respect to GDP works out to 0.91 during the nineties, as compared to 1.15 in the eighties. In the case of the States, the buoyancy coefficients were 1.04 in the nineties as against 1.12 in the eighties. The slump in the buoyancy of Central taxes in the nineties occurred despite a smart rise in the growth of revenue from direct taxes, as the revenue growth from the two major indirect taxes – customs and Union excises – sharply decelerated. Tax reform, while no doubt helping to introduce some rationality in the tax structure apparently had a dampening effect on the Centre's revenue, as the impressive growth of direct taxes could not fully compensate for the drop in customs and Union excises that took place in the post-reform period. On the States' side, the dip in tax buoyancy occurred as revenue from sales tax, the principal component of their own tax sources, showed a declining growth trend owing to tax competition among the States to attract trade and industry.

2.25 Non-tax revenues of the Centre as a proportion of GDP registered an increase during the nineties, but the increase has been far from adequate to neutralise the adverse impact of the fall in tax revenue growth. Non-tax revenues of the States as a proportion of GDP on the other hand registered a decline in the nineties. There was an upward trend for two years, 1994-95 and 1995-96, but it was short-lived. On the whole, non-tax revenue growth has practically stagnated at both levels of government during the nineties (*Vide* Annexures II.1 and II.2).

2.26 Two principal sources of non-tax revenue are (i) return on investments of the government; and (ii) recovery of cost of public services. Poor financial performance of public sector enterprises has been a most debilitating drag on the public finances of our country. A large amount of budgetary funds are locked in public sector enterprises in India. Investment in these enterprises takes the form of equity as well as loans. In Central public sector enterprises (CPSEs), total investment had exceeded Rs.2,30,000 crore at the end of 1998-99. In the States, nearly Rs.75,000 crore has been invested in statutory corporations and nearly Rs.42,000 crore has been invested in the government companies. Together, investment in public enterprises amounts to about Rs.3,50,000 crore. On this investment, the rate of return generated by the State level public enterprises is nearly zero. It is difficult to obtain a firm figure of the rate of return in the aggregate, because the State level public enterprises are heavily in arrears in finalising their accounts. Whatever accounts are available show that the rates of return of most of the PSEs of the States do not cover even a fraction of their cost of funds.

2.27 Data compiled in the Planning Commission show that the average rate of return on capital invested in State Electricity Boards (SEBs) that account for the bulk of the States' investments in PSEs has been persistently negative. Far from yielding the 3 per cent rate of return on their net fixed assets as stipulated in the Electricity (Supply) Act, 1948, the SEBs registered a negative return of 18.7 per cent on their capital in 1998-99, revealing a steady deterioration over the nineties. State road transport undertakings (SRTUs), the other major enterprise of the States, also has been a drag on their budgets. During 1997-98, the losses of all the SRTUs taken together were reported to be Rs.1282 crore, reflecting organisational inefficiencies on the one hand and the uncompensated burden of social obligations on the other. While there has been some improvement in their physical performance of late, the loss per bus per day has increased from Rs.425 in 1997-98 to Rs.565 in 1998-99. In several States the SRTUs are in extremely bad shape, with the bulk of their fleet of buses off the road and employees going without pay for years.

2.28 As far as the finalisation of accounts is concerned, the CPSEs do better, with their accounts being far more up-to-date. In 1998-99, only 83 CPSEs declared dividends. One hundred and twenty-seven CPSEs made profits but there were also 106 loss making CPSEs. By way of dividend and interest, the return on Central government investment amounted to 5.21 per cent in 1998-99. The profit making enterprises are mostly in petroleum, telecommunication and financial sectors. Overall, the return on investment in CPSEs is below the cost of funds. It is evident that the low returns and draft on budgetary resources by the PSUs have been one of the structural factors underlying our weak public finances.

2.29 Another basic malaise of our public finances is the poor cost recovery of public services. According to a study carried out at the National Institute of Public Finance and Policy (NIPFP), for the years 1995-96 and 1996-97, recovery rates were as low as 8.4 per cent of the costs for social services provided by the Centre and 16.6 per cent for economic services implying subsidisation varying from 91 to 83 per cent of the costs[8]. Nearly 60 per cent of the subsidies were for services in the non-merit category. The level of cost recovery is still lower in the case of the States. It is 2.15 per cent for social services and 10.75 per cent for economic services (as of 1994-95[9]). This is not surprising as the tuition and other fees of State-run and State-aided colleges and universities remain unrevised for decades and medical services go practically free even for those who can pay.

2.30 It may thus be seen that while recession in the economy has been a dampening factor, the sluggishness of revenue cannot be attributed entirely to cyclical reasons.

2.31 On the expenditure side too, the abnormal growth in revenue expenditure cannot be attributed only to salary and pension revision, though no doubt that was an immediate cause of the acute fiscal distress felt all round. Revenue expenditure of the government at both levels are dominated by elements that are inflexible downward. Two leading items in this category are interest and subsidies and in the case of the Centre also defence.

2.32 Among the various structural factors which accentuated budget imbalances during the 1990s, the two that stand out in their impact are the rise in the interest rates on borrowings and change in the composition of government debt that started in the latter half of the 1980s. With the interest rates on government securities getting aligned more and more to the market, the weighted average interest rates on Central government securities went up from 7.03 per cent in the early eighties to 11.49 per cent by 1989-90 and further to 11.86 per cent in 1998-99. Interest rates on borrowings of State governments also rose from 6.75 per cent in the early eighties to 12.35 per cent in 1998-99. Almost concomitantly the share of market loans in the total outstanding domestic debt of the government increased from 31.0 per cent to 35.4 per cent by the end of March 1999. The rate of interest on the other major constituent of domestic debt of the government namely the liabilities on public account (small savings and provident funds) also registered a significant increase and their share in the government debt went up from 36.9 per cent on the average in the first half of the 1980s to 42.8 per cent in the latter half, and further to 44.9 per cent during the 1990s. The average implicit interest rates on these liabilities worked out to 12.15 per cent in 1997-8, as against 7.22 per cent in 1980-1. The debt accumulation process gathered further momentum as interest rates on market borrowings and other sources tended to converge. As the report of the Reserve Bank of India on Currency and Finance for 1998-9 puts it: "Thus, the concerns on sustainability of public debt in India essentially arise from the high stock of domestic debt, its changing composition from low cost to high cost constituents, and interest rates on such borrowings"[10].

2.33 The other major item of expenditure that had grown steadily in the eighties is "subsidies". Apart from the subsidies implicit in under-pricing of public services, government budgets also provide subsidies in explicit form. These formed 1.98 per cent of GDP and 18.6 per cent of the Centre's net revenue receipts in 1991-92. Although the level of subsidies has come down to less than 1.5% of GDP at present (1999-00), they still form 14.3 per cent of the Centre's revenue receipts. The amount of subsidies provided by the States through their budgets is difficult to make out as they are shown under several heads but from the scrappy information that is available from various heads, it is evident that the volume of budgetary subsidies remains large. Valiant efforts to reduce the subsidies notwithstanding, they continue to account for a sizeable slice of the government receipts. Resistance encountered by the Union government in cutting down the subsidies in the current year's budget and the relentless growth of interest and salary related expenditure evidence the intractability of the problem of budget deficits.

2.34 The item that has registered very rapid growth in the government budgets in the nineties is 'Pensions'. At the Centre, pension expenditure grew at a compound rate of over 21 per cent per annum during the period 1990-2001. In the army, pension expenditure now exceed the pay and allowance of serving officers. Pensions have been the fastest growing item in the State budgets too, the growth rates recorded were 19.6 per cent in 1990-95 and 26.6 per cent in 1995-99 (Annexure II.6).

2.35 The tendency of public expenditure to multiply in response to the needs and aspirations of the people and for governments, to resort to borrowing rather than taking hard decisions that can help to augment revenues to match the growing volume of expenditure is not uncommon in a democratically governed developing country with decision makers operating within short time horizons. It is commonly thought that much of our budgetary ills are, at bottom, the end product of actions of governments motivated by short-sighted populism. However, experience shows that political compulsions of democratically elected governments notwithstanding, it is possible to turn around budget deficits with appropriate strategies and checks against profligacy, especially institutional reforms to strengthen the revenue base and install effective incentives to induce fiscal discipline on the part of policy makers.

2.36 There is reason to believe that the structural weaknesses responsible for the imbalances in our public finance stem to a large extent from the infirmities of the institutional framework that underpins the fiscal system. Institutions that bear on the public finances include on the one hand the legal and administrative system and the political environment in which the fiscal systems operate and the structure of inter-governmental relations on the other. Inadequacy of revenue growth may be due as much to some inherent weaknesses of the legal structure delimiting the ambit of the tax base such as the exclusion of services from the base of the major indirect taxes, as from discretionary policies of the government such as providing generous concessions that benefit only some sectors of the economy. Tax enforcement may be enfeebled not only by the inadequacy of administrative resources but also the shortcomings of the legal system in bringing tax offenders speedily to book. The inadequacy of autonomy and accountability of management of public enterprises may be as responsible for the poor return from public investments as pricing policies that affect their financial results. Deficiencies of the system of budgeting and public expenditure management and absence of a binding budget constraint on governments also constitute another source of structural weakness of the government finances in the country.

2.37 Among the institutions that play a vital role in the fiscal arena of a federal economy, a critical one is the structure of federal fiscal relations particularly the system of intergovernmental fiscal transfers. Transfers from national to sub-national governments are common in all federations because of the often unavoidable asymmetry in the assignment of powers and functions among governments and uneven economic development of the constituent units causing wide disparities in their fiscal capacity. However, it is well-recognised that, unless carefully designed, intergovernmental transfers tend to undermine accountability by de-linking spending and taxing decisions and thereby weaken fiscal discipline and efficient use of national resources. Limited access to tax sources can also increase the dependence of lower level governments to those at the higher levels and erode their autonomy.

2.38 The transfer mechanism envisaged by our Constitution makers show ample awareness of the potential pitfalls. The mandate to entrust the task of mediating the flow of federal revenues to the States to a constitutional body like the Finance Commission appointed by the President, is a unique feature of India's fiscal federalism. It is fair to say that the institution of the Finance Commission has served the country well, testified by the fact that the Finance Commission's recommendations relating to fiscal transfers are generally accepted and rarely have been departed from. However, deficiencies have surfaced in the working of the transfer system in the last fifty years, which, unless properly remedied, can impede the reforms required to restore budgetary balance on an enduring basis and can even debilitate both the economy and the polity grievously. The problems with the current system have arisen among other things from: (i) segmentation of the flow of federal revenue to the States and multiplicity of agencies dispensing Central funds; (ii) shortcomings in the design of vertical and horizontal sharing of federal revenues; and (iii) inadequacy of institutional arrangements for intergovernmental consultation and policy co-ordination on an operational footing.

2.39 The most serious flaw in the current system of federal transfers in India is the flow of the Centre's revenue to the States in segments, viz., devolution of a fraction of the Centre's divisible taxes and grants-in-aid of revenue of States in need of assistance under article 275 of the Constitution through the Finance Commission (FC), transfers through the Planning Commission (PC) in the form of assistance for State Plans, transfers to implement Centrally Sponsored Schemes (CSS) under the Central Sector Plan, and other discretionary transfers. The statutory transfers also have several components, viz., tax devolution, revenue deficit grants, grants for upgradation and special problems and grants meant for local bodies and calamity relief. The dominance of tax devolution in these transfer weakens the equalising capacity of Finance Commission transfer, even though successive Finance Commissions have tried to redress the weakness by introducing progressive elements in the devolution formula. A more complicating factor has been the emergence of plan grants as a parallel channel of transfer of Central funds dispensed by a different agency, viz., the Planning Commission. Some revenue transfers take place also in the form of discretionary grants administered by the Ministry of Finance. But they constitute a small proportion of the total, currently only about 2 per cent. Statutory transfers made up of tax devolution and grants under article 275 account for the bulk (about 65 to 70 per cent). However, plan grants also form a sizeable proportion (about 30 to 35 per cent, vide Annexure II.7).

2.40 With the adoption of public sector led planning as the strategy of development and the creation of the Planning Commission soon after the Constitution came into being, grants for the Plans have come to form a major component of federal revenue transfers. At first, the plan grants were meant to assist the States in implementing their plan by supplementing the resources available with them from their own sources and those accruing from the Finance Commission's recommendations, that is the statutory transfers. The need for providing a part of plan assistance in the form of grants, in addition to loans apparently arose from the possibility that the development plans though focussed on investment in the priority sectors, could also entail some current expenditure over a given plan period to maintain or run the assets created through the plan and the States might need some support to bear the resulting burden. This was not too problematic from the angle of budget balancing so long as the revenue requirements of the States were considered by the Finance Commission, in their totality, that is, including what the execution of the plan might call for. This was the position during the First and Second Plans as the awards of FCs covering the two Plan periods took into account the requirements for revenue expenditure on account of the Plans as well. Things changed with the third FC, whose award period coincided with the Third Five Year Plan. The ToR of subsequent FCs except the Ninth, called upon them to take care of the needs of the States on the non-plan revenue account only. Grants for meeting plan revenue expenditure were dealt with by the Planning Commission. Revenue balance could still be ensured so long as reliable estimates were available for the revenue expenditure component of the contemplated plan and the Planning Commission, while assessing the needs on account of the plan for purposes of determining the plan grant for a State, took note of the likely overall scenario of its revenue and expenditure.

2.41 Figuring out the revenue part of the plan was simple when, as was the practice in the beginning, the plan was approved by the Planning Commission, scheme-wise. Even when the system was changed and approval was given to the annual plan outlay made up of available balance from current revenues and borrowings from various sources, leaving plan grants to be guided by a formula - the Gadgil formula – it was possible to see that the revenue expenditure were not stretched too much and the focus of the plan remained on investment in physical capital creation. With increasing emphasis on social sectors like health, education and poverty alleviation, borrowing was permitted for financing revenue expenditure as well. Revenue deficits could still be kept in check if their dimensions were known in advance. Such checks ceased to apply when approval was accorded to the plan outlay without specification of the revenue part, allowing Plan revenue expenditure to emerge *ex post* as and when the plan got implemented.

2.42 On an average, as much as 50 to 60 per cent of the plan expenditure of the States is currently made up of revenue expenditure (vide Annexure II.8) while available Plan grants meet only a part of it. This is because, under the Gadgil formula, for States not belonging to the "special category" only 30 per cent of Central assistance for the State Plans is given as grants and the rest as loan. Central assistance is extended in the form of grant also for the implementation of certain plan programmes, viz. Centrally Sponsored Schemes and Central plans but in the end all States are left with large deficits in their plan revenue account. In reality plan grants as a whole do not match plan revenue expenditure in any State now (other than those in the special category) as may be seen from Annexure II.4 and so a good part of the revenue expenditure incurred under the plans is met out of borrowing in most States. The debt-servicing burden thrown up in this process encumbers the non-plan revenue account beyond what it can bear and so borrowing is resorted to for meeting non-plan revenue deficits as well in many States. Special category States usually have relatively large surplus in their plan revenue account, the surplus going up in some States to over 10 per cent of the GSDP because, in their case, normal plan assistance is carved out separately and given mainly (90 per cent) in the form of grant. Nevertheless, their budgets show fiscal deficits of varying orders while in some States, the deficit went beyond 10 per cent of their GSDP in 1998-99. Consequently, the debt burden in their case too has grown enormously and tended to wear down the surplus in their revenue budget.

2.43 The non-plan revenue budget of the States for a plan period has also to bear the burden of running the assets created during the earlier plans. Routinely the liabilities arising out of this process is presented to successive Finance Commissions as "committed" expenditure, to be taken into account while assessing the needs of the States. Thus, contrary to the common belief, the impetus for the growth of non-plan revenue expenditure comes not from the so called non-developmental expenditure alone but as the aftermath of the plans in which revenue expenditure are met to a large extent by borrowing, pushing the burden of debt servicing on the non-plan side. With the blurring of the distinction between revenue and capital in the plan outlay and enlargement of the revenue component in the actual plan expenditure that cannot be predicted in advance the budget estimates lose credibility and controls over the budget are rendered difficult. The practice of mingling revenue and capital parts in plan outlay and financing a large part of plan revenue expenditure by borrowing is now well recognised as a major factor underlying the imbalance in the country's public finances. To quote the Tenth Finance Commission:

> *There is a revenue Plan, which ought to be covered by revenue receipts. The clubbing of the revenue and capital components in one category termed the Plan outlay has generated a tendency to use borrowings to finance revenue expenditure. It is imperative to match the revenue resources separately with the revenue component of the Plan. Failure to appreciate this basic requirement of fiscal discipline is one of the main causes of the endemic fiscal disequilibrium.*

2.44 The disequilibrium gets accentuated as the States try to obtain approval for larger and larger plan outlay from the PC every year, even while the revenue position happens to be tight, implying ever-increasing reliance on borrowing. Article 293 of the Constitution provides a mechanism for the Centre to keep a check on borrowing of States already in debt to the Centre. But the check does not apply to certain borrowing sources viz., the small savings and provident fund of employees. Then they have access to ways and means advances and facility of overdraft from the RBI, though subject to certain limits. In breach of article 293 and to circumvent, certain States use PSEs to borrow rather than accessing the market for loans directly. The tendency on the part of the States to seek approval for large plan outlays is noted in the Ninth Plan document in the following words:

> *Many a time, the States show over-optimism regarding raising their own resources with a view of getting a higher Plan size fixed, as compared to the previous year, even though the achievement in the previous year may be much less than the originally fixed Plan size.*

(Para 6.18, Ninth Five Year Plan, Vol. I)

Some remedial action is also indicated in the plan document. But the outlays approved still far exceed the official level estimates in many cases while the actual expenditure falls short of the approved plans.

2.45 Another problem with the segmentation of statutory transfers arises from the manner in which the needs of the States which require grants-in-aid after devolution are assessed. While right from the beginning, every Finance Commission has tried to apply some objective criteria in assessing the revenue and expenditure of the States over their award period, these have remained mostly confined to the growth rates relied upon to project the various items in the non-plan revenue budget. The assessments made by the FCs are rarely adhered to by the States. At the end of each 5-year period preceding the formation of a new FC, the actuals are presented to form the base for the estimates for the next five years. In other words, the normative approach which is essential for equity and efficiency, has also not been fully operative.

2.46 Absence of arrangements for regular consultation and policy co-ordination is another shortcoming of the institutions that underpin our federal financial relations. The Constitution provides for a mechanism for such consultation in the form of Inter-State Council. In fact, this forum should have been utilised for evolving national consensus on economic and other matter. But little effective use was made of that forum in the past. There are many issues of common interest and externalities among the States as between the Centre and the States that can be sorted out only through interaction among them. The Indian federal system has been gravely deficient in this regard, as a result of which there has been a runaway increase in government expenditure both at the Centre and in the States. Further, the States have engaged in tax competition by offering low rates of sales tax and other concessions to attract trade and business. There is also tax exportation, that is taxation by a State of which the incidence falls on citizens of other States, as for example through tax on inter-State sales. All these affect the potency of the tax sources of every State, reflecting the institutional weakness of our federal system.

2.47 The strategy of restructuring of the public finances that we are devising aims at rectifying the deficiencies enumerated above, addressing in particular the complications created by segmentation of transfer channels, reformulating the principles governing the transfers and installing potent incentives for fiscal discipline and efficiency, and activating the institutions of intergovernmental consultation and policy co-ordination. In redesigning the transfer system however, due regard would need to be paid to equity and autonomy of the States as well. In the context of para 4 of our ToR, considerations of sustainability also must be kept in view, which implies that the transfers should be consistent with the macro-parameters indicating the sustainable size of the public sector and the permissible level of deficits in the government budget. These have been the guiding aims underlying our approach.

Approach to Restructuring: The Broad Thrusts

2.48 Restructuring requires in the first instance defining the goals in terms of budget outcomes and the key budget variables viz., the level of revenue, expenditure and deficit. The goals need to be set in a macro frame with disaggregation for the two levels of government under the aggregate budget heads of receipts and expenditure oriented to achieve fiscal balance and ensure economic stability consistent with growth and equity.

2.49 The scheme we have in view seeks to restore budget balance in the medium terms by reducing the fiscal deficit substantially and eliminating the revenue deficit at the State level. At the same time, the composition of government expenditure will undergo a change in favour of the social sector and capital expenditure. The adjustments that would be needed to reach the contemplated targets are, in our judgement, not too ambitious though it will require earnest effort on the part of the governments at both levels to raise the revenue-GDP ratio. We believe there is considerable slack in tax and non-tax revenue realisation and the drop in revenue-GDP ratio that has occurred in the nineties can be made up without hurting the economy. We have tried to identify some of the principal impediments to improving the revenue productivity of the tax system and our recommendations contain suggestions for wide ranging reforms including some Constitutional amendments.

2.50 The package of federal transfers by way of tax devolution and grants recommended by us in this report is predicated on the expectation that the growth of revenue and expenditure of the government at both levels will occur as contemplated. Transfers constitute a major item of outgo for the Centre and a vital revenue source for the States, and so have to be so designed as to underpin the parameters of revenue and expenditure of both levels of government envisaged in the restructuring plan. This necessitates setting the norms for transfers as a proportion of Central revenues (tax and non-tax taken together) in the aggregate terms leaving the components to be determined separately but keeping within the overall ceiling.

2.51 A notable implication of this strategy is that in deciding the level of revenue transfers, all transfers have to be taken in their totality and their components like tax devolution, grants-in-aid and grants in other forms like Plan grants, should be decided in the light of the overall ceiling. Accordingly, after working out the likely profile of the revenue and expenditure of the Centre for the five years 2000-05, we have set a notional limit on the overall revenue transfers, taking into account the legitimate needs of the Centre to meet its revenue expenditure liabilities. In setting this ceiling, we have taken note of the level of transfers that have taken place as a proportion of Centre's revenues in recent years (Annexure II.9) and postulated a proportion of 37.5 per cent in order that there is no disruption in government finances at the two levels. This will serve to raise the volume of resource flow to the States over what has been prevailing of late but not beyond what can be accommodated within the Centre's resource profile, and the contemplated deficit levels.

2.52 We have proceeded next to determine the share of the Central taxes that may devolve on the States and their *inter se* allocation among the States. Here again, while suggesting some change, in the interests of certainty and stability of the system, we have taken care not to depart too much from the pattern that has evolved in recent years although for strengthening the equalising effort of the transfers, a reduction of the share of devolution and larger grants-in-aid would have been preferable. The next step was to figure out the likely non-plan revenue gap of the States based on our assessment of their revenue and expenditure scenario and the share in Central taxes likely to accrue to each State through devolution. The grants-in-aid on non-plan revenue account have been designed to see that no State is left with any deficit after receiving these grants. The balance of the aggregate transfers warranted by the overall notional ceiling after allowing for tax devolution and grants-in-aid, emerges as potential plan grants. It may be added that in our scheme, the grants-in-aid include revenue deficit grants on non-plan account and grants meant for local bodies and grants meant for calamity relief.

2.53 In assessing the revenue gaps of the States, we have tried to follow the normative approach as far as possible. Although elements of normative approach have been implicit in the assessments made by the FCs in the past, since we are proposing to use the norms more extensively than before, a brief discussion on its rationale and contents would be in order.

Strengthening the Normative Approach

2.54 In deciding what would be the appropriate sums to be paid to States as grants-in-aid, the FC assesses the "need" of each State after taking into account what they can raise on their own by exercising the tax powers available with them, and the share of Central taxes to devolve to each State as per the formula prescribed by the Commission. The Commission also takes into account the expenditure likely to be incurred by them over the award period by applying growth rates which they consider appropriate. But the growth rates are usually applied to the revenue and expenditure of the base year, that is, the year preceding the first year of the five-yearly award period. Although the growth rates applied to the base year figures are chosen by the FC which, in their judgement, would be reasonable, the base year figures reflect the result of the discretionary actions of the States in the matter of revenue raising and expenditure priorities of their own.

2.55 Projections that proceed from the actuals of the base year create a tendency among the States to incur expenditure in excess of available revenue, and resort to borrowing, in the expectation that the resulting burden of "committed" expenditure including the debt servicing would go into the FC's assessment of expenditure liability for working out the likely revenue gap for the subsequent years. This process puts the States who observe the rules of prudence and show no deficit in their non-plan revenue account at a disadvantage, in that they do not qualify for any grants-in-aid, while those who produce unbalanced budgets get away with their profligacy. This practice is both iniquitous and detrimental to efficiency in fiscal management. For the transfer system to be equitable and conducive to efficiency, the States should not be assessed on what a State actually practises but on what it should practise, given its resource base and what it can legitimately expect from the Centre, in other words, on the basis of some objective norms.

2.56 While, conceptually, norms to determine relative taxable capacity can be set up through econometric techniques such as by using the representative tax system method or the regression approach, application of the normative principle in practice presents formidable difficulty because of the heterogeneity of the States that affect their tax potential and also because of paucity of data. However, some approximation is possible. This is what we have tried to do on the revenue side. Assessment of expenditure requirement on a normative basis is also fraught with difficulties. It is not possible for the Finance Commission to decide what is the legitimate expenditure of the State objectively. Every State has its own priorities. Even going by averages also may not be very satisfactory because when all States violate the rules of fiscal prudence, the average tends to go beyond what can be sustained by transfers from the Centre. But since we are not starting from a clean slate, there is no alternative but to start from the existing situation. Nevertheless, we have made an attempt to introduce the normative principle a little more systematically than before, by adjusting the base year figures in the light of some norms and also estimating the revenues and expenditure for the five year reference period by using some normative growth rates. This forms the basis of our identification of States in need of assistance and determination of sums that may be given to them as grants-in-aid.

Incentives for Fiscal Discipline

2.57 In order to strengthen the incentives for fiscal discipline, our scheme of debt relief widens the reward for reducing the debt ratio. As a way of checking the tendency on the part of the governments to borrow while expanding their expenditure, several countries have, of late, introduced certain fiscal policy rules through legislation, setting a ceiling for the debt-GDP ratio. The question of tying a part of fiscal transfers to observance of fiscal policy rules or an agreed fiscal reform programme will be considered in our report dealing with the added term of reference in para 4 of the ToR. Meanwhile, the transfer proposed in this report is designed to encourage discipline and facilitate fiscal adjustment by laying down a ceiling beyond which deficit will not be underwritten by the FC or Central transfers and any State going beyond this limit would have to find resources on its own. The success of any such scheme depends crucially on strict observance of the rules of fiscal discipline by both the Centre and the States in letter and spirit.

Federal Transfers: Need for a Holistic Approach

2.58 As already noted, an important implication of our approach is that potential Plan revenue grants emerge as a residual in the transfer package. Once the ceiling on transfers is laid down and the amounts to flow as tax devolution and grants-in-aid specified, the balance remaining out of the total overall may flow as plan grant. Consistent with our macro scenario, these are the amounts which can devolve to the States by way of plan revenue grants.

2.59 Our ToR also require us to take into account the total revenue expenditure of the States on account of both plan and non-plan. The Ministry of Finance in their memorandum to us also urged that the devolution package should be based on an integrated view of the transfers so that the impact on the Central budget becomes transparent and amenable to control. We accept this contention and in order to correct the deficiencies in the transfer scheme arising from the segmentation of Central revenue transfer into non-plan deficit grants and plan grants have taken a holistic approach to work out a transfer package consisting of all components of revenue transfer from the Centre to the States. Viewing the plan and non-plan grants in tandem is, in our view, essential for restructuring of public finances and restoration of budget balance.

2.60 As argued earlier, if the practice of borrowing to finance revenue expenditure is to be discouraged and public services provided efficiently the requirements of revenue expenditure have to be assessed in their totality without leaving the revenue component of the plan to be decided separately. This apparently is the consideration underlying the reference in our ToR to the need to take into account the requirement of the States for meeting the plan and non-plan revenue expenditure. Even otherwise, it is not possible to evolve any scheme of restructuring without looking at the revenue expenditure in their totality.

2.61 There are, however, practical difficulties for the Finance Commission in assessing the requirements of revenue expenditure under the plans. The Finance Commission, having been a fixed-term body appointed periodically cannot be in a position to determine the developmental requirements of each State individually. The practice of excluding Plan revenue expenditure from the purview of the Finance Commission has come to be followed since the Third Plan was thus not without some merit. Moreover, in order that the macro-picture is not lost sight of and the States do not overestimate their resources while asking for a larger Plan, incompatible with the revenue scenario, they present before the Finance Commissions, a link between the Planning Commission and the Finance Commission was established through a common Member. That practice ended with the Tenth Finance Commission, thereby closing the avenue of effective co-ordination between Planning Commission and the Finance Commission.

2.62 Another difficulty in integrating plan and non-plan components in the revenue expenditure has arisen from the desynchronisation of the reference periods of the Finance Commission with the Five Year Plan periods. For the first six Finance Commissions, the two periods were co-terminus. The break that occurred with the Eighth Commission was restored with the Ninth Finance Commission being asked to report for two periods, one for a single year and the other for the next five years coinciding with the Seventh Plan. The delay in the commencement of the Ninth Plan again broke the link. The desynchronisation continues.

2.63 The point that bears reiteration is that restructuring towards fiscal balance is not possible unless the expenditure needs of the Centre and the States are looked at in their totality and not segregated into compartments like plan and non-plan. Even if the distinction is maintained, budgeting for expenditure should keep in view the macro-parameters while fixing the size of the plan. Looking at the present system, one cannot help feeling that the size of the plan revenue budget of the States remains indeterminate at the planning stage and is financed to a larger extent by borrowing than is sustainable. Even if a part of the plan revenue expenditure is to be financed by borrowing, at least at the State level, there should be no revenue deficit. The Centre's grants should be tailored accordingly. The revenue transfer scheme designed by us is guided essentially by these considerations.

2.64 In deference to the requirement enjoined under para 6 of the ToR, we have tried to formulate measures for the augmentation of the Consolidated Fund of the States to supplement the resources of the Panchayats and Municipalities on the basis of the reports of the State Finance Commissions (SFC). Our aim in this endeavour has been two-fold:

i) to help achieve the objective underlying the 73rd and 74th amendments of the Constitution by enabling the local bodies to function truly as institutions of self-government; and

ii) to ease the burden that the State exchequers may face in nurturing the local bodies to help them attain their potential and discharge their appointed functions.

2.65 For an enduring solution to the problem of budget deficits, attention needs to be paid to the system of budgeting and budgetary control. The newly constituted Expenditure Reforms Commission will, no doubt, go into the system of budgetary practices and control and make recommendations for reforms that may be needed for improvement of the system. However, we too have made some suggestions in this regard.

2.66 Lastly, while it might be expected that the fiscal stress may ease in the coming years, with the economy picking up and interest rates softening, for budget balance to be restored on a sustainable basis, some of the basic structural weaknesses of the fiscal system would need mending. Among them is the dysfunctional assignment of tax powers between the Centre and the States and the fragmentation of the base of income tax and excise duties. Another is the ballooning of pension liabilities of the public sector, a "ticking time bomb", as some would say. The former may need a change in the Seventh Schedule to the Constitution and the latter, some viable scheme of pension funding.

2.67 In conclusion, we would like to stress that public finances are a mirror of the collective choice of the people in regard to the size of the public sector and its contents, and the manner of its financing. However, viability of public finances depends crucially on the awareness on the part of the people themselves regarding the options and trade-offs involved. In a federal economy, intergovernmental transfers play a critical role in holding a balance between revenues and expenditure at different levels of government. The balancing cannot be achieved without the collective will of the people. We would feel rewarded if our scheme helps to generate greater awareness among the people and the policy-makers of the need for bringing the public finances into balance on a sustainable basis.

Endnotes

1 Unless otherwise specified, *fiscal deficit* denotes *gross fiscal deficit* measured as the difference between aggregate disbursements (including loans net of recovery) and revenue receipts and non-debt capital receipts.

2 Defined as plan grants *minus* plan revenue expenditure.

3 *Report on Currency and Finance*, Reserve Bank of India, 1998-99 (Chapter V).

4 *State Finances, A study of Budgets of 1999-00*, Reserve Bank of India, January 2000.

5 *Ibid.*

6 Economic Survey 1998-99, p. 23.

7 *Report on Currency and Finance, 1998-99*, Reserve Bank of India, Chapter V.

8 *Central Budgetary Subsidies in India* by Dr. D.K. Srivastava and H.K. Amarnath (National Institute of Public Finance and Policy, 1999).

9 *Discussion Paper on Government Subsidies*, Govt. of India, 1997.

10 *Report on Currency and Finance*, 1998-99, Reserve Bank of India, Chapter V.

Chapter III

Restructuring Public Finances

3.1 Large fiscal deficits fuelled increasingly by deficits in the revenue budgets have been the bane of government finances in India for nearly two decades now. While a part of the capital expenditure has always been financed out of borrowing, revenue deficits signifying financing of current expenditure also by borrowing have become malefic fixtures in the Central budgets since 1979-80, and in the all-States profile, since 1987-88. Virtually all States, first the fiscally weaker ones and then even the better off among them, have slipped into revenue deficit. Embedded as they are in fiscal deficits that are universally acknowledged as unsustainable, revenue deficits are only visible manifestations of multiple and deep-seated imbalances in government finances calling for basic restructuring.

3.2 Clause 4 of our Terms of Reference (ToR), the first of its kind for a Finance Commission, brings this issue to the fore. It requires us *to review the state of finances of the Union and the States and suggest ways and means by which the governments, collectively and severally, may bring about a restructuring of the public finances so as to restore budgetary balance and maintain macroeconomic stability.* In addressing this task, we feel it necessary to (i) consider the relevant parameters of macroeconomic stability; (ii) based on the parameters chosen, outline the contours of the restructured public finances of the country with suitable disaggregation between the Centre and the States needed to underpin macro-stability; (iii) specify the contents of restructuring; and (iv) spell out the ways and means by which such restructuring can be brought about by the Central and State governments, collectively and severally.

3.3 In the context of the task of formulating the ways and means for achieving budgetary balance, an additional term was subsequently referred to the Commission requiring us to *draw a monitorable fiscal reforms programme aimed at reduction of revenue deficit of the States and recommend the manner in which the grants to States to cover the assessed deficit in their non-Plan revenue account may be linked to progress in implementing the programme*. We shall address this additional term in a subsequent report.

3.4 The structure of public finances in an economy is defined by the level and composition of expenditure of the government (current and capital) and the instruments relied upon to finance them, viz., the tax and the non-tax revenue sources and borrowings. The excess of government expenditure over current revenues and other non-debt receipts gets reflected in fiscal deficits financed either by way of borrowings from internal and external sources or through seignorage, that is money printing. If expenditure persistently exceeds revenues, fiscal deficit, to the extent it is not covered by seignorage, steadily adds to outstanding debt, resulting in increasing interest payments[1]. Unless met with larger revenue receipts, this gives rise to a self-perpetuating spiral of debt and deficit. In the absence of commensurate increase in domestic savings, deficits in government budgets tend to spill over to the external sector in the form of current account deficit leading eventually to adverse balance of payments. This, in turn, jeopardises the macro-stability, judged by stability of prices consistent with growth at attainable full employment levels. The solvency of the economy also comes under doubt. A restructuring programme is called for to steer public finances away from such a spiral towards sustainable levels of debt and deficit.

3.5 It should be noted that not all changes in a fiscal system can be regarded as structural in character. We need to distinguish between changes that affect the very basis of inter-relations among fiscal variables and among fiscal and other variables from those that reside at the surface, and changes that are enduring from those that are transitory. Changes in tax rates aimed at raising the level of tax revenue, for instance, do not constitute structural change. On the other hand, shifts in the composition of taxes seeking, say, to reduce the government's reliance on foreign trade taxes or move towards a non-distortionary tax regime by replacing turnover type sales tax with value added tax, is structural. Similarly, compositional changes in government expenditure, signifying disengagement of the public sector from direct participation in the productive activities in the economy, are structural. Also, changes in the tax base brought about by fiscal and non-fiscal causes would qualify as structural. In a federal economy, changes in intergovernmental financial relations comprising assignment of powers and functions among different levels of government and the system of fiscal transfers belong to the structural category. Again, certain changes in the public finances might be called for to meet short-term exigencies while some others might be needed from a long-term perspective. In formulating a scheme of restructuring it has been our endeavour to identify the content of restructuring and formulate measures to achieve them keeping these distinctions in view.

3.6 As required by our ToR, we have, in Chapter II, reviewed the state of finances of the Union and the States, and analysed the causes of the deterioration in the public finances of the Union and State governments, both proximate and basic. In this Chapter, we consider issues of macroeconomic stability focussing on the implications for intergovernmental fiscal transfers. We have outlined an adjustment path for fiscal restructuring and worked out a package of ways and means for its implementation, keeping in view a medium term goal of fiscal consolidation in the Centre as well as in the States.

Public Finance and Macro-economic Stability: The Interface

3.7 Public finances impact the economy in many ways, directly and indirectly, in the long as well as the short run. Spending by government represents a draft on the national resources for public use. The size of the draft that the public, i.e., the government sector makes to carry out its expenditure programmes, as also the instruments used for securing them, influence the macro-economy in fundamental ways. The public sector provides services which are not catered to by the markets such as defence, justice, public administration and needs of the social sector like primary education and healthcare. Public sector also promotes growth by helping build basic infrastructure and creating an environment conducive to the development and growth of the economy to its full potential. But, unless employed efficiently, the use of resources by the public sector can retard growth in the long run. Being a component of the aggregate demand, government expenditure constitute the major determinant of the macro-economic outcome in the short run. The manner of financing the government expenditure also impacts the macro-economy, depending on the extent to which such expenditure are financed out of taxation and borrowing or seignorage and the instruments used. An ill-designed tax structure can cause distortions and inefficiencies while reliance on either borrowing or seignorage beyond a point creates problems in the form of explosive accumulation of debt and inflation. Borrowing has its ramifications in terms of inter-generational burden of debt, pressure on interest rates and crowding out of private investment. It also has implications for the external sector balance as deficits in government budgets in excess of what can be met out of domestic savings entail drafts on foreign savings through current account deficits.

3.8 It may be useful at this point to look at the conditions of macro-stability that are of general application. Commonly, macroeconomic stability is associated with stability in prices, allowing for a moderate rate of inflation. However, price stability can coexist with unemployed resources in the economy. Hence, for all practical purposes, macroeconomic stability is viewed as stability of prices at full employment of available resources[2]. In an open market economy, macro-stability is attained and preserved through the behaviour and interaction of the various markets. Depending on the state of the economy, macroeconomic instability can originate from imbalance in any one or more of the principal markets, viz.:

- i) excess of aggregate demand over aggregate supply in the commodity market;
- ii) excess of demand over supply in the financial markets including the market for money and foreign exchange;
- iii) excess of supply over demand in the labour market; and
- iv) imbalances in the market for non-financial assets.

The markets are interdependent and imbalance in one spills over into another. Fiscal stance of the government plays a key role in maintaining or disrupting macroeconomic stability *via* its impact on the various markets, although policies in other fields also influence the outcomes. For instance, physical controls over investment and production, and wage policy can distort the incentives and retard economic growth resulting in shortages and incipient inflation. When prices are controlled, instability may not be apparent even though supply demand imbalances persist. While public finances alone cannot counteract imbalances in all markets, inappropriate policies in the fiscal arena can act as a source of instability.

3.9 For operational purposes, it is useful to look at macro stabilisation issues in terms of internal and external balance. For internal balance, we require a growth trajectory whereby resources are fully employed and inflation is at a low level. For external balance, we need to keep the current account deficit within a reasonable limit that is what can be serviced in the long run out of export earnings and factor incomes abroad. Macro stability also depends critically on the handling of monetary policy and the exchange rate.

3.10 A distinction needs to be made also between stabilisation in the short run and in the long run. The emphasis in the short run has to be on counter-cyclical measures. Thus, in a period of recession, the government has to embark on an expansionary fiscal policy even if this raises the level of fiscal deficit as a proportion of Gross Domestic Product (GDP). Counter-cyclical stabilisation may also be helped by reduction in tax rates to stimulate private spending. On the other hand, when the inflation rate is on the rise, fiscal stance has to be contractionary and fiscal deficit, relative to GDP, may have to be reduced.

3.11 The long run stabilisation objectives are different and more structural in character. From a long-term perspective, one needs to determine the right size of the government, the composition of government expenditure and the size of debt and fiscal deficit, all in relation to attainable or potential full employment output. It would also require a tax structure conducive to savings, investments, risk taking and work efforts. The long run stabilisation provides the necessary time frame for all adjustments to be completed, while ensuring that the economy is on a growth path whereby the available resources, physical and human, get fully employed. The relevant objective then is to select the size and composition of government expenditure and the right mix of financing instruments that maximise growth and welfare, with stability. The focus of fiscal restructuring to ensure macroeconomic stability has to be on this objective. What should be the size and shape of the public sector in a country is ultimately a matter of public choice and, in a way, the level of public expenditure reflects the demand of the people for public services. However, given the concerns about the sustainability of the public sector in India in its present size and form, propped increasingly by borrowing, in addressing the task of restructuring, we first consider the limits to which government expenditure can be financed through debt and deficit and then explore the lines on which the public finances can be reshaped to subserve the objectives of growth with stability.

Sustainable Debt and Fiscal Deficits

3.12 Government's fiscal stance as reflected in the size of the fiscal deficit and the manner of financing it plays a critical role in macro-stabilisation. The apparently cheapest source of finance for governments is seignorage, which adds to base money or high powered money. As the economy grows, the demand for money also grows, and depending on the elasticity of demand for money, some increase in money supply can be absorbed without inflation. But beyond a limit, increases in base money can result in unacceptably high rates of inflation. It has been suggested that in developing economies the "*ratio of seignorage of much more than 2.5 per cent of GNP would not be sustainable and that even that rate would only be possible in a rapidly growing economy*"[3]. In India, in recent years, borrowing from Reserve Bank of India (RBI) has been subjected to strict limits through a memorandum of understanding between the Government of India and the RBI. Ideally, the extent of monetised deficit should be subjected to a limit linked to GDP.

3.13 Borrowing from foreign sources, the other alternative for financing deficits, tends to appreciate the exchange rate. However, by its very nature the flow of foreign funds depends on many factors, not all economic. The economy's aggregate external borrowings (public and private) have to be managed by the central bank taking into account the safe limit to the current account deficit, the structure of existing external debt and their time profile. The government's external borrowings should be limited considering that its vulnerability to external shocks increases if external debt servicing requirements are too large.

3.14 Domestic borrowings are the other main source for financing deficits in government budgets. However, it has implications for the rate of interest and the availability of savings for the private sector. A critical issue that we need to consider is whether government borrowing and debt are sustainable at the present level. For their sustainability over a period of time, an essential condition is that the ratio of debt to GDP does not grow beyond a point. The debt ratio may, however, remain stable even while there is a primary deficit (i.e., the excess of expenditure excluding interest payments over receipts), as long as the rate of interest does not exceed the rate of GDP growth. This is known as the budget constraint rule. However, the level of primary deficit relative to GDP should not exceed the threshold derived from the difference between growth rate and the effective interest rates on government borrowing[4]. It can be seen that currently the sustainability condition is violated in the budgets of the Centre, in the combined accounts of the Centre and States, and individually in many States (Appendix III.1, Tables A III.1-5). Unless the present trends are reversed and the deficits are brought down, the debt-GDP ratio will keep growing undermining the solvency of the public sector. From the angle of sustainability, it is necessary not only to contain the deficits to levels permissible under the budget constraint rule but also to bring down the debt ratio from its present level which is rather high. The need to reduce the debt level also arises from difficulties in debt servicing associated with high levels of indebtedness. When debt-servicing liability is large – as it happens when the level of debt is high and a large chunk of the revenue receipts is used up in servicing the debt – the budgets should either cut down non-interest expenditure to the barest minimum or generate adequate revenue to finance the essential expenditure of the government after meeting the interest liabilities or do both.

3.15 Ultimately the right size of fiscal deficit relative to (full employment) GDP depends on how the borrowed resources are used. If borrowing is for consumption or current expenditure, borrowed resources will not create any assets that can yield a return to service the additional liability in the future. Hence, the dictum that there should be no deficit on the revenue account; rather the revenue budget should generate surpluses for government investment. An exception can be considered for revenue expenditure that fosters human capital formation. The sustainability of fiscal deficit would depend on the expected rate of return on government investment, including expenditure on human capital, and the efficacy of the revenue system to finance the resulting debt servicing needs. Other things remaining the same, if the rate of return on government investment financed by deficit is lower than the interest rate at which the incremental debt to finance the deficit is incurred, then debt and fiscal deficit will tend to spiral. In comparing the rate of return on government investments against the interest rates, it is necessary to look at not only the financial returns on government capital but the social returns as well. Fiscal deficit may be sustainable to the extent it helps to support government expenditure so that GDP growth warranted by full employment of available resources becomes possible, provided the revenue sources are also buoyant enough to take care of the requirements of debt servicing. However, there are clear limits to increasing full employment output growth rate by continuously running a high fiscal deficit because of the solvency question. Further, if the debt level is high, interest payments will pre-empt an unduly large share of current receipts leaving too little for expenditure on other essential heads of the budget. There are also limits to the extent to which the rise in the tax level that may be required to meet mounting expenditure commitments, would be acceptable to the community.

3.16 The immediate issue for us is (i) whether at the present juncture the fiscal deficits of governments at the Centre and in the States should increase or decrease and (ii) at what level relative to GDP should they settle down or stabilise. The answer to these questions cannot but be different for the Central and the State governments taken severally. Considering the State governments first, answers will be different for different States, depending on their existing debt to GSDP ratios, their growth rates, and the return on government capital that they may obtain, as also the rate of interest at which they can borrow. The constraints for the Centre are not the same as for the States. One important reason is that the rate of interest is more endogenous to the Central government because of its ability to influence the growth of money supply *via* the share of monetised deficit in total fiscal deficit, its capacity to administer the interest rates (despite deregulation of the financial market) and the lower risk premium on its borrowing. These need to be borne in mind while considering appropriate rules to set limits for borrowing and debt of the governments at the two levels.

Fiscal Rules for Maintaining Macroeconomic Stability

3.17 The formulation of fiscal rules in the context of macroeconomic stability involves, basically, setting a rule regarding the size of the deficits that the government can incur in financing its expenditure. In setting this rule, account should also be taken of the existing level of the debt. According to available information, the ratio of government debt (including external debt) to GDP is currently about 65 per cent. This does not take into account the debt of the public sector as a whole inasmuch as the borrowings of public sector enterprises are not included in this computation[5]. At the current level of indebtedness, over 40 per cent of the gross revenues of the Centre goes into interest payments alone. In the case of the States, interest payments constitute on an average about 22 per cent of their revenue receipts (for some States, over 30 per cent). Growth of interest liabilities has been a major factor in driving up revenue deficits of both Centre and the States in the nineties. If the public finances are to be restructured, the level of government debt should be brought down to a level that would help to contain interest payments to a reasonable proportion of revenue receipts so that adequate revenues are available with the governments for providing essential public services. Simultaneously there should be a limit on the fiscal deficit in order that the debt-GDP ratio does not grow to undesirably high levels.

3.18 While benchmarks for sustainable debt and deficit would differ depending on the extant situation of a country, in the context of the European Monetary Union, the Maastricht Treaty has laid down certain norms for the member countries to follow. The rule regarding deficits is that the fiscal deficit should not be more than 3 per cent of the GDP and the debt-GDP ratio should not be more than 60 per cent. These levels of deficit and debt, however, have to be seen in the context of the rate of GDP growth in the countries of Europe averaging around 3 per cent per annum. For a developing country like ours, aiming at a higher growth rate (such as 7 to 8 per cent) for eradicating poverty and realising the full growth potential, a higher level of deficit may be permissible. However, from the angles of solvency and the likely impact of a high debt-GDP ratio on the economy, and the government budgets *via* interest burden, it is desirable to bring down the level of debt-GDP ratio and stabilise it at a level of no more than 55 per cent. A reduction in debt-GDP ratio is required particularly in view of the fact that our interest rates are much higher than in advanced countries. By this rule, if the economy grows at a nominal rate of 13 per cent, a fiscal deficit of 6.5 per cent may be sustainable.[6] This is the level which we have put forward as target for the combined fiscal deficits of the Centre and the States by the year 2004-05, given the relativities between interest rate and the GDP growth rates.

3.19 Another rule to guide the fiscal behaviour can be derived by relating interest liabilities to revenue receipts. As emphasised earlier, a major problem with large deficits and consequent growth of debt is the growth of interest liabilities. Unabated growth of deficits leading to continuous growth of interest payments pre-empts a large chunk of government receipts and the balance left may be inadequate for meeting the required expenditure liabilities of the government, necessitating borrowing and thus creating a vicious circle. To break this circle, a rule may be laid down whereby the interest payments as a proportion of revenue receipts is confined to a level which permits the available receipts to meet the requirements of expenditure[7]. This rule is particularly relevant for the States, as in their case, access to instruments that influence the interest rate is limited. In other words, a composite rule laying down the limit of the fiscal deficit for the economy as a whole and an operative rule restraining the growth of interest payments as a proportion of revenue receipts appears to us to be necessary to ensure that long run macro economic stability is not jeopardised by imbalances on the fiscal side.

3.20 For deriving the ratio of interest to revenue receipts at the optimal level consistent with the objective of maximising growth at full employment while maintaining macroeconomic stability, it is necessary to take account of the elasticity of government revenues and expenditure to GDP growth and of the interest rates to deficit, in a macro-model incorporating the relevant structural relations. Given our limitations of data and time, it was not be possible for us to set up such a model. However, a study commissioned by us at the Institute of Economic Growth, New Delhi, shows that the interest rate does bear a significant and positive relationship with fiscal deficits. Keeping in view this situation and the past behaviour of the tax revenues, expenditure and interest rates, we feel that the following norms of debt and proportion of interest rates to revenue receipts may be followed to underpin the restructuring plan:

i) For the system as a whole, i.e., the Centre and the States combined, the debt-GDP ratio currently stands at above 65 per cent (Annexure III.1). For reasons mentioned earlier, we feel that this needs to be brought down to around 55 per cent. For this level to be attained and sustained, the proportion of interest payment to revenue receipts should not go beyond 25 per cent as against the current level of about 35 per cent. This will further require raising the level of revenue receipts (tax and non-tax taken together) as a proportion of GDP to 20 per cent.

ii) For the Centre, we propose to set a norm of 35 per cent as the desirable proportion of interest payments to revenue receipts (net to Centre) as against the existing proportion of 51 per cent. Given the target of 10.28 per cent as the ratio of Centre's net revenue receipt to GDP in the terminal year, it may not be possible to bring down the interest to revenue receipt ratio to 35 per cent in five years. However, this should serve to bring down the Centre's debt-GDP ratio from the present level of 53 per cent to 48 per cent within a five-year span.

iii) For the States, the proportion of interest payments to revenue receipts including devolution and grants should be about 18 per cent as against the present average proportion of 22 per cent. However, some inter-State-variations may have to be allowed so as to avoid causing shocks. We strongly commend that the States endeavour to move towards this ratio keeping it as their medium term objective.

The Macro Scenario and Restructuring Targets

3.21 The desirable levels of government debt and fiscal deficit and the associated fiscal restructuring would need to be anchored in a macroeconomic scenario of growth of output and prices over the period 2000-01 to 2004-05. Some of the key macro indicators that define the perspective for restructuring programme prepared by us are set out in Table 3.1. The growth rate of GDP during the mid-nineties (1994-95 to 1996-97) was in the range of 7.0 - 7.5 per cent, but declined towards the close of the nineties largely due to recession. In the mid-nineties, industrial growth rate had touched a peak of 12.8 per cent. It fell in 1998-99 to 3.7 per cent. Alongside there was a price stability not seen before. But the fiscal side already contained seeds of instability. The overall scenario (Annexure III.2) may be summarised as follows:

(i) Growth rate of the economy had declined from a peak of 7.5 per cent in 1996-97 to 5.9 per cent in 1999-2000.
(ii) The economy was in the grip of a recession during the last 3 years;
(iii) Inflation rate was down to about 3.5 per cent in 1999-2000;
(iv) Interest rates also came down by a margin ranging from 50 to 100 basis points since January 1, 1999.
(v) The current account deficit was about 1.5 per cent of GDP;
(vi) Revenue and fiscal deficits on the combined account are estimated to be 6.76 and 9.83 per cent of GDP in 1999-2000, respectively.

3.22 The underlying growth and inflation scenario that we have in mind for 2000-01 to 2004-05 is growth in the range of 7.0 to 7.5 per cent and inflation in the range of 5.5 to 5.0 per cent. A growth of 7 per cent or above was achieved for 3 years in the mid-nineties, but more recently we slipped from this trajectory in the wake of recession. Now that the recession is easing, we expect that a growth of 7 per cent plus can again be attained. With a noticeable decline in the rate of growth of money, (Annexure III.2) we have assumed an underlying rate of inflation in the range of 5.5 to 5 per cent per annum.

3.23 In order to sustain output growth at the targeted level, there has to be stability in the macro-economy and that calls for several supportive actions in the fiscal sector. In particular, tax and expenditure reforms need to be carried forward. Subsidy reforms must be completed so that prices of key inputs like those of power, irrigation, water and petroleum reflect their true opportunity costs. In any case, all subsidies should be explicit so that their justification, or otherwise, can be debated in the legislature. Further, government capital expenditure must increase to sustain the targeted growth rate by providing the necessary infrastructure.

3.24 When the structural reforms and other changes which we recommend are put into practice, the macroeconomic scenario in 2004-05 as compared to 1999-2000 would appear to be as in Table 3.1.

Table 3.1: Macro Scenario Before and After Restructuring Over the period 2000-05

1999-2000		2004-05
5.9	Growth Rate (% per annum)	7.0 – 7.5
3.5	Inflation Rate (% per annum)	5.5 – 5.0
-1.5	Current Account Balance (% of GDP)	-1.5
6.76	Revenue Deficit (% of GDP)	1.0
9.83	Fiscal deficit (% of GDP)	6.5
14.0	Tax Revenue (% of GDP)	16.7
2.48	Non-Tax Revenue(% of GDP)*	3.2
4.17	Capital Expenditure(% of GDP)	6.6

* *excludes interest payment from States to Centre.*

Source (Basic Data): *As in Annexure III.2.*

Contours of Fiscal Adjustment

3.25 Having considered the underlying macroeconomic scenario, we now proceed to spell out the broad contours of fiscal adjustment that we consider necessary and feasible. It is evident that revenue balance can be restored only if revenue receipts grow faster than revenue expenditure.

3.26 On the expenditure side, interest, pensions and salaries provide only limited scope for reduction in the short run. Some expenditure - like those on education, health and infrastructure need to be increased if growth in the economy is to be sustained at the desired level. The revenue side is also marked by rigidities. Non-tax revenues, for example, have stagnated at around 3.5 per cent of GDP for many years. Fiscal restructuring has to be undertaken to overcome these constraints and the cost of adjustment has to be borne by the Centre and the States in their respective fiscal domains. However, the consequences of what would happen if nothing was done and various components of revenues and expenditure were allowed to grow according to their historical drives, as per the estimated trend growth rates may be highlighted.

3.27 The fiscal scenarios that would emerge for the Centre and the States – if the current trends prevailed – called the 'base scenarios,' are depicted in Appendix III.1 (Tables AIII.1 and AIII.3). For the Centre, fiscal deficit rises from 5.64 per cent of GDP in 1999-2000 to above 6 per cent by 2004-05. Revenue deficit touches the level of 4.57 per cent of GDP and capital expenditure to GDP ratio falls to 2.11 per cent. On the States' side also capital expenditure falls, and revenue and fiscal deficits increase as a proportion of GDP. These trends must be arrested. We need to look for a feasible adjustment path to bring about the required restructuring.

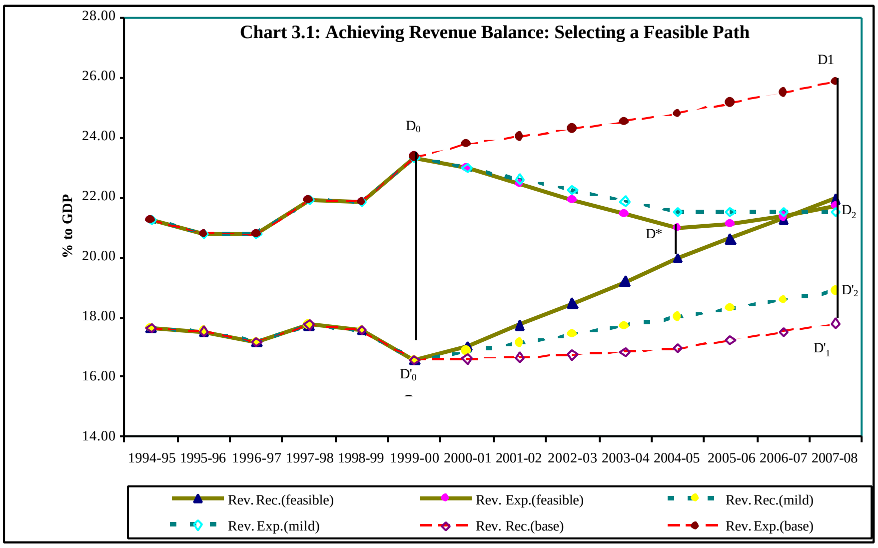
3.28 It hardly needs pointing out that if we set our sights too low, going in for soft options, it will take a longer time before revenue balance is restored, and fiscal deficit reined in. On the other hand, if we adopt a programme that is too ambitious, revenue balance may be achieved in shorter time but the cost of adjustment as well as chances of slippage will be high.

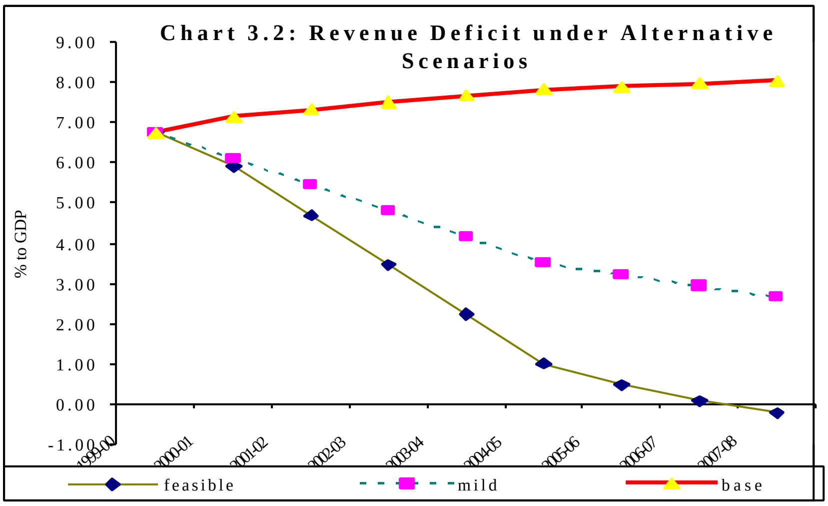
3.29 Given the constraints and compulsions, what is required is to select a path that strikes the right balance between desirability and practicability. For indicating the period that would be required under alternative options to achieve revenue balance, we have identified a feasible path and compared it with the consequences of the base scenario and the soft option. In the soft option, the tax-GDP ratio increases only by one percentage point in the five years up to 2004-05, the non-tax revenues continue to stagnate and only a mild expenditure compression takes place. As a result, a revenue budget balance appears in the distant future, almost beyond the foreseeable time horizon.

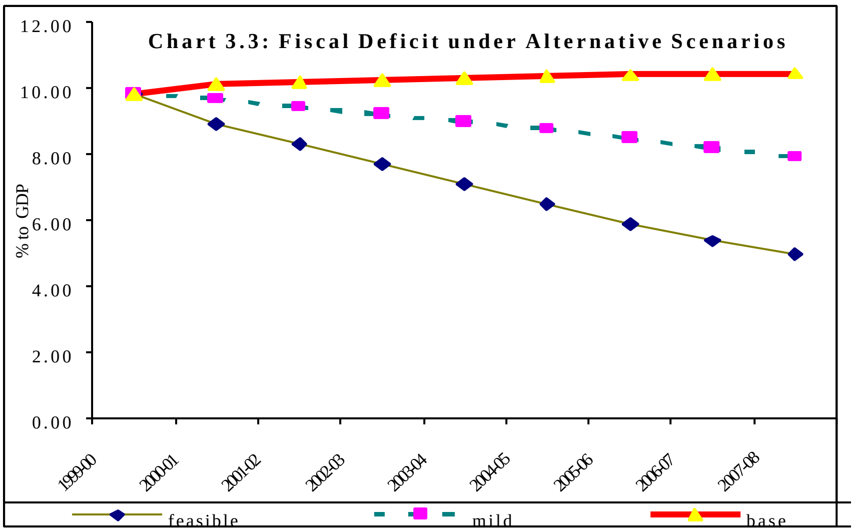
3.30 Dissatisfied with the results, sights are lifted and efforts are redoubled. A tougher degree of restructuring is attempted. Bolder expenditure controls, aggressive downsizing and further revenue enhancing measures are planned and imposed. Incentive systems are worked out. In consequence, it appears that a revenue budget balance would be well within sight and the economy is left only with a small and manageable revenue deficit in 2004-05. In the feasible option, we have proposed an increase of about 2.6 percentage points in the tax-GDP ratio, and compression of a little less than one percentage point in revenue expenditure. We have targeted a growth in capital expenditure to GDP ratio such that it comes to about 6.6 per cent of GDP by 2004-05. Unless this is done, the economy will continue to be lacking in the necessary infrastructure and a growth rate of 7.5 per cent may not be sustainable.

3.31 A more aggressive restructuring would call for an increase of 4 percentage points in the tax-GDP ratio within five years. It would require other more vehement fiscal and non-fiscal changes which will neither be economically nor politically acceptable under democratic system.

3.32. Chart 3.1 traces the path of revenue expenditure and revenue receipts with reference to the combined accounts of the Central and State governments. Charts 3.2 and 3.3 depict the corresponding paths of revenue and fiscal deficits, respectively, for the base scenario and the restructured scenario under the feasible and the soft options.







Note: *In Chart 3.1, D_0 - D'_0 is revenue deficit to GDP ratio in 1999-00. It increases to D_1 - D'_1 by 2007-08 in the unreformed (base) scenario. In the reform (feasible) scenario, revenue deficit is reduced to a level indicated by D* in 2004-05 and a small surplus emerges in 2007-08. In the mild restructuring scenario revenue deficit to GDP ratio is D_2 -D'_2.*

3.33 The adjustment path that we have selected, asks for an increase of 2.63 in the tax-GDP ratio, 1.48 coming from the Central taxes, and 1.15 coming from the State (Table 3.2). The increase envisaged in non-tax revenues will be more from States (0.50 percentage points) and a little less from the Centre (0.25 percentage points). This is because many public services which are not in the nature of pure public goods and the beneficiaries can be identified individually, are delivered more at the State-level. According to available estimates, subsidies embedded in the State budgets amount to nearly 10 per cent of GDP (as of 1994-95). Most of these are implicit in nature as few subsidies are given from the State budgets in an explicit and transparent manner. A tax-GDP ratio of 16.7 should be achievable as this level of taxation was realised in the eighties. Revenue expenditure falls by about 2.30 percentage points of GDP. In 2004-05 we would be still left with a revenue deficit of 1.00 per cent of GDP at the Centre but in the States it would be entirely eliminated. Fiscal deficit comes to 6.50 per cent of GDP as targeted and capital expenditure rises to about 6.6 per cent of GDP. The main features of the fiscal profile that emerges in 2004-05 under the restructuring programme envisaged by us are summarised below:

i) The growth rate of the economy is restored to 7.5 per cent per annum as achieved in the mid-nineties.
ii) Inflation rate is kept around 5 per cent.
iii) The current account deficit is kept below 1.5 per cent of GDP.
iv) Revenue account balance is restored in the case of the States.
v) A revenue deficit of 1 per cent of GDP is left in the Central budget.
vi) The combined fiscal deficit is brought down to 6.5 per cent of GDP.
vii) Aggregate tax revenues of the Centre and the States measure 16.7 per cent of GDP.
viii) Non-tax revenues reach a level of 3.2 per cent of GDP.
ix) Capital expenditure of the Centre and the States taken together will rise to 6.6 per cent of GDP.

Table 3.2: Fiscal Adjustment: Centre and States

	1999-00 (% of GDP)	2004-05 (% of GDP)	2004-05 over 1999-00 (% points)	Annual Adjustment (% points)
Combined Finances				
Tax Revenues	14.09	16.73	2.64	0.53
Non-Tax Revenues*	2.48	3.23	0.75	0.15
Revenue Receipts	16.57	19.96	3.39	0.68
Revenue Expenditure	23.33	20.96	-2.37	-0.47
Capital Expenditure	4.17	6.61	2.44	0.49
Revenue Deficit	6.77	1.00	-5.77	-1.15
Fiscal Deficit	9.84	6.50	-3.34	-0.67
Centre				
Tax Revenues	8.80	10.28	1.48	0.30
Non-Tax Revenues	2.75	3.00	0.25	0.05
Revenue Receipts	11.54	13.28	1.74	0.35
Revenue Expenditure	13.10	11.47	-1.63	-0.33
Capital Expenditure	2.62	4.00	1.38	0.28
Revenue Deficit	3.81	1.00	-2.81	-0.56
Fiscal Deficit	5.64	4.50	-1.14	-0.23
States				
Tax Revenues (own)	5.29	6.44	1.15	0.23
Non-Tax Revenues (own)	1.03	1.53	0.50	0.10
Revenue Receipts	10.38	12.96	2.58	0.52
Revenue Expenditure	13.33	12.96	-0.38	-0.08
Capital Expenditure	2.06	2.85	0.80	0.16
Revenue Deficit	2.96	0.00	-2.96	-0.59
Fiscal Deficit	4.71	2.50	-2.21	-0.44

* *does not include interest payments from the States to the Centre.*

Note: *Ratios of receipts and expenditure of States are based on assessment after making adjustments for contra-entries, identified subsidies and net of lottery receipts.*

Source (basic data): *Budget documents.*

3.34 Having selected a fiscal reform path couched in a macroeconomic scenario, we shall now spell out the content of restructuring and the ways and means to achieve it. Before spelling out our suggestions, we first go over the views of the Central and State governments on the subject.

Restructuring of Public Finances: Views of the Central Government

3.35 In the context of restructuring, the Central government, in its Memorandum, made the following main suggestions:

(i) Tax devolution and article 275 grants should be regulated by taking into account the overall resource transfers from the Centre to States. This is important for restructuring, as one of the main reasons for the high level of fiscal deficit of the Centre is the high level of resource transfers to the States.

(ii) In order to curtail the revenue deficit component of the Centre's fiscal deficit, devolution of taxes should be regulated by taking into consideration the combined revenue deficit of the Centre and the States. A reduction in revenue deficit is urgently needed for better use of borrowed resources and also to achieve intergenerational equity. Except for human resource development through current revenues, consumption expenditure should be financed from tax and non-tax revenue.

(iii) As global integration of trade and capital markets is taking place, an emerging economy like India's needs to maintain a sound fiscal environment for the inflow of foreign capital. An increase in the fiscal deficit of the Central government may affect the economy adversely more than that of State governments as the perceptions of foreign investors depend more on the Centre's fiscal situation.

(iv) A reduction in the fiscal deficit of the Centre is more important, as increase in the Centre's fiscal deficit means an increase in the rate of interest *via* market borrowing and thus an upward pressure on the overall interest rate structure, which, in turn, may crowd out interest sensitive components of private spending.

(v) The role of the State and the Central governments should be redefined and there should be a gradual reduction in the role of the Central government as a financial intermediary for the States and the Central Public Sector Enterprises (CPSEs); consideration should be given to rationalisation and better targeting of subsidies; and closure of unrevivable PSEs with government guaranteed market debt to fund the closure costs.

(vi) Year-wise fiscal deficit targets for both the Centre and the States may be recommended. The Commission has been urged to prescribe the type and limit of expenditure of the States that should be financed by their own tax revenues and through devolution and grants. Any additional expenditure should be financed by Central Plan assistance and by raising loans within the fiscal deficit target.

(vii) Any measure of debt relief to the States should be linked to quantifiable improvement in fiscal performance.

Restructuring of Public Finances: Views of States

3.36 The views of State governments were focussed more on the concerns of their own finances. The salient points of their suggestions are summarised below:

a. **Macro Aspects:** Some States (e.g., Karnataka and Manipur) suggested the need for taking an overall view of finances covering not only revenue but also capital accounts of the States. A few States (e.g., Bihar) called for a general lowering of interest rate in order to step up required capital expenditure and reduce debt-servicing burden. Bihar also wanted a reduction in the rate of interest specifically on Central loans. West Bengal emphasised that more resources could become available by bringing black money into the tax net.

b. **Expenditure:** Many States emphasised the need for increasing developmental expenditure in social and infrastructure sectors. Andhra Pradesh expressed the need for a substantial stepping-up of expenditure in primary health care, primary education, and expenditure on operation and maintenance. Gujarat has emphasised the need for reducing the size of government and privatising State parastatals. Jammu and Kashmir highlighted the importance of avoiding wasteful and avoidable expenditure on items such as vehicles and telephones, and travelling by government officers. Punjab advocated reduction in non-merit subsidies, rationalisation of non-salary expenditure, and better management of public debt. Uttar Pradesh emphasised economy measures including non-filling of vacancies arising on retirement and an across-the-board cut of 10 per cent in non-salary non-plan expenditure. Several States stressed the need for increasing capital expenditure as a proportion of total expenditure. Assam suggested that this ratio be taken to 70 per cent.

c. **Revenues:** Many States acknowledged that their sales tax structure needs to be rationalised so as to generate additional revenue as well as to provide a better tax environment for private sector growth.

d. **State Level Public Enterprises:** Several States (e.g. Orissa, Punjab, Rajasthan, Uttar Pradesh) emphasised the need for restructuring public sector undertakings, favoured increases in user charges and disinvestment, voluntary retirement schemes and an appropriate exit policy. As a component of State level reforms, Haryana emphasised the need for restructuring the power sector. Haryana also wanted enhanced participation of the private sector and reduced capital expenditure by the Centre so that more funds may become available for the States. Jammu and Kashmir advocated reduction in the budgetary support to public sector enterprises.

e. **The Role of the Centre:** The role of the Central government in providing congenial economic environment by maintaining monetary and fiscal discipline under restructuring was emphasised by Karnataka. Tamil Nadu was of the view that the Centre's fiscal restructuring might take precedence over that of the States.

f. **Borrowing:** Maharashtra suggested that borrowing by the States should be assessed with reference to their ability to service debt, rather than consideration of economic backwardness alone.

g. **Fiscal transfers:** Maharashtra wanted a mechanism for redistribution of resources favouring the States and a curtailment of Centrally Sponsored Schemes (CSS). Several States (e.g. Maharashtra, Karnataka, Meghalaya and Punjab) recommended introduction of incentives for prudent fiscal management. Tamil Nadu wanted a normative basis of assessment. It also emphasised the need to assess the CPSEs with some objective criteria. It further said that the States should be consulted before the constitution of a Central Pay Commission. Rajasthan recommended rationalisation and greater use of taxes under article 269.

3.37 While the suggestions taken individually do not present a full programme of restructuring, the views of the States, and those of the Centre, provide valuable inputs for the restructuring programme contemplated by us. Most of our restructuring plan is consistent with their suggestions except that we do not agree with the contention that a reduction in the Centre's fiscal deficit is more important than that of the States. We are also encouraged by the fact that most State governments seem to recognise the need for fiscal restructuring. Their commitment to undertake the requisite steps towards fiscal reforms also came out quite clearly during our interaction with the States in the course of our visits, when we had detailed discussion with them on various aspects of restructuring and the issues involved.

Contents of Restructuring

3.38 To attain the targets set for the various budget variables in our restructuring plan, reforms will be needed over a wide area, embracing the revenue sources, composition of expenditure, public enterprises and intergovernmental fiscal relations. We consider below the broad directions of reform that will be needed in the relevant areas.

Restructuring of Revenue Sources

a. Tax Revenue

3.39 The extent of increase in tax-GDP ratio called for in the restructuring programme has already been indicated: 1.48 for Central taxes and 1.15 for State taxes. The content of adjustment by major taxes is indicated in Table 3.3. These targets cannot be regarded as over-ambitious in view of the fact that this was the level that prevailed in the latter half of the eighties, peaking at 17.1 per cent (old GDP series) in 1987-88. The ratio had dropped thereafter and the drop was particularly sharp – by as much as 2 percentage points – between 1993-94 and 1994-95. This was the time when the Central taxes underwent extensive reforms. It is relevant to note that during the eighties many countries succeeded in raising their tax ratio dramatically along with reform. The setback to revenue that occurred in the post-reform years in India, therefore, needs a thorough analysis and investigation. It was not possible for this Commission, nor was it within its purview, to undertake such an inquiry. Nevertheless, a few observations might be in order.

Table 3.3: Restructuring of Tax Revenues

(per cent of GDP)

Taxes	1999-00	2004-05	2004-05 over 1999-00 (% points)
Income Tax	1.38	1.77	0.39
Corporation Tax	1.55	2.18	0.63
Union Excise Duties	3.26	3.69	0.42
Custom Duties	2.47	2.57	0.09
Central Taxes(Gross)	8.80	10.28	1.48
States' Own Tax Revenues	5.29	6.44	1.15

Source: *Budget documents and estimates.*

3.40 Major head-wise break up of the Union taxes shows that the main reason for the drop in the tax ratio in the nineties was the slump in the revenue from customs and Union excises that account for over two-thirds of the Central tax revenues. As noted in Chapter II, the buoyancies of these two taxes with respect to GDP declined to 0.74 and 0.71 in the nineties as against 1.45 and 1.04, respectively, during the eighties. Some decline in customs revenue was to be expected following the drastic downward revision of custom tariffs in the wake of liberalisation under the new economic policies. Reasons for the decline in the buoyancy of Union excises however are not very obvious and need to be identified. Introduction of Modified Value Added Tax (MODVAT) is sometimes cited as a possible cause. Here again, it is salutary to note that the Value Added Tax (VAT) has been the anchor of successful tax reforms in many countries across the world over the last two decades.

3.41 One possible reason for the sluggishness of excise revenues in the latter half of the nineties could be the recession that adversely affected the growth of industrial production. There could be more fundamental causes as well. Narrowness of the excise tax base with services excluded can also be a major cause. With services emerging as a fast growing sector of the economy and constituting over 50 per cent of the GDP, it is imperative to increasingly bring in services under the tax net for improving the buoyancy of indirect taxes.

3.42 Services are now being taxed by the Centre selectively in exercise of the residual powers given in the Constitution but the tax on services is being levied separately from the tax on goods. This can be a source of distortion which the tax reforms initiated during the 1990s sought to mitigate. Hence, ideally, services should be taxed like goods both when a service is integral to goods or independent of it. This will form a comprehensive base for the VAT, going down to the retail stage. However, if they are taxed outside the VAT umbrella, as far as possible, services which are, *prima facie*, meant for final consumption should be taxed and in case the net is sought to be cast wider, some way should be found to provide relief for the tax paid on services used in business as under MODVAT. Power to tax services which are delivered in retail and those which are incidental or appurtenant to the sale of goods (such as works contracts) should be given to the States who, in turn, may delegate the power to local bodies. Wherever feasible, this will open up a rich source of untapped revenue and augment the resources of both the Centre and the States substantially. Several initiatives have been taken by the present Union government to transform the excise system into a Central VAT designating it as "CENVAT" and by moving towards a single rate. However, the task will remain incomplete unless a way is found to bring in services under taxation along with goods under a comprehensive VAT.

3.43 The tax reforms undertaken by the Union government in tandem with economic reforms in the 1990s have helped to rationalise and simplify the direct tax system considerably. The rates have been moderated and many exemptions and concessions have been weeded out. In the interests of stability, the rate structure should not be disturbed especially since the revenues from the direct taxes have been quite buoyant. Care should be taken not to re-introduce the concessions and exemptions as they tend to erode the revenue productivity of the taxes and create inequities and inefficiencies which the reforms sought to alleviate.

3.44 On the States' side, buoyancy of sales tax, the principal tax source of the States, also suffered a decline in the 1990s as in the case of Union excise duties. This again, may be due partly to recession. But another factor that may have weakened the revenue productivity of sales taxes has been tax competition among the States. Low levels of sales taxes in the Union Territories adds to this unhealthy competition. With liberalisation of the economy, States have been vying with each other more vigorously than before to attract industry and trade to their respective trade regimes through offer of generous concessions in sales tax and rate cuts. It is encouraging to note that the States have now joined together to organise their tax system by introducing floor rates of taxes and easing out the existing concessions and tax holidays. If pursued earnestly, these measures should help to strengthen the buoyancy of sales tax appreciably in the coming years.

3.45 There are a few other taxes which the States can levy but remain unexploited or under exploited. Taxation of agricultural incomes is one of them and profession tax is another. The land revenue which has traditionally been the principal mode of taxing agriculture in the country has almost fallen into disuse. Taxes on land/farm incomes in some form may be levied to augment the resources of the Panchayats. The Panchayats may be given the powers to fix the rates, collect the tax and retain the proceeds. Stamp duty and registration fees and motor vehicle tax can also yield more revenue through better administration in which computerisation of information relating to taxable transactions can be of immense help. The local governments may be empowered to levy a surcharge on some of these taxes. Urban properties also constitute a potent source of tax revenue which also is not fully exploited. A major difficulty has been the entangling of municipal property tax laws with rent control legislation. This has been the most important single factor that has impoverished the municipal bodies. Laws governing the levy of property / house tax should be suitably modified to improve the productivity of these taxes.

3.46 The profession tax is presently imposed only in 13 States. The Constitution lays down a ceiling on the amount of the tax that can be levied by the States. The present ceiling of Rs.2500 was prescribed in 1988. Consideration may be given to an upward revision of the ceiling levied by the States, by amending the Constitution. It should be made possible to change this ceiling through a parliamentary legislation instead of a Constitutional amendment.

3.47 The existing potential for raising the tax-GDP ratio, at bearable tax rates, remains unrealised because of administrative weaknesses. In the administration of direct as well as commodity taxes, computerisation opens up new possibilities of checking evasion through exchange of information between the Central and the State governments and among the State governments.

3.48 Massive arrears of assessed but uncollected revenues remain on the account books of both Central and State governments. Effective steps for collecting these arrears in the next few years can help to ease the resource position of the governments at both levels.

b. Non-Tax Revenues

3.49 Non-tax revenue accrues to governments from (i) investments in the form of dividends on equity and interest on loans, (ii) user charges and fees for goods and services provided by the governments, (iii) royalty on minerals, (iv) forest revenue and (v) miscellaneous general receipts.

3.50 In the case of non-tax revenues not only structural change, but a paradigm shift is called for. Where governments consider it essential to publicly provide private goods, such provision should be at efficient costs, and the costs should be recovered from all users who can pay for them eliminating the subsidy implicit in under-pricing. Governments, at both the Central and the State levels, provide an array of social and economic services. In many cases, it can recover the costs from the users, because the services are individualised, and users can be identified and charged according to the extent of their consumption. However, while the costs of providing services have been increasing, the fees and user charges have remained virtually frozen in nominal terms for years. As a result, implicit subsidisation has increased, draining the governments' budgetary resources, and getting ultimately financed by borrowing. User charges should be index-linked (to input costs) and the process of periodic revision should become automatic. However, users can be persuaded to pay if the quality of services is commensurate with the price charged and the production of the services is cost-efficient so that the users are not made to pay for the inefficiency of the public sector. Autonomous tariff commissions should be appointed to advise on the revision of railway tariffs, bus fares and administered prices so that the link to costs is maintained while protecting the interests of the consumers.

3.51 The main reason for the declining trend in the receipts of the State governments from interest is the low rate of return on loans and advances. The rates of return have generally been hovering between 2.5 to 3.5 per cent in the last twelve years. In several States the average rate of interest realised on loans and advances is less than half per cent, while their cost of borrowing has been consistently more than ten per cent. This implies heavy subsidisation of borrowers. An increase in the recovery of interest by even one percentage point on the outstanding loans and advances will considerably strengthen the States' finances.

3.52 A major structural drag on the public finances in India has been the poor return on investments of the government in public sector enterprises and statutory corporations. Directions of reform of public sector enterprises are considered in a subsequent section. The other two major sources of the non-tax revenue of the States – royalty on minerals and revenue from forests – depend to a very great extent on the policy and approach of the Central Government. The royalty on minerals other than coal and lignite was last fixed in 1997. For 19 out of a total 54 minerals included in the relevant notification, the rates are *ad valorem.* In the case of coal, the last revision was done in October 1994 and specific rates were fixed for different grades of coal. The prices of coal have been revised several times since then and judging by inflation, the royalty rates fixed in 1994 have gone down in real terms. The irony is that the State Electricity Boards have to pay the continuously increasing price of coal for their power stations but State Governments have no share in the increased price because of the fixed rates of royalty. Periodic revision of the rates of royalty would improve the financial position of several States, and ease the burden on the Centre. However, the impact of such revision on the economy and the incidence of higher mineral prices on the non-mineral owning States needs to be kept in view.

3.53 We recommend that royalty rates on minerals be revised regularly and the decision about the revision of the rates of royalty be taken well before the date on which the revision falls due so that it can be notified immediately after the completion of every three-year period as provided under the law. In case the process of revision is not completed by the date the new revision is due, the States should be entitled to compensation.

3.54 Fixation of royalty rates is done by the concerned Ministry/ Department. For the sake of transparency and fairness, the task of making recommendations on royalty rates should be entrusted to an independent body.

3.55 Forests also constitute a significant source of revenue for States having large forest areas. However, forests should not be seen merely as a source of revenue especially since the forest cover of the country has come down below the desirable level. The forests need to be nurtured in the context of the national forest policy, in order that the rate of afforestation is greater than that of denudation. In recent years, the revenue from forest has declined markedly for many States. Revenue from forests can be augmented even while keeping in view the objectives of national forest policy, provided the States having forest potential prepare scientific work plans for management of forests. Such Plans should be drawn up expeditiously. The procedure for approval of plans may be simplified and streamlined in order to reduce delays.

Restructuring of Government Expenditure

3.56 Alongside revenue augmentation, restructuring of public finances will require structural changes on the expenditure side as well. While the thrust should be on compression, the composition of expenditure would need to be restructured in favour of priority sectors like elementary education, primary healthcare, water supply, sanitation, roads and bridges and other infrastructure. Items that would require a tight rein are salary and pensions, interest payments and subsidies. There has to be a radical change in the method of financing the plan expenditure as well. The order of adjustments in our reform scenario for the major expenditure items is indicated in Table 3.4

Table 3.4: Restructuring of Expenditure

(per cent of GDP)

Centre	1999-00	2004-05	2004-05 over 1999-00 (% points)
Revenue Expenditure			
Centre			
Interest Payments	4.73	4.26	-0.47
Pensions	0.74	0.65	-0.09
Other General Services	2.50	2.14	-0.36
Social Services	0.36	0.29	-0.07
Economic Services	0.36	0.29	-0.07
States			
Interest Payment	2.30	2.55	0.25
Pension	1.15	1.00	-0.14
Other General Services	1.63	1.74	0.12
Social Services *of which*	5.13	5.81	0.69
Elementary Education	1.32	1.75	0.43
Primary Health	0.17	0.45	0.28
Water Supply and Sanitation	0.29	0.50	0.21
Economic Services *of which*	2.90	2.33	-0.57
Roads and Bridges	0.22	0.60	0.38
Capital Expenditure			
Centre	2.62	4.00	1.38
States	2.06	2.85	0.80

Source: *Budget documents and estimates.*

3.57 The lines on which action needs to be taken to bring about the desired expenditure pattern are indicated below:

a) *Salaries:* Wages and salaries have been growing primarily because of periodic revisions carried out on the recommendations of the Pay Commissions of the Centre, and the States falling in line, without due regard to the capacity of individual States to pay. The burden of pay revision is compounded by releases of DA twice a year by the Centre which has an effect on the States too. While it is the prerogative of the States to decide the size of their government, the total wage bill cannot be allowed to rise beyond a certain proportion of revenue receipts which represent the capacity to pay. In this background, we recommend the following:

(i) As full neutralisation for the increase in the prices has been given to all categories of employees, there is no need to appoint any new Pay Commission as a matter of routine and at intervals of ten years. A new Pay Commission should be appointed only when warranted by special circumstances.

(ii) As the recommendation of the Central Pay Commission have an impact on the States, the terms of reference of the Pay Commission should be settled in consultation with the States. Similarly, the decisions on the recommendations of the Pay Commission should be taken in consultation with the States.

(iii) It is noticed that the size of establishment is disproportionately large in relation to the requirements of administration in several States. In implementing the Pay Commission recommendations the Central Government has been in some respects more generous than what the recommendations of the Pay Commission implied. Some States have gone even beyond those levels resulting in the rise of emoluments of the employees beyond what is warranted by their capacity to pay.

(iv) Salaries and other allowances should bear a relationship with the revenue expenditure of the Centre and the States and the ratio should be such so as to leave adequate funds for maintenance and development expenditure. It is suggested that an Expert Committee may be appointed to determine the present relationship between salaries and other allowances with the revenue expenditure of the Centre and the States and to suggest the relationship which should be attempted. States having high ratio should bring it down gradually. This will also include the salary component of grants given to local bodies and other aided institutions. This relationship between salary and allowances and the revenue expenditure should be periodically determined.

(v) The capacity of the Centre/States to pay salaries from their own resources should be one of the main criteria for determining the pay and allowances of the employees. This position obtained till mid-eighties, when the States determined their own pay scales. States cannot afford to offer pay scales unrelated to their revenue capacity and then expect the Central Government to extend support or resort to borrowing. The same criterion should apply to the revision of salary and allowances at the local level.

(vi) In order to avoid the shocks to the Central and State budgets that emanate from periodic pay revisions, it is desirable to evolve a national policy for the salaries and emoluments of government employees across the country. Such a policy can be made acceptable and effective only if it is evolved through a consensus among the States and the Centre in the forum like the Inter-State Council. Only a forum like this can lay down the differentials in the pay scales of the Centre, States and local government employees keeping in view their capacity to pay from their own resources. The question of regulating DA releases may also be examined by the Council.

a) *Pensions*: As noted in Chapter II, pensions have been the fastest growing item of the States' budgets in recent years. At the rate at which pensions are growing, liability for pension payments is going to cast a very heavy burden on the budgets in the coming years. Several factors have contributed to the growth of pensions. One has been the generous rise in the pensions recommended by the Fifth Pay Commission and, two, the recent judicial pronouncement directing that no distinction should be made between people retiring at different points of time and all pensioners should be treated alike in the matter of their pension rights. Another factor has been the addition of the liability on account of pensions payable to retired employees of aided institutions and local bodies to the government's pension bill. The increasing longevity of people, though welcome, has also meant growing pension liability of governments. What causes concern is the fact that pensions are paid by governments on *pay as you go* basis, i.e., there is no corpus or fund which could take care of the pension liabilities. Consideration needs to be given to evolving a system under which pensions do not become an unsustainable burden on the State exchequer. A large amount of pension burden is on account of retired defence employees. A suitable scheme to absorb the retirees from the armed forces in other government departments can help to contain the growth of defence pensions.

b) *Interest Payments*: Interest as a proportion of the revenue receipts of the States has increased sharply over the years, particularly during the last 10 years. The scheme of deficit reduction outlined in our restructuring plan, should help to check the debt growth of the States and thereby the growth of interest payments. From the supplementary memorandum on small savings received from the Ministry of Finance, it appears that the Centre may offer the State governments an option of pre-payment or rescheduling of past loans attributable to small savings. The guiding principle would be incentive-based maturity reduction. Thus a loan of 25 years' duration could be rescheduled to 15 years' loan with lower interest rates. If such a scheme is introduced, the States will be paying less on account of interest, as the payments will be on reducing balances. We commend that this proposal be given consideration, as without some substantial reduction of the interest burden, it will be difficult for the States to come out of the woods.

c) *Subsidies*: Subsidies are provided by governments implicitly as well as explicitly. While the Centre's budget provides estimates of explicit subsidies in the State budgets, the outgo on account of subsidies is scattered under several heads. Subsidies, no doubt, have their uses as these help to alleviate the poverty of the low income segments of the population by providing access to essential goods and services free or at affordable prices. However, subsidies are apt to be misused and often go to the benefit of the non-poor. All subsidies should be reviewed continuously to eliminate or reduce them, especially in the case of non-merit goods.

3.58 **Reform in the Method of Financing Plan Expenditure**

a. *Central Assistance for State Plans*: Emergence of revenue deficits in the government's budgets has resulted, to a considerable extent, from the manner of plan budgeting and financing. At the time when planning was initiated, the expectation was that the finances for the plan would come out of surpluses to be generated by the public sector, although some draft on the private sector savings was not ruled out. This expectation did not materialise as the public sector savings turned out to be inadequate and the bulk of the requirements for the plans were made out of borrowings. On the other hand, contrary to the focus of planning geared to investment planning, revenue expenditure has emerged as the major component of the plan outlay. But the budget surpluses have been inadequate to meet the plan revenue expenditure and in most States now even non-plan revenue account is in deficit. In this situation, Plan revenue expenditure are financed to a large extent out of borrowings in all general category States. This has meant accumulation of debt to finance revenue expenditure in larger and larger proportions. A pre-requisite for restructuring of public finances is to bring some discipline in the financing of the plans whereby the plan revenue expenditure are financed mainly out of available balance of revenue receipts after meeting non-plan expenditure and borrowing is resorted to primarily for investments. Revenue deficits are inherent in the practice of giving Central assistance for States' plans in the form of grants and loans in the proportion of 30:70 as is the case with non-special category States, while their plan revenue expenditure constitute nearly 60 per cent of the plan outlay. To remedy this, we suggest the following structural change in the revenue budget:

i) The requirements of the States for plan revenue expenditure should be assessed with reference to their deficiencies in basic minimum needs. A fresh look needs to be taken at the *Gadgil formula* with a view to evolving a suitable alternative. With the liberalisation of the economy and withdrawal of physical controls over location of industry through licensing, the States are now free to attract private investments from domestic as well as foreign sources. In fact, the States with good infrastructure are attracting private investments in much larger measure than those where the infrastructure is weak. The Central investments hereafter should be redirected taking this fact in view.

ii) The requirements of the States to meet revenue expenditure as a whole including plan revenue expenditure should be looked after by the Finance Commission. Even if the Finance Commission is not in a position to assess the plan revenue expenditure of individual States, the grants to meet the revenue components of the plan can be dispensed by the Planning Commission within the overall ceiling indicated by the macro parameters for restoring budget balance.

b. *Financing of the Centrally Sponsored Schemes*: During the course of the last three decades, the Central Sector Plan Schemes/CSS have become an important vehicle for transfer of resources to the States outside the State Plans, and over and above the transfers flowing through the mechanism of the Finance Commission. These were started primarily to provide funding for projects in areas/subjects considered to be of national importance and priority by the Central government. The details of the schemes are drawn up by the Centre and their implementation and funds for their implementation are allocated to the State governments or directly through District Rural Development Agencies or similarly created organisations. There is little freedom left to the State governments to modify the schemes to suit local requirements or to divert funds to areas which are considered of local priority. On the other hand, the State budgets are burdened with additional revenue expenditure when the schemes are completed and their maintenance expenditure is pushed under the "non-plan" category. During the course of our visit to the States, several State governments expressed the view that these schemes along with the funds be transferred to the States. Plans for transfer of CSS are drawn up from time to time. Recommendation for transfer of CSSs were made by earlier Finance Commissions also. But no decision has so far been taken in this regard.

In our view, CSSs need to be transferred to the States along with funds. All other schemes should be implemented by the panchayati raj institutions and urban local bodies on the basis of plans prepared by the District/Metropolitan Planning Committees. The transfer of these schemes would mean that the staff working in the related Ministries/Departments would become surplus and would need to be redeployed. This would lead to a reduction in the revenue expenditure of the Centre.

Rethinking the Role of Government

3.59 Expenditure restructuring would call for a rethinking on the role of governments itself. In general, governments may have to withdraw from a number of areas and strengthen their role in selected sectors in the overall context of economic reforms. Goods and services may be defined over a wide range from pure public goods at one extreme to pure private goods at the other. In the intermediate space, there may be goods that are basically private in nature but with different degrees of externality. Whereas public goods have to be provided by governments, in the remaining sectors the government sector should have a limited role. Even in the context of public goods, a distinction may be made between private production of public goods financed by public authorities, as compared to public production of public goods. In other words, supply and production need to be distinguished. Where the public authority is responsible for supply, it need not necessarily get into the act of production. Government needs to enter only in those areas where due to large externalities, private sector participation, by itself, would lead to sub-optimal supply.

3.60 In a growing economy like ours, the capital stock as well as the volume of employment is bound to expand. However, this does not rule out the need to eliminate the waste and inefficiencies in government. There is obvious overstaffing in several governmental departments and public sector undertakings leading to low productivity barring very few exceptions. During our visits to the States, we found that several governments are now examining the scope for downsizing the government apparatus. We recommend that rationalisation and redeployment of government employees be taken up in right earnest. Downsizing should be viewed in the context that a developing economy with large gaps in vital social sectors may require public sector involvement in greater measure in some areas while government's presence in other areas may be unnecessary and wasteful. The focus of downsizing, therefore, should be on retraining and redeployment of staff, early retirement of persons in advanced pre-retirement age, supported with a large National Renewal Fund. Work contracts should be modified and fresh contracts should now be considered for all newly employed persons hereafter with suitable conditions of appointment and employment, with a view to evolving a new work discipline.

Enhancing the Efficiency of Government Expenditure

3.61 The task of expenditure restructuring cannot be fully accomplished, until attention is paid to the efficiency of government expenditure. A pre-requisite to this is the reform of budgeting processes and improved management and control of government expenditure. Budgets in India, both at the Centre and in the States, are known for their poor quality forecasts. Frequent supplementary demands and appropriation bills bear evidence to this malady. Budget estimates often turn out to be far out of line with "actuals". Budgets are also non-transparent and items where government is involved are sometimes kept "off budget". Various "funds" have been created which add to opacity of the budgeting process. The phenomenon of "March spending" pushes a considerable amount of expenditure to the last few months of the financial year where the quality of decision making suffers. Excessive categorisation of expenditure into plan and non-plan, and developmental and non-developmental categories, also adds to non-transparency of government expenditure. Although provisions exist for examination of accounts in the Constitution (articles 149, 150 and 151), scant follow up of the observations made in the reports of the Comptroller and Auditor General (C&AG) is responsible for not providing the necessary feedback which could improve the quality of budgeting, and management and control of government expenditure.

3.62 It is now well recognised that if the budgets are to remain under control, there should be a multi-year perspective. In U.K., for instance, now the budgets lay down limits on expenditure which the departments can control, for a three-year period, allowing flexibility and incentives for managing the budgets. A comprehensive review on expenditure is undertaken involving a thorough examination of departmental accounts and objectives and a zero-based analysis for each programme to find the best way of delivering the government's objectives. The comprehensive spending review led to significant changes in the framework for planning and controlling public spending. In India too, a similar review of all government programmes and longer-term expenditure targets for government departments/agencies should be laid down and variation or departure should be allowed only very sparingly. In addition, it is necessary to pay attention to the weaknesses in the system of budget formulation and control.

3.63 A major weakness of the budgeting process of governments in the States and also at the Centre is the practice of spreading resources over too many projects. Often only a token amount is provided in the year in which the project is announced but this commits the future budgets also for which no detailed estimates are provided in the current year's budget and the projects remain incomplete for years for lack of adequate funds. For government expenditure to be brought under the discipline of resource availability and efficiency in resource use, proper budgeting and strict discipline in matters of launching new projects is required. Also there should be a commitment to completion of projects within the stipulated period and to provide necessary funds.

3.64 Another necessary reform in budgeting is to do away with the dichotomy between 'plan' and 'non-plan' in expenditure. With the introduction of planning, budget heads have come to be divided under 'plan' and 'non-plan' and the distinction runs through all items of expenditure on revenue as well as capital accounts. Apart from creating problems in keeping the revenue deficits and thereby fiscal deficits in control, as pointed out earlier, the distinction has had a deleterious effect on the quality of public services. Essential maintenance has been neglected as they do not come under the plan and existing assets including schools and hospitals are starved of much needed support for their running. In recognition of these ill-effects of the plan/non-plan distinction in budgeting, the Union Finance Minister had observed in the budget speech for 1998-99:

> *The distinction between plan and non-plan expenditure in our budgetary system has created several problems. It has led to an excessive focus on so called plan expenditure with a corresponding neglect of items such as maintenance which is classified as non-plan. Various bodies, including the Finance Commission have advocated the elimination of the plan and non-plan distinction in the budget. I propose to constitute a Task Force, including representatives of Planning Commission, Finance Ministry, Comptroller and Auditor General of India and State Governments to examine these issues in a comprehensive manner and to make recommendations for a functionally viable and more focussed presentation of government expenditure in the budget.*

We fully endorse this suggestion and would like it to be followed up.

3.65 In this context, we would like to suggest that: (i) government may examine the feasibility of introducing a multi-year budgeting process, (ii) introduce objective methods of preparing budget estimates so as to improve the quality of budget estimation, (iii) stipulate a maximum time within which reports of C&AG are scrutinised by Public Accounts Committee and examined by Parliament or Legislature, as the case may be, (iv) review all expenditure classifications other than revenue and capital, and (v) fully computerise cash flow management at all levels of government.

3.66 In order to improve the efficiency of public expenditure we need to have better targeted, beneficiary oriented programmes and an effective monitoring mechanism. It may be mentioned that the evaluation of public programmes has so far been primarily expenditure oriented. However, expenditure is not an end by itself. Evaluation of performance in terms of achievements related to the objective is seldom done. This needs to be remedied.

Restructuring of Public Sector Enterprises

3.67 Disinvestment has often been considered merely as a means of dealing with large budget deficits. However, it needs to be considered primarily in the context of restructuring of the public sector enterprises. Disinvestment is some times conceived in terms of selling of the worst and chronically loss-making enterprises, sometimes as disinvestment of the shares of the highly profit-making and surplus generating enterprises and, at other times, in terms of selling packages or bundles of shares of good, bad and indifferent enterprises together. Some of the best enterprises are being sought to be sold off primarily because their shares are eminently saleable while the shares of the loss making units do not sell.

3.68 Major structural reforms initiated in the nineties have nearly totally bypassed the public enterprises of this country. The structural reforms of the 1990s concentrated on giving greater role to the private sector leaving the public enterprises largely untouched and unreformed. In the second phase of structural reforms, restructuring should be undertaken extensively in the public enterprises, giving them the same benefits of autonomy and freedom as the private sector has lately witnessed. Public Sector Enterprises have to be freed from the shackles of the Ministries from which they originally emerged. The management of PSEs has to be autonomous, professional, accountable, transparent and durable for a good length of time. Such reforms, in terms of autonomy, deregulation, accountability and professionalism in public enterprises, should be immediately launched. After an era of, say, five years of structurally reformed existence, if a public enterprise fails to demonstrate its sustainability and cannot get out of the zone of chronic losses, such an enterprise should be sold off - at whatever price it can sell. When all such chronically loss making and inefficient public enterprises, which bring a bad name to the whole of the public sector, are actually closed down, it will be seen that the profitability of the sustainable public enterprises will be quite high and much more than is the case today. These successful enterprises will then be a major source of resource generation and budgetary support and will play a substantial role in cutting down the overall deficits, in particular, the revenue deficits, of the Central and the State governments. Many PSEs, even though loss making often possess vast expanses of land and other real estates. Their sale value could be substantial and when realised could be ploughed back into the expansion of other units.

3.69 The main elements of Central government's policy on public enterprises announced in the Union Budget for 2000-01 consist of (a) restructuring and reviving the potentially viable PSEs; (b) closing down the PSEs which cannot be revived; (c) bringing down government equity in all non-strategic PSEs to 26 per cent or lower, if necessary; and (d) fully protecting the interest of the workers. To the extent these elements have been applied in the restructuring of some PSEs, the results have been found to be good. These applications, we believe, should continue. While protecting the interest of the workers, the rationalisation of the workforce in the PSEs has become a necessity and is an important condition for the very survival of these enterprises. Inadequately trained and excessive work force affects the performance of the enterprise adversely. As a means of sustainability and growth of the PSEs, measures to improve the efficiency and productivity of workers are important. Equally important is the need to reduce the surplus work force through such measures as early retirement with adequate compensation, golden handshakes, re-employment of young workers with training and retraining in jobs emerging in new and expanding enterprises and the provision of national renewal funds for the aforementioned purposes.

3.70 There are a large number of public sector enterprises in the defence sector. Their interface with the rest of the economy is lower than desired. If they have to improve their productivity and competitiveness, there should be effective performance audit and increase in interaction with the private sector for research and development. These undertakings should have access to wider markets.

3.71 Most State level public enterprises are running at a loss. Therefore, they are unable to pay any dividends. State Electricity Boards and State Road Transport Undertakings are chronic drain on State budgets. The performance of Electricity Boards is critically affected by the following factors:

i. structure of tariffs involving rigidities and excessive cross-subsidisation;

ii. high unit of cost of supply due to old plants and bottlenecks in availability of inputs like coal; and

iii. technical inefficiencies resulting in high cost of generation, and sometimes camouflaged as theft.

The strategy of unbundling the SEBs into separate units looking after generation, transmission and distribution, is presently being tried out in some States. Such unbundling is possible with or without privatisation and States may select a suitable option depending on their circumstances. However, the determination of proper tariffs reflecting costs and keeping subsidisation and cross-subsidisation implicit in the tariff structure should be rationalised and kept at minimum levels. State level tariff commissions need to look at the issue of revision of electricity tariff structure keeping in perspective the interests of different categories of consumers, changes in cost structure, the functional implications for the SEBs, as also for the State governments.

3.72 State Transport Undertakings (STUs) are also running in losses in many States. Poor productivity combined with subsidised tariffs, concessions, and higher share of low profit routes keep the STUs in the red. Key elements of reforms in this sector are tariff revisions in line with input costs, elimination of concessions, suitable mix of profitable with non-profitable routes, and improvement in efficiency parameters, including lowering of the staff-bus ratio.

3.73 Most other SLPEs, subject to exceptions, are in the doldrums. They need to be sold off. Closure, disinvestment of equity, merger of SLPEs operating in the same products and services where horizontal/vertical integration may lead to economies and externalities, and voluntary retirement schemes may help reduce the fiscal burden.

Institutional Reform

a. Federal Fiscal Relations

3.74 Restoration of budgetary balance on an enduring basis would require institutional reform. A major source of fiscal instability is the vertical imbalance that necessitates transfer of revenues from the Centre to the States. The first step towards achieving fiscal stability and accountability is to reduce this vertical imbalance as much as possible so that the governments at all levels are able to raise the resources they require, keeping the need for transfers at a minimum. This in turn calls for a review of the scheme of assignment of tax powers and functions between the Centre and the States in our Constitution. A widened access to the tax bases would enable the States to generate larger revenue and reduce their dependence on the Centre. In some cases, it would lead to better exploitation and yield.

b. Management and Control of Debt

3.75 It would be useful to introduce some methods for explicit control on growth of debt as also of contingent liabilities. Articles 292 and 293 of the Constitution provide for the fixation of limits by Parliament on borrowing and on guarantees by the Central government. Article 293 provides for fixation of limits by State Legislatures in the case of State borrowing as also guarantees of loans extended by the State governments. This article also provides for the consent of the Central government if there are any outstanding Central loans with the States or if there are any loans in respect of which Central government has extended a guarantee. Clause 4 of article 293 provides for conditional consent. So far, these provisions in the Constitution have not been effectively used. However, considering that the debt problem has become serious, explicit controls need to be laid down, taking advantage of existing provisions in the Constitution. Some States (e.g. Karnataka and Gujarat) have taken the initiative and passed legislation for restricting growth of contingent liabilities, i.e., guarantees. We suggest that other States also consider determining tangible levels on the growth of debt and contingent liabilities. Annexure III.3 provides details on outstanding government guarantees for the period 1992 to 1998. The limits that may be set under articles 292 and 293 should also include the borrowings by the governments from Public account and other sources, which are not borne on the security of Consolidated Fund of the Central government and the State governments, respectively. Any statutory or constitutional amendment, if required in this regard, may also be considered.

c. Constitutional and Legal Changes

3.76 We have said earlier that if other means do not suffice, we may have to also consider bringing about Constitutional amendments, wherever required, as also changes in other statutes. While the matter has been dealt with at some length later, here we mention a few areas where Constitutional amendment may help in bringing about the contemplated restructuring. These are:

(i) bringing services under the Concurrent List (change in the Seventh Schedule);
(ii) making Inter-State Council responsible for arriving at decisions on fiscal policies having inter-State or Centre - State ramifications (amendment in article 263);
(iii) ensuring that the Inter-State Council meets regularly and a national consensus is arrived at all important issues; and
(iv) taking nominal limits for profession tax out of the Constitution and making it subject to only statutory change (amendment in article 276). These and a few other suggestions are contained in the Chapter on concluding observations.

Shri N.C. Jain, Member, has given a separate note on the restructuring giving suggestions for some Constitutional and legal changes about Finance and Planning Commissions. The note is appended at the end of this report.

Restructuring of Finances of Special Category States

3.77 Out of 25 States currently forming the Indian Union, 10 are grouped under a “special category” for various purposes, particularly plan financing. Unlike the general category States, States of the special category get Central plan assistance for their plans in the form of 90 per cent grants and only 10 per cent as loan. Such special consideration is given to this category of States presumably in view of their weak economic bases. Their own revenue sources meet on an average a small percentage of their revenue expenditure. The bulk of their revenues come from the Centre. Because of their weak revenue base, all the special category States have large deficits on their non-Plan revenue account before devolution. With 90 per cent of Central assistance for the State Plans in the form of grants, the revenue budgets of the States are left with sizeable surpluses. Even so, all the special category States have large fiscal deficits. Even with massive infusion of Central funds, the finances of these States remain under acute stress with fiscal deficits running at over 10 per cent of their GSDP in some cases. Evidently, the system of financing of the expenditure of these States needs a fundamental restructuring. In our view, such restructuring should proceed on the following lines:

(i) The non-plan revenue gap of these States assessed on the basis of norms relevant in their case after taking into account their share in Central taxes should be met out of Finance Commission grants. There should be no need for any Plan grant to meet these gaps.
(ii) Responsibility for development of infrastructure of vital importance to the region requiring large investment should be that of the Centre.
(iii) The system of plan assistance for special category States may be reviewed. The review of Gadgil formula as suggested by us earlier should also cover the review of plan assistance to the special category States.

Summing up

3.78 The plan of restructuring of the finances of the Government recommended by us is designed to move the public finances of the Indian economy away from chronic deficits and unsustainable debt and bring them on a course that will strengthen the foundations of growth consistent with stability. The restructuring plan recommended by us aims at bringing the combined revenue deficit of the Centre and the States to a level of not more than 1 per cent of GDP, containing the combined fiscal deficit to a level less than 6.5 per cent of GDP, restoring the tax-GDP ratio to around 17 per cent of GDP, enhancing non-tax revenues by 0.75 percentage points (of GDP) over 5 years, reprioritising expenditure towards basic needs like elementary education, primary healthcare, water supply, and sanitation and essential infrastructure, and increasing capital expenditure on the combined account to around 6.6 per cent of GDP. The strategy that we have suggested in order to bring about the contemplated restructuring is predicated on:

(i) widening the tax base and, in particular, bringing services fully under the tax net in a properly designed scheme which requires, among other things, listing of services in the Concurrent List;
(ii) using profession tax as also taxation of farm incomes to augment tax revenues in the States;
(iii) gearing up administration for better exploitation of the tax bases, without unduly increasing the tax rates;
(iv) relying on user charges for enhancing non-tax revenues by index linking them to changes in input costs;
(v) reviewing the policy towards fixation of royalty rates of minerals by index linking them to inflation for augmenting the revenues of the States;

(vi) salaries and other allowances should bear a relationship with the revenue expenditure of the Centre and the States. The ratio may be worked out by an Expert Committee constituted for this purpose;

(vii) building up infrastructure in every State, particularly in the special category States, for the generation of economic activities on a substantial scale which alone can provide them with a strong revenue base;

(viii) cutting subsidies and making them explicit and transparent;

(ix) transferring Centrally sponsored schemes to the States along with funds;

(x) revising the present system of determining and providing assistance for State plans;

(xi) resizing the governments at all levels by redeployment and downsizing;

(xii) improving budgetary procedures and procedures for evaluation and monitoring of public expenditure programmes;

(xiii) introducing comprehensive structural reforms for public sector enterprises;

(xiv) reviewing the assignment of tax powers between the Centre and the States for better exploitation and revenue yield;

(xv) suggesting limits on borrowing that may be fixed by reference to norms regarding the ratio of interest payment to revenue receipts, as also the size of debt relative to output (GDP/GSDP), and suggesting that limits to borrowing and guarantees be fixed by relevant legislation for the Centre and for each State; and

(xvi) restructuring finances of the special category States by changing the method of providing plan assistance and direct Central participation in building up infrastructure in these States.

3.79 While the required restructuring is to be carried out by the Central and State governments, our own approach to designing fiscal transfers is guided by the objectives of restructuring that we have outlined. In particular, our scheme of fiscal transfers is designed to provide incentives to induce prudent fiscal behaviour. We propose to build up effective incentive structures in our scheme of tax devolution as also in our assessment of revenue needs of the States, which is to be on a normative basis for determining grants-in-aid. Debt relief is also to be linked with improvement in fiscal performance. We also propose to further strengthen the incentive structures when we consider the additional term of reference mentioned in para 3.3 in a supplementary Chapter.

Endnotes

1 Seignorage also goes into public debt where, as in India, this takes place through borrowing from the central bank of the country.

2 This is now called the non-accelerating inflation rate of unemployment or "NAIRU".

3 *The Economics of the Government Budget Constraints,* Zahid Husain Memorial Lecture by Stanley Fischer (March, 1989).

4 The debt-GDP Ratio remains unchanged between two successive periods, if

$$p_t = \frac{a_t\,(g_t - i_t)}{(1 + g_t)}$$

where,

p_t - ratio of primary deficit to GDP

a_t - ratio of debt to GDP

i_t - effective interest rate

g_t - GDP growth rate, and

subscript *'t'* refers to a given period

In the case of States, the relevant ratios may be considered with respect to GSDP. For the economy as a whole, both GDP growth rate and the interest rate endogenous to the system and, in particular, would be affected by the levels of deficit and debt. Near-exogeneity may be a more valid assumption in the case of States. Stability conditions are qualified by these considerations.

5 In considering the appropriate levels of fiscal deficit, we have confined our attention to the budgets of the governments and not taken account of the borrowing of the public sector as a whole. With deregulation of the economy and moves towards privatisation, we presume that the finances of the public sector undertakings will be shaped increasingly by the market and not be dominated by government decisions.

6 The ratio of fiscal deficit to GDP (f_t) that will sustain the debt-GDP ratio at a given level (a_t), is given by $f_t = a_t\left(\frac{g}{1+g}\right)$,

where g is the growth rate, as shown below

$$\frac{D_t}{Y_t} = \frac{D_{t-1} + F_t}{Y_{t-1}(1+g)} = \frac{D_{t-1}}{Y_{t-1}} \cdot \frac{1}{1+g} + \frac{F_t}{Y_t} \qquad \text{since } \frac{D_t}{Y_t} = \frac{D_{t-1}}{Y_{t-1}}, \quad \text{we have} \quad \frac{F_t}{Y_t} = \frac{D_t}{Y_t}\left(1 - \frac{1}{1+g}\right) \quad \text{or } f_t = a_t\left(\frac{g}{1+g}\right)$$

7 The desirability of having such a rule for budget balancing was recommended by Dr.C. Rangarajan in his inaugural address at the Seminar on "Issues before the Eleventh Finance Commission" held in January, 1999, at New Delhi.

Chapter IV

Assessment of Centre's Resources

4.1 Central resources constitute the pool from which transfers to States are made in the form of tax devolution and grants. Assessment of resources of the Centre is, therefore, basic to any exercise for the determination of the level of transfers to States in the form of share in Central taxes and grants for various purposes including revenue deficit grants. Our Terms of Reference also require us to take into consideration the Centre's own needs especially relating to 'expenditure on civil administration, defence and border security, debt-servicing and other committed expenditure or liabilities.' In addition, this Commission, for the first time, has been required to review the finances of the Central Government and to make suggestions for their restructuring for restoring budgetary balance. The assessment of Central resources and expenditure has, therefore, been kept in alignment with the restructuring programme, outlined in Chapter III in the context of para 4 of our ToR. The restructuring of the finances of the Central Government presupposes a holistic view of the total expenditure – revenue and capital. We have, therefore, taken into account the desirability of increasing expenditure on capital account while indicating the sustainable limits of fiscal deficit.

Centre's Memorandum and Forecast

4.2 The Central government, in their memorandum, have stated that the Commission should not view the share of Central taxes, and the grants given under article 275 in isolation, but to calibrate these transfers taking into account the overall resource transfers from the Centre to the States. The memorandum says that unless such a holistic approach is adopted, it would not be possible to bring about a restructuring of the public finances in keeping with the objectives set out in para 4 of the ToR. We, in principle, agree with this view. Our overall approach has been outlined in Chapter II. In this context we propose to indicate the extent of potential fiscal transfers, comprising all transfers to the States on revenue account, in relation to the aggregate revenue receipts of the Centre.

4.3 The memorandum of the Central government further states that the continuing high level of transfer of resources to the States is one of the main reasons for the high fiscal deficit of the Centre. It points out that a substantial portion of discretionary transfers to the States is nothing but the Centre's budgetary intermediation of debt for the States. The Centre's capacity to pursue counter-cyclical fiscal policy has been greatly constrained due to large and persistent fiscal deficits. In the absence of fiscal rectitude, macro-economic management has been almost impossible during the last decade. In our approach to restructuring of the Central finances these concerns have been taken care of. In particular, the Centre's fiscal deficit has been set to decline to a level of 4.5 per cent of GDP by 2004-05 which includes 0.5 percentage point on account of net on-lending to States.

4.4 The Ministry of Finance had furnished to us item-wise projection of revenue receipts and non-plan expenditure in August 1999 in which the assumptions and growth rates adopted for various items were spelt out. Apart from considering the forecast and memorandum of the Central government, we also had occasion to discuss various aspects of Central finances with Ministry of Finance. In making our assessment, we have taken into account the projections of the Ministry keeping in view the fact that some of the information used in the Centre's forecast has become dated in the light of recent policy initiatives spelt out in the budget for the year 2000-01. We have given due consideration to these developments, and have placed reliance on the budget estimates for 2000-01, unless there were reasons for us to depart from these and take a different views.

4.5 As already discussed in Chapter III, restoration of budgetary balance would require additional revenue efforts by the State governments as well as by the Central government towards raising both tax and non-tax revenue. The Centre has to play a greater role in the process of adjustment, facilitating and guiding the States by its own example. On the expenditure side, compression of non-priority revenue expenditure and augmentation of capital expenditure, focussed on selected infrastructure sectors, has been made an integral part of the restructuring programme outlined by us.

Revenue Receipts

4.6 The Central Government has given a forecast of the tax receipts and non-tax receipts for the period 2000-05. In their forecast, the growth of direct taxes – income tax and corporation tax, mainly – has been assumed to grow by 20 per cent, customs revenue by 10 per cent and excises by 11 per cent. This has been based according to the Ministry, on the growth rates of recent past with some degree of optimism. This assumes a marginal improvement in the tax-GDP ratio every year to reach a ratio of 10 per cent of GDP in 2004-05. In our view, there is a need for some further improvement, if the public finances have to move towards the stated objective of restoring budgetary balance. We have made an assessment of the tax revenue of the Centre, keeping this objective in view, as also the fact that our first attempt should be to progress gradually, to the tax-GDP ratio (old series) already achieved in 1987-88 and 1990-91. In our view, ensuring better tax compliance is key to raising of tax revenue.

4.7 The first step in projecting the revenue and expenditure of the Centre for 2000-05, as in the case of States, is to assess the base year figures. Budget estimates for the year 2000-01 have become available for the Centre, and in estimating the Centre's resources, we propose to go mainly by these with one modification, viz., a moderation of revenue from corporation tax. We, in our estimates for 2000-01, have scaled down the expected revenue receipts from corporation tax from Rs.40,040 crore appearing in the Central budget to Rs.37,978 crore. This has been done on the consideration that the growth assumed in the budget is unduly high, viz., 33.8 per cent as against a historical growth rate of 20.6 per cent. Even with the step up in the rates of tax and other measures, such acceleration in the corporation tax is unlikely to be achieved. Also, with the announcement of additional concessions for the information technology sector during the course of the discussion on the 2000-01 Budget in Parliament, the growth of corporation tax is likely to be less than what has been stipulated in the budget. Hence, the estimate of corporation tax has been revised downward to Rs.37,978 crore by taking the average of the budget estimate and the projection obtained by applying the historical growth rate to make it realistic and bring it achievable. No departure has been made from the budget estimate for other items.

4.8 The estimates of tax revenues for the subsequent four years have been derived by applying growth rates computed on the basis of buoyancy norms worked out by us for individual taxes. The nominal GDP has been assumed to grow at 13 per cent per annum reflecting real growth in the range of 7 to 7.5 per cent and inflation in the range of 5 to 5.5 per cent of GDP. The buoyancy of each tax has been worked out on the basis of: (i) assumed nominal rate of growth of GDP (ii) past growth rates of the concerned tax during the period 1987-88 to 1999-00(R.E.), (iii) additional resource mobilisation measures contemplated in the budget of 2000-01, and (iv) the need for raising the tax-GDP ratio by about 1.5 percentage points by 2004-05 as compared to the 1999-00 level of gross Central tax revenues at 8.8 per cent of GDP, consistent with the requirement of our restructuring plan. The buoyancy-based growth rates along with corresponding historical growth rates, given in parentheses, are: corporation tax, 19.5 [20.06], income tax, 18.85 [18.74], customs, 14.3 [10.93], and Union excise duties, 15.6 [10.90] per cent per annum. In our judgement the prescriptions or norms of buoyancies are not unrealistic or unfeasible. For corporation tax and income tax, the growth rates assumed are not very different from the past growth rates. Reasonable increases have, however, been assumed in the case of customs duties and Union excises. Significant improvement in customs revenue growth is to be expected with the new EXIM policy whereby imports of a large number of commodities including consumer goods will now be permitted, with a minimum level of tariff. Excise revenue should also show better growth in the coming years with the recent reforms and imposition of non-rebatable special excise duties on a number of commodities. The 2000-01 Budget assumes a growth of 12.1 per cent in customs duties and 16.8 per cent in the Union excise duties over that of 1999-00 (RE). Further, given the potential for widening the tax base by bringing additional items of services under the tax net, we consider it desirable as well as feasible that domestic taxation of goods and services will have a buoyancy significantly higher than one.

4.9 For non-tax revenues, the Centre's forecast projects a decline in terms of ratio to GDP. Recent trends in the annual growth of the non-tax revenue give a rather different picture; during the last five years it has grown at a rate varying from 17 to 19 per cent. In view of this, there is no basis for assuming a decline in the non-tax revenue as a percentage of GDP. Non-tax revenue receipts should be able to bear not only the burden of adjustment as we envisage for the States but should make an increasing contribution to the Central exchequer. We are, therefore, targeting only a small increase of 0.25 percentage points of GDP in a period of five years, over the 1999-00 level. For the year 2000-01, non-tax revenues have been taken as given in the budget. We expect the improvement to take place during the next four years. This should not be difficult to achieve, given the room available for improving the performance of public sector enterprises and departmental undertakings specifically, the Railways and Post, and the scope for raising user charges on various general, social and economic services provided by the Central Government.

4.10 There has been a distinct improvement in the performance of Central Public Sector Enterprises (CPSEs) during the decade of the nineties, resulting in a significant contribution by the profit making units to the Central exchequer. Details of the performance of these are given at Annexure IV.1. While most of the profit making enterprises have been able to declare dividends and thereby contribute to the Central exchequer, there has also been a significant decline in the budgetary support to them. However, we expect a higher rate of return from these enterprises during the period 2000-01 to 2004-05, and have taken this into account while estimating the non-tax revenues of the Central Government.

4.11 Among the departmental undertakings, the biggest two are the Railways and the Post. In the case of Railways, by convention, an amount by way of dividend is payable every year, computed at the rate of 7 per cent of capital at charge. However, in determining the capital at charge, the investments made in certain specified lines, such as strategic lines, new lines and those in the north eastern region, are excluded. In addition, some subsidies are also paid from general revenues. Further, a part of the dividend payable is deferred on various considerations. The Railways also subsidise several of their services of which a major one is on account of coaching services. The net result is that the contribution of the Railways to the general exchequer is meagre relative to its potential. The contribution will dwindle further following the revision of the emoluments of railway employees and the consequent deterioration of their finances in the last two years. The Railways provide a valuable service to the community as these are in the nature of public utility used by all segments of population – rich and poor. However, this should not be taken as a ground for not improving its financial performance. The Railways, on their own, should be financially viable. The approach should be not only to balance the current revenue and expenditure but also generate surplus for payment of dividend as stipulated by the Railway Convention Committee and for essential expenditure on maintenance and modernisation. This will not be possible unless the railway fares and freights are revised at regular intervals to keep pace with the costs. While freights are raised from time to time, it is noticed that losses are incurred on coaching services for all classes, except AC classes, and these losses have increased in recent years. The railway budget for the year 2000-01 has referred to the scope for raising revenues in several ways such as commercial exploitation of railway land and space, leasing of surplus telecommunications capacity and promotion of railway tourism. It is necessary that Railways exploit these sources arduously. In keeping with the thrust of fiscal policy of the government all round, namely, to reduce subsidies wherever not merited, a look should be taken at the subsidies provided to Railways as well. The Railways being the premier transport undertaking of the government in the country should also set an example by regular revision of fares through an indexation formula. We believe that if these steps are taken, the Railways should be in a position to contribute more to the Central exchequer regularly apart from generating more resources for much needed maintenance and improvements.

4.12 The Department of Posts has to depend on the general budget for support, as it incurs losses. These losses have registered a sharp rise in the last three years. The deficit was of the order of Rs.1700 crore in 1999-00 and has been anticipated to be Rs.1,982 crore in 2000-01 Budget. The principal factor in the rise of deficit since 1998-99 has been the increase in wages, salaries, and pensions. Revenue receipts on the other hand have not increased commensurately. Many of the postal services also come within the category of public utility and are used by rich and poor especially by persons living below poverty line. Some element of subsidy is, therefore, inevitable. However, with technological improvement in the communication system and the growth in the per capita income, the need for heavily subsidising this sector is bound to diminish. The implicit subsidies need to be brought down by raising the rate suitably at regular intervals.

4.13 User charges provide another potent source of non-tax revenue. For a variety of social and economic services, the cost - recovery is extremely poor. The Discussion Paper on Government Subsidies in India (May 1997) brought out by the Ministry of Finance had, after a comprehensive analysis of explicit and implicit subsidies, came to the conclusion that the subsidy regime in India is non-transparent, inefficiently administered, poorly targeted and regressive, leading to distortions in allocation of resources. In a more recent study on the Central Budgetary Subsidies in India (NIPFP, 1999), the recovery rate in social services in 1996-97 was estimated at 8.36 per cent, and that in the economic services, at 16.58 per cent. The study argues that the dynamics of subsidy growth should be reversed by bridging the growing gap between input costs and receipts of publicly provided goods. While costs keep moving up, user charges remain fixed in nominal terms. Unless user charges are periodically revised upward to reflect the increasing costs, cost recoveries will remain poor, implying extensive implicit subsidisation of services supported by the budget. In our view, subsidy reforms are called for, both at the Centre and the States. The Centre should, however, lead by example. Thus our view is, implicit subsidies should be reduced by raising the user charges in a phased manner on a year-to-year basis, so that not only the inflation component is fully taken care of, but also there is a reduction in the element of subsidisation in real terms.

Revenue Expenditure

4.14 The major components of the revenue expenditure of the Central Government are interest payments, plan revenue expenditure, defence, subsidies and pensions. Expenditure on salary is another major component which is not separately reflected in the budget but is a part of the major items of expenditure under various heads. In the nineties the sharpest growth in the non-plan revenue expenditure of the Central government has been in interest payments, pensions, and salaries, while other non-Plan revenue expenditure related to maintenance and delivery of social and economic services was compressed relative to growth in GDP. The Plan revenue expenditure also showed wide fluctuations in the annual rate of growth. In our scheme of restructuring of non-plan revenue expenditure, we envisage a slower growth of interests payments, pensions and salaries. The aim is to raise the growth of expenditure in other sectors, especially social and economic, leading to improvement in the quality and quantity of these services.

4.15 Coming to the specific items of non-Plan revenue expenditure, we have followed different rules for projecting different items rather than using growth rates for all items as used in the forecast made by the Central government. In particular, interest payments are derived by applying the effective interest rate to the outstanding debt of the Central government at the end of the previous financial year. The adjustment path of fiscal deficit provides year wise increments to debt. In particular, fiscal deficit is slated to fall to 4.5 per cent of GDP in 2004-05. The effective interest rate is set at 9.83 per cent per annum which is implicit in the budget estimate of 2000-01. This already reflects a reduction of about 0.4 percentage points from the effective interest rate of 1999-00, which is estimated at 10.26 per cent per annum. A lowering of the nominal interest rate will imply that the effective interest rate on government borrowing would also go down although this reduction may be of a smaller percentage point. While fresh borrowing would be at the lower nominal rate, the stock of debt will continue to be serviced at older rates except in some schemes of small savings and provident funds where the entire stock of debt will be serviced at the new reduced rate.

4.16 The expenditure on pensions has grown at 17 – 18 per cent during the last one and a half decade – largely due to frequent upward revision in the pension fixation formula, entitlements of dearness allowance, the revision in the ceiling for commutation and the extension of the pensionary benefits to some uncovered employees. The non-pensionary retirement benefits – gratuity, encashment of leave etc. – were also enhanced. The expenditure on these benefits is now expected to stabilise, as the necessary revisions have already been done in the case of existing pensioners. We, therefore, assume that the pensions will grow at 10 per cent per annum. This is the same growth rate as has been provided for in the case of States. This will take into account the periodic revision of dearness relief and annual addition to the number of pensioners as also the payment of retirement benefits.

4.17 Defence revenue expenditure is also projected to grow by 10 per cent per annum. It may be noted that in the wake of the Kargil crisis, the need for reviewing defence requirements had assumed urgency. The budget estimate for 2000-01 provides for a step up of 13.35 per cent over the previous year's revised estimate for defence revenue expenditure. We have accepted the provision given in the budget estimate. With this stepped up base, a growth rate of 10 per cent should take care of the revenue requirement in the period upto 2004-05. Further, as outlined in the restructuring programme in Chapter III, we have provided for a steady increase in the capital expenditure of the Central government which is enough to cover the necessary defence capital requirements such that aggregate defence expenditure could reach the level of 3 per cent of GDP by 2004-05. We would emphasise that while the required resources may be provided, all possible measures for securing economy in defence expenditure should be taken.

4.18 Subsidies are an important item of revenue expenditure in the budget of the Central Government and constitute more than one per cent of GDP. The three major segments in which these subsidies are given are fertilizers, food and exports. In addition, subsidy to the Railways for dividend relief and other concessions, included in 'other subsidies' have been steadily increasing. Some action has been taken towards reduction of subsidies given on food and fertilizers. We do expect that the efforts made towards reduction of these subsidies would continue. We would also suggest that the subsidies given to Railways and to some other organisations and programmes should be reviewed every year with a view to reduce and eliminate them. However, we have provided for the subsidies at the same nominal levels as budgeted for 2000-01, for all the years up to 2004-05. This implies a reduction in real terms. While reducing the volume of subsidies, these must be made more effective by better targeting.

4.19 For the purpose of projection, other non-Plan revenue expenditure have been divided under the three principal functional categories viz., (i) general services; (ii) social services; and (iii) economic services. General services, excluding interest payments, defence and pensions have been projected by a composite growth rate, based on differential growth rates of salary and the non-salary components. In estimating the growth of expenditure on salary, 5 per cent growth has been provided, as in the case of States. Non-salary expenditure has been projected to grow at the rate of 7 per cent per annum for general services, 15 per cent per annum for social services, and 11 per cent per annum for economic services. The differential rates of growth for the three categories have been contemplated as we expect the non-development component of the revenue expenditure to be provided to the extent of the assumed rate of growth of inflation, and the increase in the population. In the economic segment of the development expenditure, the Government is disengaging, confining itself to the promotional role in the building of infrastructure and other essential areas conducive to development. However, Government will have to play a higher role in the social sector especially in the domain of human resources development. A higher rate of growth in the expenditure in this sector has, therefore, been provided. These growth rates correspond with those used in the case of States. In working out the expenditure, the proportion of salary to non-salary expenditure in the year 2000-01 has been taken at 50 per cent for general services, 20 per cent for social services and 30 per cent for economic services. These proportions have been worked out on the basis of information available from budget documents. The residual category of other expenditure comprising postal deficit, grants to foreign governments and other expenditure is projected at 5 per cent per annum to maintain levels in real terms. The expenditure of Union Territories without legislatures is grown at 13 per cent per annum to maintain its relative share as a percentage of GDP.

4.20 The revenue and expenditure projections as per our assessment for the period up to 2004-05, are given in Annexure IV.2 and item-wise details in Annexure IV.3. It may be mentioned that in the process of working out the non-plan revenue expenditure, plan revenue expenditure gets determined as a residual in view of the target set for the revenue and fiscal deficits for each year. Based on the ceiling indicated for potential fiscal transfers to States, which includes the States' share in Central taxes and the grants-in-aid under article 275 and other non-plan grants, the amount that can be transferred to States through plan grants comes out as residual after these transfers. Since the Fourth Finance Commission, with the exception of the Ninth Finance Commission, the task of the Finance Commission has, for various reasons, been confined to recommending tax devolution and grants to meet the revenue deficits in the State budgets on the non-plan side, and to leave them with some surpluses for meeting the requirements on the plan side. However, in recent years, the non-plan revenue account of most States has remained in deficit necessitating recourse to borrowing. Borrowing requirements of the States on revenue account are pushed up further by deficits on the plan revenue account, since the plan grants from the Centre fall far short of their plan revenue expenditure. All these result in accumulation of debt emanating from revenue deficits alone which leads to considerable annual growth in the interest burden that encumbers the non-plan revenue budget, and squeezes out essential expenditure on maintenance - roads remain without repairs, schools without chalks and books, and hospitals without essential medicines. If this trend is to be reversed and the public finances of the country are to be put on an even keel, the needs of the States and the Central transfers must be viewed in an integrated framework in which the sustainable limits of borrowing - the fiscal and revenue deficits - are laid down firmly and adhered to.

Potential Fiscal Transfer

4.21 Revenue transfers to States are not confined merely to share in taxes and grants-in-aid recommended by the Finance Commissions. Devolution of funds through the Centrally sponsored schemes, block plan grants, and other discretionary transfers also have become important component of the transfer mechanism. Central Government, in their memorandum, have suggested a holistic approach – to take into account the fiscal transfers to the States made by the Central Government in its entirety. We looked into the Centre's revenue transfers to States as percentage of the Central

Government's gross revenue. We found that the revenue transfers to the States between the period 1979-80 to 1997-98 fluctuated between 37.02 (1997-98) to 39.69 (1990-91 & 1991-92) (Annexure IV.4). It is only in 1998-99 and in the revised estimates of 1999-00 that these percentages have significantly come down to around 32 - 34 per cent. In the light of past trend, we suggest that the Centre's fiscal transfer to the States should be around 37.5 per cent of the gross revenue receipts of the Central Government. After deducting the share of the States in Central taxes, and the grants-in-aid, the balance amount would be available for being given as grants under various schemes and as Centre's support to State Plan. This would provide stability in fiscal transfers for both the Centre and the States. It is for the Planning Commission to decide what should be the size and content of the Plan. However, the Finance Commission, in fixing the share of the States in the Centre's revenues has kept a macro-picture in view that lays down the broad parameters of revenue expenditure and the permissible deficits at the two levels of Government. This is in keeping with the Scheme of restructuring suggested by us.

4.22 In fixing the limits on the total revenue transfers from the Central budget, we have been guided by the need to provide adequate funds to meet the Centre's requirements on committed expenditure such as interest payments and defence, as also availability of adequate funds for its plan revenue expenditure and other vital areas of expenditure. The exercise for the Tenth Five Year Plan is yet to begin. In the absence of any clear picture of the likely size of the Centre's Plan in our reference period, we have based our estimates for the Centre's revenue plan on the budget estimates of 2000-01 so that there is no disruption in the contemplated plan programmes.

Capital Account

4.23 In order to take a comprehensive view of federal fiscal transfer we have also looked at the capital side of the budget. Capital receipts comprise recovery of loans, non-debt capital receipts (like disinvestment not allocated for retirement of debt) and net increment to outstanding debt (fiscal deficit). For recovery of debt we have taken the historical growth of 7.33 per cent per annum. Disinvestment target is set at Rs.10,000 crore in each year, for the next five years out of which Rs.1000 crore is used for retiring debt every year. This is as per Central forecast, and the practice of setting apart a portion of disinvestment for retiring debt has been initiated in the budget of 2000-01. In the Central forecast fiscal deficit is slated to fall to 3.6 per cent of GDP by 2004-05. We have, however, projected a fiscal deficit of 4.5 per cent by 2004-05. This has been done for the purpose of increasing the capital expenditure from the contemplated 2.32 per cent of GDP in 2004-05 in the Central forecast to the level of 4.00 per cent of GDP in our restructuring programme. The increase will take place over the years gradually. This would provide the much needed investment in the vital sectors of the economy which is essential for sustained growth in future.

Comparison with Central Government Forecast

4.24 We had noted in Chapter III that one of the disturbing features of public finances in recent years has been the steady erosion of public investment in relation to GDP. As a part of the restructuring strategy, capital expenditure should rise as a percentage of GDP. We have targeted a level of 4 per cent of GDP for capital expenditure (net of repayments) to be attained by 2004-05. For the base year we have used the budget estimates of 2000-01. The adjustments are brought about in the remaining four years i.e. 2001-02 to 2004-05. With revenue balance, capital expenditure has been implicitly set at 2.32 per cent of GDP in the Central forecast although it is not explicitly stated. We think, that this is rather inadequate, if the economy has to embark on a path of higher rate of economic growth in the coming years.

4.25 Some of the important year-wise growth rates for the period 2000-01 to 2004-05 used in the Central forecast are summarised below: nominal GDP, 14 per cent; interest payments, 16 per cent; subsidies, 16 per cent; defence expenditure, 15 per cent; grants to States, 15 per cent; and other non-plan expenditure, 14 per cent. The main difference between projections furnished by the Ministry of Finance and our own assessment lies in the fact that we are envisaging a greater revenue effort and a marginal decline in the non-Plan revenue expenditure. In particular, the tax-GDP ratio is expected to increase by about 0.28 per cent point more than what the Ministry has forecast, and the non-tax revenue is expected to grow by 0.25 per cent point by the terminal year of the report period relative to GDP as compared to 1999-00 level whereas the Ministry has projected a decline in this ratio.

4.26 The salient differences between our assessment and the Centre's forecasts have been highlighted in Annexure IV.5. The Centre's forecast is based on 14 per cent nominal rate of growth with an inflation of 6.5 per cent and real growth of 7 per cent or vice versa. We have assumed a nominal rate of growth of 13 per cent with a slightly lower rate of inflation and a slightly higher rate of economic growth. Further, in the Central forecast, the pre-devolution revenue account of the Centre indicates an increase of a little more than one percentage point in the tax-GDP ratio. The tax revenue rises to a level of 10 per cent of GDP by the year 2004-05 involving an increase of about 1.16 percentage points with respect to GDP as compared to 1999-00 level. We think that, an enhanced revenue effort both on the tax and the non-tax side is urgently called for.

Chapter V

Assessment of States' Resources

5.1 In making our recommendations regarding tax devolution and grants-in-aid to the States, we are required under our terms of reference to assess the resources of the States for the five years commencing on 1st April, 2000 and their requirements for meeting the plan and non-plan revenue expenditure, keeping in view the need for generating surplus for capital investment and reducing fiscal deficit.

5.2 In order to help us in this assessment, we sought information from the States and the Union government on their receipts and expenditure from 1987-88 onwards and the forecast for the period 2000-05 on an year-wise basis. In response, the States have furnished their pre-devolution forecast of plan and non-plan revenue receipts and expenditure. The assumptions underlying the forecasts, however, vary widely across the States, based as they are on varying anticipations of the growth of Gross State Domestic Product (GSDP), inflation and the likely response of revenues and expenditure. A summary of the pre-devolution revenue receipts and plan/non-plan revenue expenditure consolidated for the 25 States and compiled from their forecasts are given below:

Table 5.1: Pre-devolution Forecast - All States
(Revenue Account)

(Rs. in crores)

Sl. No.	Item	1999-2000		2000-01		2004-05	
		B.E.	% to G.D.P.		% to G.D.P.		% to G.D.P.
1.	Revenue Receipts						
	i) Tax Revenue	103648	5.37	108801	4.98	162224	4.56
	ii) Non Tax Revenue	18379	0.95	24799	1.14	30491	0.86
	iii) Non-Plan Grants	1711	0.09	1691	0.08	2265	0.06
	Total (i-iii)	**123738**	**6.41**	**135291**	**6.20**	**194979**	**5.48**
2.	Revenue Expenditure	240557	12.45	315251	14.44	501670	14.09
	Plan	42889	2.22	48665	2.23	76012	2.14
	Non-Plan	197668	10.23	266586	12.21	425657	11.96
3.	Surplus/Deficit on Revenue Account	-116819	-6.05	-179960	-8.24	-306691	-8.62
4.	Non-Plan Revenue Surplus/Deficit	-73930	-3.83	-131295	-6.01	-230678	-6.48
5.	Estimated G.D.P. at Current market Prices	1931819		2182956		3559252	

For computing the ratios to GDP in the above table, nominal GDP growth has been assumed at 13 per cent per annum consistently with what has been assumed for assessment of the Centre's resources.

5.3 The forecasts and the resulting revenue gaps indicated by the States present an alarming picture. In the aggregate they show a rise in the pre-devolution deficit on non-Plan revenue account from 3.83 per cent of Gross Domestic Product (GDP) in 1999-00 to 6.48 per cent in 2004-05. In part, this results from the projection of non-Plan revenue expenditure (NPRE) at a growth rate much lower than that of revenue. As a proportion of GDP, NPRE is projected to go up from 10.23 per cent of GDP in the base year (1999-00) to 11.96 per cent by the terminal year 2004-05, growing at the rate of 16.6 per cent per annum against a trend growth rate (TGR) of 16 per cent over the twelve years, 1987-1999. Tax revenue, on the other hand as a proportion of GDP is shown to decline from 5.37 per cent of GDP to 4.56 per cent by the terminal year, the underlying growth rate being only 5.7 per cent in the forecast period, as against 14.8 per cent observed during 1987-1999. The projection of non-tax revenues also follow a similar pattern, indicating a decline from 0.95 per cent of GDP in 1999-2000 (B.E.) to 0.86 per cent by 2004-05.

5.4 If restructuring of public finances to restore balance in the budget is to take place, it is imperative that the trends depicted in the States' forecasts are reversed. Our assessment of the resources of the States is intended to indicate how this can be achieved, keeping in view the needs and also the capabilities of the States judged by their potential and past performance. In making the assessment, while taking note of the trends and the likely growth of GDP in the coming five years as well as other relevant factors, we have followed as far as possible, a normative approach. The intention is to apply some rules uniformly to all States with appropriate variation wherever needed to take account of factors that unavoidably affect their revenue capacity and expenditure needs. In the allocation of Central revenues among the States, both equity and efficiency demand that the revenue requirements of every State are assessed on the basis of some objective norms instead of relying on what they project, and after due consideration of their limitations and needs in each case.

5.5 As indicated in Chapter II, the essence of the normative approach in assessment of revenue capacity lies in estimating the revenues, a State can raise by exercising its powers under the Constitution with 'reasonable' effort. To minimise the scope for any subjective judgement, `reasonable' in this context may be taken to mean an average effort, the average being the level at which the States in general have been observed to be performing in revenue raising. On the expenditure side, the normative approach would imply in essence that the expenditure requirements of each State will be worked out broadly on the basis of the average expenditure per capita that a State has to incur on the revenue account to provide public services at a `reasonable' level, after allowing for cost differentials among them arising from factors not within their control, such as terrain, age-profile of the population, varying rates of inflation and other relevant factors.

5.6 The normative approach serves to ensure inter-State equity in that no State can obtain a larger share than what is warranted by the deficiencies of its revenue base attributable to its backwardness or low income level or other factors that have a bearing on its taxable capacity but are beyond its control. Nor can any State expect whatever expenditure it may choose to incur, regardless of what might be justifiable normatively, to be underwritten without question by the Finance Commission. For various reasons it is not possible to implement the normative principle all the way. The heterogeneity of the States in their endowments and present levels of development pose problems in setting up standards which can be applied uniformly even after making suitable allowance for their specific situation. Then there are acute data problems as well. Nevertheless, as far as possible, we have introduced some elements of the normative principle in our assessment of the revenues and expenditure of the States for the five year period for which we are required to recommend tax sharing and grants-in-aid.

5.7 We have applied the normative approach in two stages: first, by introducing some normative elements in computing revenue and expenditure of the base year and next, by moving the base year figures forward to derive revenue and expenditure estimates for 2000-05 by applying appropriate growth rates stipulated on the basis of some reasonable norms. Salient points of our assessment exercise for States' resources are set out in the following paragraphs.

Base Year Assessment: 1999-2000

5.8 In estimating the resources of the States for the five years, 2000-05, our first concern has been to set the base from which the projections are to be made, i.e. figures of revenue receipts and expenditure for each State for the base year 1999-00. The simplest way of going about it would be to proceed on the basis of the estimates furnished by the States in their budgets, i.e. budget estimates (BE) figures in the 1999-00 budget and wherever available, revised estimates (RE). It is however, well known that often there are significant variations between BE/RE figures and the actuals. That apart, it appeared to us that it would not be appropriate to project future revenues and expenditure taking either BE or RE figures as the base. This is because the budgets or even actuals for a year reflect receipts and expenditure as they emerge from the structure of tax and non-tax revenues on the revenue side and composition of expenditure in actual operation and not what a State can be expected to raise in revenue or spend on a normative basis after allowing for its handicaps. Hence, the budget figures of the base year or even the actuals, if available, require some modification to set up the base year figure. This modification has been made by us partly on the basis of past trends and partly by using certain objective norms. Unless the BE/RE figures of the base year are adjusted normatively, the assessments made by the Finance Commission lose their efficacy in inducing prudent fiscal behaviour and every time a new Finance Commission is appointed, the actuals of the base year are presented as a *fait accompli* with little regard for what the previous Finance Commissions had considered a reasonable budget scenario for individual States. The rules of adjustments or modifications followed by us in deriving the base year figures of revenue and expenditure, item-wise, are indicated below.

Tax Revenue

5.9 For setting up the base year figures of tax revenue of a State normatively, there are two possible approaches. The first one is to estimate the potential of revenue for each tax individually it can raise under the Constitution taking into account the variations in the respective tax base in the given State as compared to the general or average pattern and applying the average rate of tax to the base. This is known as the representative tax system approach. An alternative way is to estimate the taxable capacity of a State taking the aggregate revenue from all taxes that a State can raise under its Constitutional powers and setting up relationship between tax revenue and variables that influence the tax base and other factors that determine the tax yield but are beyond the control of the State.

5.10 While in principle the representative tax system approach is preferable, it was not possible for us to adopt this method because of severe data problems regarding the individual tax bases and complications arising from heterogeneous tax practices across the States and the varying impact of exogenous factors on their taxable capacity. For instance, the restrictions imposed by the Central Sales Tax Act, 1956 on the States' powers of sales taxation in respect of commodities declared to be goods of special importance to inter-State trade or commerce impact differently on different States, depending on the composition of their output and the variations are not easy to capture in the absence of reliable data on inter-State trade. Then again, while State excise duties yield substantial revenue in most States, there are States like Gujarat where full prohibition is in vogue, and Tamil Nadu where partial prohibition is in force. Also, there are taxes which are levied and collected in some States by local governments like octroi for which complete information is not available with us. We, therefore, opted for the aggregate tax revenue approach instead of looking at the taxable capacity of the States, tax by tax.

5.11 For this purpose, we had commissioned a study at Indian Statistical Institute (ISI), Calcutta. Applying the regression approach, the study set up a model to estimate the relative contributions of variables which might be considered as significant determinants of taxable capacity of a State such as the per capita SDP. A number of variables were identified in this regard, and along with some selected dummy variables, regression equations were estimated obtaining statistically reliable results. However, the reliance on a large number of variables and dummies raised questions as to which of them could be considered to be within the control of the States and which were not. There are also acute data problems as reliable information regarding the identified explanatory variables were not available. Figures of per capita State incomes, for example, are simply not computed. What we have is data on State domestic product whereas it is well known that taxable capacity is determined to a great extent by levels of per capita income. Data on several of the explanatory variables also are dated. Further, the results were rather sensitive to the assumptions regarding the combination of variables as was evident from the alternative formulations. Hence, we proceeded on some broad judgements to determine the taxable capacity of the States.

5.12 Keeping in view the limitations mentioned above, for estimating the tax revenues of the States for the base year normatively, we first worked out the trend growth rates (TGR) of the total own tax revenue of each State over the period 1987-99 and then applied the TGR so derived to the actuals of 1998-99. We have not gone by the growth rates of individual taxes because of the varying tax practices among the States as mentioned above and the possibility of substitution among different tax handles.

5.13 Having derived the base year tax revenue figures in this way, we worked out the tax-GSDP ratio (hereafter *tax ratio*) of each State for the year 1999-00. The States were then divided into two groups, viz., special category and general or non-special category. The tax ratio of each State was compared with the average ratio of the respective groups. Where the average tax ratio of a given State fell below the relevant group average, we made upward adjustment in the ratio on the reasoning that all States should try to move towards their group average over a period of time. The adjustment we have in view is intended to reduce the gap between a State's tax ratio and the average ratio of the group. Keeping in view their relative revenue capacity as reflected in their per capita GSDP, where the per capita GSDP of a State fell below the average per capita GSDP of the respective group of States by more than 15 per cent, we adjusted the tax ratio of the State in question by 10 per cent of the difference between the tax ratio of that State and the average ratio of the group in question. Where, however, the per capita GSDP of a State was not less than the relevant group average by more than 15 per cent, that is to say, the State's per capita GSDP is close to the group average, the tax ratio was adjusted by 30 per cent of the difference between the tax ratio of that State and the average ratio of the relevant group on the reasoning that States should be able to have tax ratio approximating to their group average. For example, with the group average of tax ratio at 7 per cent, the tax ratio of a given State at 6 per cent, if the per capita GSDP of the State happens to be 85 per cent or more of the average of the group, the tax ratio of that State for the base year is taken to be 6.3 per cent (6 plus 30 per cent of 7 *minus* 6). For the special category States, the upward adjustment in the tax ratio for the base year has been restricted to 10 per cent of the difference between the tax ratio of a State and the group average in all cases. The effect of this normative adjustment for States which were below the respective group averages in their tax ratio is given in Annexure V.1.

Non-Tax Revenue

5.14 The main components of non-tax revenue of the States are interest receipts, revenue from forestry and wildlife, irrigation rates and royalty on minerals. It was noticed that these are heterogeneous in nature, and are not amenable to a uniform treatment across the board. Hence, we have proceeded to estimate the base year figures of each major item individually in most cases. Separate norms were applied for different items of non-tax revenues, namely, interest receipts, dividends, revenue from forestry and wild life, irrigation rates and royalty on minerals. The basis of derivation of the base year figures, item-wise, is indicated below:

i) Interest receipts have been estimated separately for interest from loans and advances and interest from others. Interest from loans and advances has been estimated on the basis of TGR applied to the actuals of 1998-99. For others, the estimates are based on the average realisation in the three preceding years. Interest accruing from the irrigation department has been excluded from non tax revenue receipts and expenditure as these are merely contra entries.

ii) For dividends and other miscellaneous receipts under general services, the average realisation in the three preceding years is taken as the base.

iii) Receipts from forestry and wild life, and royalty on minerals were estimated for the base year in the same way as dividends i.e., on the basis of average of three years.

iv) In the case of receipts from irrigation, TGR based estimates or BE for the base year, whichever is higher was adopted.

v) Lottery receipts constitute a significant source of non-tax revenues in some States. No clear trend was discernible in the receipts from lotteries and the gross receipts vary widely from year to year. Hence net receipts of 1998-99 was taken for the base year, whenever the lottery receipts occur.

vi) For rest of the items under general, economic and social services, receipts for the base year have been estimated by projecting the 1998-99 actuals with the TGR.

5.15 In the present exercise, non-tax revenues have been estimated on the lines indicated above with one more change. In the case of some States, user charges as a proportion of their revenue expenditure (excluding interest and pension) were found to be unduly low as compared to the average of the group of general category States. In order to give a clear message that all States should make at least average effort to recover a part of the cost of providing public services as reflected in their revenue expenditure, we have adjusted the ratio of non-tax revenue to revenue expenditure of such States (excluding interest and pension benefits) in order to reduce their gap as compared to the group average by 50 per cent. This rule has, however, been applied only to States belonging to the general category.

Revenue Expenditure

5.16 As in the case of revenue receipts, considerations of both equity and efficiency require that the revenue expenditure of the States also be estimated on a normative basis. Ideally, an equitable system of federal transfers should bring about a measure of parity in the capacity of the constituent units to provide basic civic services to all citizens at a reasonable or at least a minimum level. The determination of the relative revenue capacity of the States on a normative basis is intended to serve this purpose. Variation among the States in the capacity to provide civic services, however, can arise also from difference in needs such as a large proportion of the aged or children in the population, or morbidity, and also because of variations in the unit cost of providing public services stemming from terrain (hilly tracts), and so on. Hence in designing an equitable system of transfers, it is necessary to complement the assessment of relative revenue capacity with an assessment of expenditure needs.

5.17 Determination of expenditure needs on a normative basis is, however, more problematic than that of taxable capacity. The reason is that differences in the level and composition of expenditure can arise from variation in the levels of income and consumption and also from the preferences or choices of the people regarding the services they desire from the government sector. One way of getting over these problems would be to look at the differentials in the per capita revenue expenditure of different States in the services which are basic to governance and are usually common among all States. For instance, the three functional categories of services into which the expenditure of government are usually classified, namely, general services, social services and economic services, contain major heads, such as, interest, pensions and police under general services, and expenditure on elementary education, rural primary health, family welfare and other social welfare activities under social services. An attempt could be made to examine the differences in the per capita expenditure needs of different States for the services under these heads derived normatively and see how the actuals fall short of the norm-based needs. The differences multiplied by the population of the State would then serve as the base for determining revenue needs for purposes of equalisation transfers.

5.18 We commissioned a study at the Institute of Social and Economic Change, Bangalore, to work out the revenue expenditure needs of the States based on the normative approach. The study provided estimates of revenue expenditure of the individual States for the main items excluding interest payments, pensions and a few other items. The estimates were derived by fitting regression equations with selected explanatory variables. Although, the equations satisfied the standard statistical tests, it was not possible for us to use the results mainly for the reason that in several cases the estimates were way out of alignment with the actual expenditure and since we are not starting from a clean slate, imposition of norms derived statistically would be too disruptive. Besides, the expenditure needs of a State for purposes of equalisation should be viewed in juxtaposition with, or as supplement to revenue capacity equalisation transfers and not in isolation. There were also conceptual as well as data problems as in the case of taxable capacity estimation. For instance, for police expenditure, information which could help to quantify the requirements of States having insurgency problems was not available. The only option available to us, therefore was to impart elements of the normative principle in estimating the revenue expenditure of the States in the base year in a limited way as indicated below.

5.19 Keeping the normative principle in view as far as possible, for estimating non-plan revenue expenditure of the States for the base year i.e., 1999-00, we proceeded in three steps. The first step was to look at the figures arrived at by applying the TGR on the actuals of 1998-99. Where the TGR turned out to be negative, the average of the three years, 1996-99, was taken for the year 1999-00. It was noticed that revenue expenditure of all States had grown at a fast pace during the nineties. However, some restraint became visible in the provision of expenditure under certain major heads of accounts recently. It was therefore decided as a second step that if the TGR based estimates happened to be higher than the BE of a particular major item, the BE would be adopted. The TGR based estimates were retained for others. In other words, in the second step, the TGR based estimates projected from 1998-99 or the budget estimates for 1999-00, whichever was lower, was taken.

5.20 However, it was noticed that in many States expenditure under the heads of account relating to pensions and interests were unduly high, whichever way they were estimated, whether by using the TGR or by adopting the BE. Considering that the upward revision of pay and pensions would have been carried out by 1998-99, the growth of pensions in the year 1999-00 was limited to 15 per cent over the actuals of 1998-99. Similarly, interest payments for 1999-00 were estimated by projecting the 1998-99 actuals by 15 per cent on the reasoning that the States should exercise some check on the growth of their borrowings and no one should expect that whatever commitments they may make on account of interest liability will be accepted by the Finance Commission for purposes of assessment of their revenue needs. To go by the actuals of interest payments in all cases would be unfair to States which have been more prudent in the matter of borrowing. We have, therefore, made another adjustment in the interest liability in the case of States whose interest payments as a percentage of revenue receipts were found to be higher than their respective group average. Thus, for

States whose interest payments as a proportion of revenue receipts as indicated above did not exceed the group average, the estimates arrived at by the rule TGR/BE whichever was lower, were not disturbed. However, for States for whom the ratio was above the group average, only 80 per cent of the excess was accommodated in our assessment. Annexure V.2 provides details of the compression carried out in respect of interest payments for various States.

Projections for 2000-05

5.21 After firming up the base year figures in the manner indicated in the preceding paragraphs, we proceeded to make projections for our reference period namely, 2000-05 by applying appropriate growth rates and by relying on certain reasonable norms. The growth rates also have a normative thrust, oriented to the restructuring scheme. The method followed for projecting revenues and expenditure of the States from the base year is described briefly below:

Tax Revenue

5.22 The tax ratio of the Centre and the States registered a decline during the nineties. In the case of the States the decline has been less pronounced but all the same, the sluggish growth of States taxes contributed to their revenue gap. This trend can be reversed only with determined effort by the governments to raise more revenue through taxation.

5.23 In our discussion on restructuring we have indicated that the improvement in the tax ratio for all the States considered together over the five year period under consideration should be of the order of 1.15 percentage points of GDP. With an underlying growth rate of GDP of 13 per cent, this translates into a growth rate of about 17.5 per cent in the tax revenues. However, rather than applying a growth rate of this order uniformly across the States we considered it desirable to allow for reasonable inter-State variation in the tax revenue growth rate depending on differences in their potential revenue base. In particular, we took into account the differential constraints arising from variations in the rate of growth of GSDP among the States and also their existing tax ratios relative to their past. The tax revenue growth rates for the projection period were derived by using prescriptive tax buoyancies ranging from 1.1 to 1.35. The States were then grouped according to GSDP growth-rate (12, 13 and 14 per cent) as also with respect to the tax buoyancies. A State was placed in a higher or lower growth rate category depending on the constraints to growth they may face as reflected by respective TGRs of GSDP. Further, the States were placed in a higher or lower buoyancy group depending on whether, compared to their own past, they improved or deteriorated in terms of the tax ratio. For this purpose, a comparison was made between the average tax ratio over 1994-95 to 1996-97 to the corresponding average ratio over 1987-88 to 1989-90. A State, where the tax ratio is low compared to its own past, signifying deterioration in the recent years, was put in a higher tax buoyancy group with the expectation that it should be able to improve its position back to where it was in terms of the tax ratio. A State, which showed improvement in its position, was placed in a lower buoyancy group so that it was not penalised for showing a better tax effort. But since the buoyancies we have prescribed are all above 1, (1.10, 1.20,1.30, 1.35), all States also will be required to make efforts to raise their tax ratios from the present levels. In the case of special category States, all of them were placed in the lowest buoyancy group except for three, which were put in the next higher buoyancy category. Annexure V.3 provides information on cluster of States in three groups, prescriptive buoyancies and buoyancy based growth rates.

Non-Tax Revenue

5.24 A basic source of weakness of government finances in the States (as at the Centre) is the poor return on the capital invested and negligible recovery of cost of services rendered by the government by way of user charges. The total investment made by the States in Government companies and statutory corporations in the form of equity and loans stood at Rs.1,16,368 crore as of 31.3.1997. These investments yield very little to the State's exchequer in the form of dividends, interests or profits. As for user charges, only 2.13 per cent of the revenue expenditure on social services is realised by the States. In the case of economic services, the recovery rate is somewhat better, mainly because of royalty from minerals and receipts from forestry. But these are more in the nature of taxes rather than user charges. There can be no enduring solution to fiscal problems of the States unless government investments yield a reasonable return and the rate of recovery of the cost of public services through user charges shows some appreciable improvement. Studies show that recovery rates can be enhanced substantially in the case of non-merit goods and the implicit subsidies flowing through governmental activities can be reduced.

Interest and Dividends

5.25 Coming to specific items of non-tax revenues, interest from loans and advances received by the States is, on an average, around 3 per cent on the outstanding amounts. The loans and advances are extended out of the borrowed funds only and the borrowings have to be serviced from return on investments made out of them. Hence it is proposed to set a norm of 9 per cent return by way of interest on loans and advances in order to narrow the gap between the ratio of return and cost of funds. However, to allow some time to the States to come up to this level of interest realisation, we postulate the norm set by us to be achieved over a five year period so that the 9 per cent rate is realised by 2004-05. Accordingly, interest receipts from 2000-01 have been estimated in such a way that the gap between the current level of realisation and the targeted level for 2004-05 is closed each year on a proportional basis. For States which are already realising 9 per cent or more as interest on loans and advances, the estimates furnished by them have been adopted. For dividends, we have set a norm of at least 2 per cent on equity or the actuals/RE in 1999-00 whichever is higher for the year 2000-01. Thereafter dividends have been projected to grow to 5 per cent by 2004-05 on the basis of proportional increase every year.

Royalties

5.26 Royalties on major minerals, crude oils and natural gas are dependent on production and the rates fixed by the Government of India. However, to keep pace with inflation, a growth rate of 5 per cent has been adopted for projecting revenues from royalties on major minerals.

Irrigation Receipts

5.27 The other important item of non-tax revenue is receipts from irrigation charges. Irrigation rates at present are nominal in many cases and cover only a fraction of the operation and maintenance (O & M) expenditure. Ideally, the target should be to fix irrigation rates in such a way that the receipts cover not only the maintenance expenditure but also leave some surplus as return from capital invested. We recognise that this objective cannot be achieved immediately. Hence, we propose to moderate the targets for increase in irrigation receipts in the following manner:

Table 5.2: Projected Return from Major and Medium Irrigation Projects

Sl. No.	Range of Revenue Receipts from Major and Medium Irrigation Projects per hectare	Projected increase per year (%)	Remarks
1.	Below Rs.150	25	Subject to a minimum of Rs.80 per hectare in 2000-01
2.	Rs.150 to 250	15	—
3.	Above Rs.250	10	—

Forestry & Wildlife

5.28 Receipts from forestry and wildlife have been declining, not only as a proportion of total non-tax receipts but also in absolute terms. Several States have urged that the scope of raising more revenue from this is dwindling because of fast depleting forest resources and also due to court rulings relating to felling of trees and transportation of timber. We have had occasion to peruse the relevant court orders on the subject. We found that the court directives and orders restrict only indiscriminate felling of forest trees without a duly approved scientific plan. The forest policy of the Centre also points in this direction. On these considerations, we do not find any justification for keeping the freeze on the receipts from forestry at the 1999-00 level and instead we have assumed a growth of 5 per cent per year in forestry receipts over the estimates for 1999-00.

Lotteries

5.29 Some States derive substantial amounts of non-tax revenue from lotteries. In view of the national policy to discourage lotteries, we have taken the base year figures of receipts net of expenditure as the likely revenue from the lotteries for all the years.

User Charges

5.30 In all cases of user charges, a 25 per cent step-up per year over the base year has been assumed in our estimates of revenue receipts. We feel that this step-up is essential if the implicit subsidies are to be reduced.

Return from Public Sector Undertakings

5.31 Paragraph 5(vi) of our ToR requires us to consider the need for ensuring reasonable returns on investments of the States in irrigation projects, power projects, transport undertakings, departmental undertakings and public sector enterprises. The need to obtain reasonable returns from investments made by the States in these entities has been underlined in Chapter II. In conformity with this objective, we have postulated a higher return in the form of dividends and interests and these have been incorporated in our estimates for revenue receipts during the forecast period. We are aware that a 5 per cent dividend on equity and 9 per cent interest on loans and advances are not adequate to meet the cost of borrowings of the States. However, keeping in view the current realities, it would be unrealistic to postulate a higher return. Besides, an element of subsidy in the interest on loans cannot be eliminated altogether, since some of the investments also yield a social return such as investments to uplift backward areas or on roads to connect rural areas. Our norms of receipts from non-tax revenue sources seek to strike a balance among all these considerations. Details of estimated net return on the investments by the States in the power and transport sectors are given at Annexures V.4 and V.5 respectively.

Non-Plan Revenue Expenditure

5.32 For projecting the revenue expenditure of governments in different States over the five year period, starting from the base year, we had two alternatives: (i) adopt uniform growth rate for all the three functional categories of government services, and apply the rates uniformly to all States, or (ii) work out differential rates for different categories namely, the general services, the social services and the economic services with appropriate variation as between States.

5.33 The justification for adopting differential rates for different categories of services is that the proportion of the two main components of the revenue expenditure namely, salaries and other than salaries, vary considerably as between services. For instance, the salary intensity of general services in most States is higher than that of the other two services. The two components also grow at varying rates. Considering the net impact of normal attrition (3 per cent), increments (2.7 per cent) and inflation protection (5 per cent), salary bill growth may reasonably be taken at 5 per cent per annum. This growth allows for one per cent fresh recruitment against 3 per cent retirements. Non-salary components determine the quality of public services in the social sector as in the case of health and education etc and should be expected to grow at least at the same rate as GDP. In order to allow for improvement in the level of these services, we have assumed an increase of 2 per cent over the GDP growth in social services that is 15 per cent growth per annum. For general services, the growth for non-salary components is assumed at 7 per cent and for economic services, at 11 per cent. Seven per cent growth in the non-salary components of general services is assumed to take care of inflation (5 per cent) and population growth (2 per cent). For economic services, we assume an 11 per cent growth in non-salary components in view of the growing involvement of private sector in many areas of economic activity including infrastructure, and the diminishing role of the public sector.

5.34 As will be seen, we have worked out an appropriate growth rate for each category of services taking into account the salary intensity and the varying rates of growth of the two major components of revenue expenditure i.e. salary and non-salary. In this process, we have tried to introduce a normative element in the salary growth by grouping the States under broad bands of salary intensity and bringing them down nearer to the average of the respective group.

Interest

5.35 In the case of interest payments, we have assumed a growth rate of 10 per cent which is markedly lower than the trend growth rate. A lower growth rate has been adopted to bring interest growth in line with the normative approach. In our view the States have to exercise restraint in the matter of borrowing and rely more on revenue resources for expenditure. It is time it was realised that there has to be a check on the borrowings and thereby on interest payments if the finances are to be brought in order.

Pensions

5.36 As regards pensions and other post retirement benefits it is presumed that the impact of pension revision has largely been absorbed by 1999-00 and the future requirements of expenditure would depend upon the net increase in the number of retired persons and the need to provide inflation protection in their basic pension. Considering these two dimensions, a 10 per cent growth per year in pension and the other retirement benefits over the base year has been considered reasonable.

Subsidies

5.37 Subsidies are provided by the States implicitly and explicitly. Our recommendations for raising the level of cost recovery in irrigation and other public services through higher user charges and returns on investments in public sector enterprises would serve to reduce the implicit subsidies substantially. As for subsidies provided explicitly through the State budgets, we do not have comprehensive information regarding the amounts involved. However, where we have been able to identify them, these have been taken as 'nil' for the forecast period. For departmental undertakings, we have not allowed for any loss, implying that, in our assessment, no subsidy will be extended to them from the State budget.

Maintenance of capital assets:

5.38 In making our recommendations, the ToR require us to take into account, among other considerations, the maintenance and upkeep of capital assets and the norms on the basis of which the amounts necessary for maintenance may be provided and also specify the manner of monitoring of such expenditure. It is a matter of concern that our capital assets are languishing because of poor maintenance. There has been a tendency to take up a number of new projects without making adequate provision for maintaining the existing assets. The poor state of our roads, irrigation projects, and government buildings bear testimony to the sad neglect of maintenance. This has happened in spite of the fact that successive Finance Commissions in the past have made liberal provisions for maintenance of capital assets in their assessment of revenue expenditure. The reasons for this state of affairs are: one, maintenance expenditure is usually classified as "non-plan" and thus these get a low priority in the budget allocations; two, the funds assessed by the Finance Commissions get diverted to other areas of expenditure as no specific fund is created for the maintenance of capital assets; and three, budget allocations, which as it is often fall short of the requirements, are used up largely in meeting salary expenditure and the running cost of establishment itself. All this needs to be changed but it cannot come about without an attitudinal change towards the priorities, budgetary allocations and monitoring of such expenditure. With this caveat we now proceed to indicate the norms of expenditure required for maintaining capital assets specifically for irrigation projects, roads and bridges and government buildings.

Irrigation Projects

5.39 In computing the admissible expenditure on maintenance of irrigation projects, the Tenth Finance Commission (TFC) had adopted a norm of Rs.300 per hectare for utilised potential and Rs.100 per hectare for the unutilised part. The Commission had also followed the past practice of enhancing the norms by 30 per cent for hill States. It had provided suitable increases in the norms in each year of the forecast period to insulate the expenditure against inflation.

5.40 In their memorandum on the subject, the Ministry of Water Resources have suggested a provision of Rs.450 per hectare for major and medium irrigation projects for the maintenance of the utilised potential and a provision of Rs.150 per hectare for maintenance of the unutilised potential. For the maintenance of utilised potential of minor irrigation projects the memorandum suggested a provision of Rs.225 per hectare and a provision of Rs.75 per hectare for unutilised potential. Further, Rs.300 per hectare for special repairs of existing irrigation systems and a step-up by 30 per cent for maintenance of utilised potential of projects located in hill States have been recommended by the Ministry.

5.41 We understand that it has not been possible to maintain most of the major and medium irrigation projects at the desired level primarily due to paucity in budget allocation. The Standing Committee on Agriculture in their report for 1998-99 drew the attention of the Union Government on the imperative need for giving high priority to maintenance of these assets. We have adopted the norm, of Rs.450 per hectare for the maintenance of the utilised potential and Rs.150 per hectare for unutilised potential in the case of major and medium irrigation projects as suggested by the Ministry. Considering the cost differentials for maintenance in the hill States, an additional provision of 30 per cent is being made in their case.

5.42 On the basis of the data obtained from the Planning Commission, the utilised and unutilised irrigation potential at the end of 1999-2000 has been worked out for individual States. We have assumed that the States whose unutilised potential in 1999-00 was less than 10 per cent of the total would be fully utilising their potential by 2004-05. States with unutilised potential between 10 to 25 per cent could be expected to reduce the unutilised part to 5 per cent and those with unutilised potential exceeding 25 per cent will reduce it to 10 per cent by 2004-05.

5.43 The TFC had provided Rs.150 per hectare for the maintenance of minor irrigation projects in respect of utilised potential. There was no provision for any unutilised potential**.** It had also recommended an additional 30 per cent allocation for hill states and hill areas of other States. We have adopted a norm of Rs.225 per hectare for the utilised potential in respect of minor irrigation projects with a 30 per cent step-up for hill States and hill areas as suggested by the Ministry.

5.44 While working out the requirements for the maintenance of irrigation projects, it was noticed that in some States the TGR based estimates are higher than the norm-based estimates. For the sake of better maintenance, we have not disturbed the higher estimates. An increment of 5 per cent per annum has been provided to take care of the possible price increase. Annexures V.6 and V.7 indicate provision for maintenance of major & medium irrigation projects, and minor irrigation projects, respectively.

Roads & Bridges

5.45 The TFC had estimated the requirements for maintenance of roads and bridges of the States on the basis of norms suggested by the Ministry of Surface Transport (MoST) and information on road length of different categories furnished by the States. The requirements of funds thus worked out was found to be rather high and therefore, the Commission had limited the total provision for all the States to twice the amount provided by the Ninth Finance Commission. The State-wise distribution was made on the basis of the average of their percentage share in (a) the all-State norm based aggregate expenditure and (b) the estimated all-States total expenditure in 1994-95. The provisions for individual States so worked out were suitably modified to ensure that each State got at least twice the amount provided by the Ninth Finance Commission. It was also ensured that the provisions were at least 20 per cent higher than the expenditure in 1994-95. The Commission thereafter provided a graduated increase in the expenditure each year without affecting the totals.

5.46 We have obtained norms for maintenance of roads from the MoST. The Ministry has suggested zone-wise norms for total maintenance and repair costs in different rainfall areas for all categories of roads with traffic intensity based on the Report of Sub-Committee on Norms for Maintenance, October, 1999. These norms are at the 1999-00 level of prices and divided into two categories viz. i) maintenance and repairs (normal) and ii) maintenance and repairs (special). The norms for hilly areas are given separately in the Report. The norms received from the States were incomplete and dated in respect of large section of roads. It was therefore, considered reasonable to adopt norms provided by the MoST with some modifications.

5.47 Maintenance expenditure as per the MoST norms for normal repairs have been worked out in the above manner for the base year. For comparison, maintenance expenditure on roads for the year 1999-00 has been worked out on the basis of trend growth rate as well. In the case of States whose expenditure as per the MoST norms in 1999-00 turns out to be too high as compared to the projected estimates for 1999-00 on the TGR basis, the normative provision for the base year 1999-00 was limited to 125 per cent of the actuals of 1998-99. In respect of the other States, the projected expenditure for 1999-00 was allowed to remain undisturbed. Having firmed up the base year estimates in this way, a 5 per cent step-up was provided in each year to take care of inflation. We have also provided 30 per cent step up for the hill areas in our estimates. Annexure V.8 indicates the provision for maintenance of roads and bridges.

Buildings

5.48 The TFC had considered three factors for determining the requirements for maintenance expenditure of buildings during the forecast period, 1995-00. These three factors are (i) the trends in actual expenditure on maintenance of buildings, (ii) the steep increase that had occurred in the costs involved and (iii) the poor state of upkeep of the State government buildings. Keeping these factors in view, the TFC had provided a step-up of 250 per cent by 1999-00 on the norms followed by the Ninth Commission for 1994-95. Provision for each year for their forecast period was worked out taking inflation into account within an upper and a lower ceiling.

5.49 In order to estimate the State-wise annual maintenance expenditure on buildings in 1999-00, we have made a comparison between the figures worked out on the basis of the norms of the Central Public Works Department (CPWD) and the State Government norms. For this purpose, we have collected information related to residential and non-residential buildings from all States under two categories namely, civil and electrical.

5.50 In deriving the estimates of maintenance expenditure on buildings for the base year (1999-00) State-wise, we have compared the estimates based on the CPWD norms and the State norms. The lower of these two figures was compared with the estimates derived for the year 1999-00 based on TGR. We have not disturbed the TGR based estimates, if they happened to be above the norm-based figures. In other cases, we have adopted the norm based estimates subject to a maximum of 25 per cent step up on the 1998-99 figure for the actual expenditure of the State to derive the base year estimate. Starting from the base, the requirements for forecast period was worked out with a step up of 5 per cent each year to allow for inflation. Annexure V.9 sets out the provision made for maintenance of buildings.

Committed Liability

5.51 We are required, as per the terms of reference, to consider, *inter-alia*, maintenance expenditure of plan schemes completed by 31st March, 2000. The TFC was also required to consider the liability on account of maintenance of plan schemes completed by 31st March, 1995. It was pointed out by the TFC that the transfer of maintenance of plan expenditure to non-plan account in the middle of the Eighth Plan was problematic. The reason was that as per the guidelines of the Planning Commission, maintenance of plan schemes taken up during a five year plan period continues to be on plan account till the end of that plan and a transfer of maintenance expenditure of plan schemes completed during a given plan period into non-plan account is done only in the first year of the next plan. Yet, keeping in view the terms of reference, the TFC had taken 30 per cent of the plan revenue outlay for the year 1994-95 in the non-plan revenue account of 1995-96 as committed liability for the general category States and Meghalaya. In respect of the special category States other than Meghalaya, the provision was higher at 40 per cent on the consideration that these States did not transfer maintenance expenditure of plan schemes completed during the Seventh Plan period into non-plan account during the Eighth Plan. The Eighth Five Year Plan continued up to 1996-97. The TFC, however, did not provide for incremental requirement of funds for plan schemes completed during the last two years of Eighth Plan i.e. 1995-96 and 1996-97. It felt that the Planning Commission might consider making provision for such schemes till 1999-00 under the plan as was done for the schemes of two annual plans of 1990-91 and 1991-92.

5.52 There are conceptual as well as operational difficulties in providing funds for maintenance of plan schemes completed by 31st March, 2000. First, expenditure on running these schemes will continue to be covered under plan till 2001-02. Any provision for maintenance of plan schemes for the year 2000-01 on the basis of completed schemes as on 31st March, 2000 will result in over-estimating the total non-plan revenue expenditure of the States for 2000-01 and 2001-02 as the States following the guidelines of the Planning Commission will count such expenditure on the plan side. Second, since the forecast period of this Commission goes up to 2004-05, the requirement of funds under non-plan revenue expenditure will not be covered fully for the years 2003-05 if the plan schemes completed during the years 2000-02 are not taken into consideration. Considering all these, it appears appropriate to us that maintenance requirements for plan schemes may be provided only from 2002-03, on the basis of the estimated expenditure on plan schemes in 2001-02. This will cover plan schemes completed by 31st March, 2000 also.

5.53 There are a number of operational problems in providing adequate fund for maintenance of plan schemes. No specific information is available about plan schemes completed by 31st March, 2000 or to be completed by 31st March, 2002. Also, it is not clear how many of these schemes will be in operation after completion of the Ninth Plan. Information was sought from the Planning Commission and also from the States in respect of requirement of funds for maintenance of such plan schemes. Some information was received from the States in this regard, but these related mostly to the expenditure requirements in 1995-96 and 1996-97. These requirements were implicitly covered in the projection of non-plan revenue expenditure put forward by the States for the forecast period as they formed an integral part of non-plan revenue expenditure in the budgets of the States from 1997-98 onwards. However, the information in respect of requirement of funds for transfer of these schemes either in 2000-01 or in 2002-03 was not provided by the States. It is also noticed that there was no definite trend in the non-plan revenue expenditure of the States in the past to identify an increase of expenditure on account of transfer of plan expenditure into non-plan expenditure for the maintenance of plan schemes at the end of each Five Year Plan. In view of this, we feel that the norms adopted by the TFC i.e. 30 per cent of plan revenue expenditure for general category States may be continued as there is no large structural change in the composition of plan revenue expenditure in the last five years.

5.54 As regards special category States, it is noticed that the per capita plan expenditure is much higher than the all India average mainly due to large plan grants from the Centre. They have also been diverting a significant part of plan assistance for meeting non-plan expenditure in consultation with the Planning Commission. Further, most of them have been incurring maintenance expenditure under their plan with the approval of the Planning Commission. Since we are providing adequate grants to these States to meet deficits on non-plan revenue account it should not be necessary to divert plan grants for non-plan purposes. These States can thus meet committed liabilities on the plan side, as done in the past, without any adverse impact on their developmental expenditure. Hence, no provision has been made in the case of special category States for non-plan revenue expenditure for committed liability arising out of plan schemes to be completed by 31st March, 2002.

5.55 A related issue is the estimation of revenue expenditure of the States under the plan till 2001-02. Neither the States nor the Planning Commission were able to provide any firm or reliable estimates of revenue expenditure under the Plans completed by the end of March 2002. In the absence of any specific information from these sources, the only alternative was to arrive at plan revenue expenditure at the end of 2001-02 on the basis of trend growth rates for the period 1987-99 over the estimated plan revenue expenditure for the base year 1999-00. This projection is only for the limited purpose of estimating requirements of committed liability. The requirements for committed liability arising from the Ninth Plan in 2002-03, 2003-04 and 2004-05 for the general category States have been worked out at 30 per cent of the estimated plan revenue expenditure by the end of 2001-02. State-wise projection for maintenance of plan scheme likely to be completed up to end of March 2002 worked out for 15 States for the years 2002-05 is placed at Annexure V.10. These amounts do not cover additional liabilities arising out of maintenance of Centrally Sponsored Schemes (CSS). A large number of these continue as plan schemes from one Five Year Plan to another in some form. Some of them get terminated at the end of a given Five Year Plan. The requirement of the States for maintenance of C.S.Ss. under "non-plan", therefore, is considered to be not substantial. Further, the Ninth Five Year Plan has envisaged transfer of large number of C.S.S. to the States. When this happens, we presume that such transfer will be accompanied with transfer of funds as well. In view of these considerations, we have not provided any separate fund on account of committed liability for maintenance of Centrally sponsored schemes.

Monitoring of Maintenance expenditure

5.56 We are required, under our terms of reference, to recommend the manner of monitoring expenditure for maintenance and upkeep of capital assets and maintenance of plan schemes. We have provided reasonable sums for the maintenance and upkeep of capital assets and for maintenance of plan schemes. We have noticed that maintenance of capital assets in the past has been poor not because of lack of funds provided by the Finance Commission but because of lack of adequate budgetary provision within the overall resources available to the States. The TFC had examined the reasons for the poor state of maintenance of capital assets and it was noticed by them that the main reason had been the exhaustion of a large part of the provision for maintenance expenditure by spending on establishment, leaving little for maintenance *per se*. They further noticed that the information system in the States was not geared for providing data regarding the exact amount spent on maintenance and on maintenance related establishment. It was further noticed that though the respective work divisions entrusted with maintenance had the necessary details, these were not reflected in the accounts or in any other reporting system in a fashion which would permit easy monitoring. The TFC had, therefore, suggested changes in the system of maintenance of accounts in such a way that the expenditure on the works component and the establishment expenses get reflected separately and are easily accessible. The details of the re-designed accounting system on maintenance expenditure proposed by the TFC as explained in Appendix 3 of their report dwelt upon the need for providing the new sub-heads and minor heads in order to make the accounts more transparent. From the replies of the States furnished to us, it is seen that these new heads have not been introduced so far. Transparency in accounting is imperative. Hence, we endorse the suggestion of TFC in this regard.

5.57 For monitoring, the TFC had recommended the formation of a High Powered Committee chaired by the Chief Secretary, with Secretaries of the Departments of Finance, Planning, Irrigation and Public Works and the Chief Engineers of Works Department as members. It was further stipulated that this Committee may review every quarter the allocation and utilisation of the funds for maintenance and ensure that allocated funds are not diverted to other areas. From the expenditure on maintenance shown in the accounts, it seems that nothing much has been done in this direction as expenditure levels still continue to be far below the amounts provided in the estimates of the TFC.

5.58 We have made reasonable provisions for the requirements of maintenance of capital assets and for committed liability arising from completed plan schemes by the end of 2001-02. The States should make budgetary provisions each year to a level at least equal to the provisions for maintenance recommended by us. We are of the opinion that this can be achieved only if States themselves take initiative to fix priorities and to provide sufficient budgetary support for maintenance. In this context, we reiterate the recommendation of the TFC in regard to the monitoring by a high power committee. The functioning of this committee at the state level should be activated. Further, the budgetary provisions and expenditure for maintenance of capital assets and for committed liabilities on plan schemes may be assessed by the Planning Commission at the time of assessment of their resources and estimation of the balance from current revenues. Planning Commission may consider devising a suitable mechanism for this purpose.

5.59 The fiscal position of the States is under acute stress. We believe that a mere tinkering with tax rates here and there, or small increases in user charges and marginal cuts in expenditure cannot be a lasting remedy to the problem. Structural changes both in revenue raising and expenditure are called for. Details of these are discussed in Chapter II. We have assessed own resources of the States and their non-plan revenue expenditure, keeping these aspects in the background. In the process, we have introduced norms, though in a limited way, which are considered reasonable to achieve. The results of our assessment of States' own resources are indicated in Annexures V.11 to V.35.

Chapter VI

Sharing Union Tax Revenues

6.1 Article 280 (3) of the Constitution requires the Finance Commission to make recommendations as to the distribution of the net proceeds of shareable taxes between Union and the States, and the allocation between the States of their shares in such proceeds. Formulation of principles that should guide the assignment of share to the States and the determination of individual share of each State constitutes a central task of the Commission.

6.2 The Constitution (Eightieth Amendment) Act, 2000 has altered the pattern of sharing of Central taxes between the Centre and the States in a fundamental way. Prior to this amendment, Taxes on Income other than agriculture income and Union duties of excise were shared with States under articles 270 and 272 respectively. The Eightieth Amendment Act has substituted a new article for article 270 and omitted the old article 272. The new article 270 provides as under:

> "270(1) All taxes and duties referred to in the Union List, except the duties and taxes referred to in articles 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".

The Finance Commission is now required to recommend such percentage of taxes or duties referred to in the new article 270 that may be assigned to the States and also recommend the manner in which these may be distributed among the States.

6.3 This Amendment Act is based on a recommendation of the Tenth Finance Commission (TFC) which had recommended an Alternative Scheme of Devolution (ASD) in its report submitted in November 1994. Under this scheme, proceeds of all Central taxes, except surcharges, would constitute a common shareable pool from which a share was to be devolved to the States. The TFC recommended 29 per cent of the proceeds to be devolved to the States under this Scheme. This percentage share included devolution on account of additional excise duties levied in lieu of sales tax as well as the grant-in-lieu of the tax on railway passenger fares.

6.4 In December 1996, the Government of India had brought out a Discussion Paper on the Alternative Scheme of Devolution spelling out the pros and cons of the proposed scheme. On the basis of a consensus reached in the Third Meeting of the Inter-State Council held on 17th July, 1997, the Government of India accepted the scheme with some modifications. A Constitution (Eighty-Fifth Amendment) Bill, 1998 was introduced in the 12th Lok Sabha. The Bill was referred to the Standing Committee of Parliament on Finance. The Standing Committee gave its report to the Parliament in the last week of February 1999. However, the Bill lapsed with the dissolution of the Lok Sabha. A modified version of the Bill was introduced in the Lok Sabha as 'The Constitution (Eighty-Ninth Amendment) Bill, 2000' on March 9, 2000. The Bill was passed by Parliament and received the assent of the President of India on June 9, 2000, as 'Constitution (Eightieth Amendment) Act, 2000.'

6.5 The main changes brought about by this amendment are as follows:

(a) All Central taxes and duties, except those referred in articles 268 and 269 respectively and surcharges and cesses, are to be shared between the Centre and the States.

(b) Only States in which these taxes and duties are 'leviable in that year' are entitled to get a share in these taxes and duties.

(c) A percentage of "net proceeds" of these taxes and duties as may be prescribed by the President by order after considering the recommendations of the Finance Commission is to be shared by States.

(d) The percentage of "net proceeds" of these taxes and duties which is assigned to the States in any financial year shall not form part of the Consolidated Fund of India.

(e) The article 270(2) which referred to taxes on income prior to the amendment contained the following provision :

"Such percentage as may be prescribed, of the net proceeds in any financial year of any such tax, **except in so far as those proceeds represent proceeds attributable to Union Territories or to taxes payable in respect of Union emoluments**, shall not form part of the Consolidated Fund of India."

In the new article 270 which refers to all taxes the words "net proceeds" attributable to Union Territories or to "taxes payable in respect of Union emoluments" have been omitted.

(f) The recommendation of the Tenth Finance Commission regarding sharing of "gross proceeds" was also not accepted in the new Amendment Act and the words "the share of net proceeds" was prescribed in order to maintain consistency between articles 270, 279 and 280.

6.6 Article 269 has been recast by the Amendment Act. The new article includes only taxes on sale and purchase of goods and taxes on the consignment of goods. All other taxes that were listed under article 269 prior to the amendment have been deleted from this article.

6.7 In view of the changes brought out by the Constitution (80th Amendment) Act, 2000 the terms of reference were modified by the Presidential Order dated 19th June, 2000 and para 7 of the original terms of reference was deleted. This para required the Commission to suggest changes in the principles governing the distribution of additional excise duties in lieu of sales tax on sugar, textiles and tobacco, and the grant in lieu of the tax under the repealed Railway Passenger Fares Tax Act, 1957.

6.8 The Commission is now required to determine the share of the net proceeds of Union Taxes and Duties which may be assigned to the States and the respective share of each State. The share to be given to each State is only in respect of taxes and duties which are leviable in that State in the relevant year. We have therefore obtained information from the Union Finance Ministry about the taxes and duties which are leviable in all the States of the country and whether there are exceptions. The Union Ministry of Finance has informed us that at present all taxes except the expenditure tax and service tax are leviable in every State of the country. Expenditure tax and Service tax are not leviable only in the State of Jammu & Kashmir. We have kept this position in view while determining the inter-se share of the States in the distribution of Central taxes.

Aggregate Share of States

6.9 We are required to determine, first, the aggregate share of the States in all Union taxes and duties under article 280(3)(a) of the Constitution and para 3 of our terms of reference. The determination of the aggregate share of States in the net proceeds of all Union taxes and duties, often referred to as the vertical devolution, requires a comprehensive view of (i) the expenditure needs of the Centre; (ii) the aggregate resources of the Centre; (iii) the aggregate requirements of States on revenue account, and (iv) the resources of States from own sources. We have already discussed the resource and expenditure position of the Centre in Chapter IV, and similarly the requirements of the States in relation to their own revenues in Chapter V.

6.10 In considering the issue of vertical division of the Central tax revenues, it would be useful to briefly review the changes in the aggregate share of States in the net proceeds of all Union taxes and duties, excluding surcharge, cesses and the cost of collection during the last two decades. This has been worked out on the basis of share of all States in the Union excise duties and income tax recommended by the successive Finance Commissions and converted as a share in all Union taxes and duties, including the grant in lieu of tax on railway passenger fares, and the additional excise duty in lieu of sales tax on textiles, sugar and tobacco (Annexure VI.1).

6.11 It may be noted that the share of the States in the net proceeds of all Union taxes and duties including grant in lieu of railway passenger fares tax and additional excise duty on sugar, tobacco and textiles has fluctuated between 26.30 per cent and 31.59 per cent. Even during the period of devolution covered by the same Finance Commission, the year to year fluctuations in terms of percentage of all Union taxes and duties have been significant. This may have been largely due to fluctuations in the rates of growth of income tax and Union excise duties, which were the only taxes shared with the States before the Eightieth Amendment to the Constitution, apart from the grants given in lieu of passenger tax, and the collections from additional excise duty in lieu of sales tax on these commodities.

6.12 In their memoranda, States are in unison in asking for the changeover to the alternative scheme of devolution, and for giving up the present system of tax sharing of revenues from specified taxes, viz., income tax and Union excise duties. Many have, however, asked for a higher share in the pool of Central taxes as compared to the 29 per cent share that was recommended by the Tenth Finance Commission. They have asked for shares that range from 33 to 50 per cent of the gross proceeds of Central taxes. Some of the important benchmark figures in this range are 33 per cent [Bihar, Meghalaya, Mizoram, Tripura, West Bengal], 33.33 per cent [Haryana, Punjab, Rajasthan, Sikkim, Tamil Nadu], 35 per cent [Goa, Madhya Pradesh, Orissa] 40 per cent [Karnataka, Kerala], and 50 per cent [Andhra Pradesh, Assam, Maharashtra]. Some States have suggested that initially it may be a lower figure, but the share should ultimately be raised to 50 per cent. Most of them have asked for sharing the 'gross' rather than the 'net' proceeds. Most special category States have asked for an earmarking of 30 per cent of the shareable pool of taxes for distribution among the special category States only. A few States have indicated that the aggregate percentage recommended by the Tenth Finance

Commission be retained, but have asked for exclusion of the 3 per cent share included in the figure of 29 per cent in respect of the sharing of additional excise duties in lieu of sales tax on specified commodities. For these commodities, they want that the tax rental arrangement should be terminated and the power to levy sales tax on these commodities be restored to them.

6.13 In their memorandum, the Central government has urged that the Commission may provide for an assured minimum absolute level of vertical tax devolution, which may be pegged at 29 per cent of the current level of Central taxes, e.g., linked to the 1999-2000 level, with a reduced percentage (say 20 per cent) of vertical tax devolution for incremental gross tax revenue of the Centre over the 1999-00 level.

6.14 States have raised objection to the frequent levy of surcharge on income tax, which assigns exclusively to the Centre an amount of the tax which otherwise would be shareable as it is realised from the same tax base. It has been argued that instead of the measure being used for meeting any emergent requirements of a specific nature, the surcharge is used as a normal source of revenue. In the process, the States are made to lose considerable revenue which otherwise, would have been available to them had the surcharge been integrated into the income tax rates. As a result of frequent representations from the States, the surcharge on income tax was completely withdrawn from the financial year 1994-95. However, it was reintroduced in the budget for 1999-00 and retained in the budget of 2000-01 with an enhanced rate for taxable income above Rs.1.5 lakh. Article 271 has been retained in its present form, which means that Parliament can now levy surcharge on all Union taxes and not merely on income tax and the taxes specified in article 269 as was the position before the Eightieth Amendment to the Constitution. Surcharge levied on any tax is not shareable, and therefore, to the extent that power to levy surcharge is used as a revenue raising measure, it affects the States. We have ourselves recommended the levy of surcharge for the purpose of meeting the expenditure for providing relief to the affected population at the occurrence of a calamity of rare severity. However, these occasions are expected to be rare. We would like to state that while there is no harm in levying surcharge on any specific tax for meeting an unexpected and unforeseen item of expenditure, it should not be resorted to as a revenue raising measure to fill the budgetary gaps. It should be levied for a specific purpose, for a limited period.

6.15 In the light of our assessment of Central finances, as also the State finances, we have recommended the share of States in income tax and Union excise duties in our interim report, for making provisional arrangements for the year 2000-01 as 80 and 52 per cent, respectively. This was done with a view to ensure that the States do get about 29 per cent of the gross revenue from Union taxes, the additional excise duties and the grant in lieu of tax on railway passenger fares. We have completed our assessment for the entire period from 2000-01 to 2004-05 of the Central resources and State finances. Since the submission of interim report, the necessary changes in the Constitution providing for sharing of all Union taxes and duties have been done. On the basis of our analysis and assessment of the Centre's and States' budgetary requirements we are of the view that the share of the States be fixed at 28 per cent of the net proceeds of all taxes and duties referred to in the Union List, except the taxes and duties referred to in articles 268 and 269, and the surcharges and cesses, for each of the five years starting from 2000-01 and ending in 2004-05. Our recommendations made for the sharing of income tax and Union excise duties in the interim report would, consequently, stand modified.

6.16 The Constitution (Eightieth) Amendment has come into force. A consequence of this change is that the net proceeds of the additional excise duties levied under the Additional Excise Duties (Goods of Special Importance) Act, 1957, cannot be passed on to the States as article 272 of the Constitution has been deleted. These are now part of the tax revenue receipts of the Central Government and are sharable with the States. In view of these changes, there is a need for a review of the earlier arrangement. Pending that, we further recommend that 1.5 per cent of all shareable Union taxes and duties be allocated to the States separately, thus totalling 29.5 per cent of the net proceeds of all Union taxes and duties. Inter-se distribution among the States be done in the same manner as the distribution of 28 per cent of net proceeds. We further recommend that if any State levies and collects sales tax on sugar, textile and tobacco, it will not be entitled to any share from this 1.5 per cent.

Determining *Inter se* Shares of States

6.17 We now consider the issue of *inter se* distribution of the aggregate share of States in the Central tax revenues. Up to the Seventh Finance Commission, the formulae used for determining the income tax shares were clearly distinct from those for the Union excise duties. Since then, a process of convergence between the two sets of formulae is distinctly noticeable.

6.18 Population and collection/assessment were the only two criteria used for determining the *inter se* shares of the States in the case of income tax up to the Seventh Finance Commission. In respect of Union excise duties, the criteria, as these evolved over time, had placed greater and greater emphasis on factors relating to economic backwardness and fiscal weakness of the States. However, population continued to be the largest determining factor up to the Sixth Commission, although its weight went down from 100 to 75 per cent. This weight was further reduced to 25 per cent (a fall of 50 percentage points from the preceding Commission) by the Seventh Commission. As already noted, beginning with the Eighth Finance Commission, two changes occurred. First, there was a move towards unifying the formulae for the *inter se* distribution of both income tax and Union excise duties and, secondly, a portion of the Union excise duties was kept aside for distribution according to 'assessed deficits' of States after the devolution of Central taxes. The unified formulae used by the Eighth, Ninth and Tenth Commissions are given in Table 6.1.

6.19 In the unified formula of sharing of taxes recommended by the Eighth, Ninth and Tenth Commissions, two changes are noticeable. From the shareable amount of income tax, ten per cent was set apart for distribution on the basis of assessment in each State by the Eighth and Ninth Finance Commissions. The Tenth Finance Commission did not adopt any criterion of assessment for the purpose of distribution. No such criterion was adopted for the distribution of Union excise duties. The second change related to setting apart of a portion of the Union excise duties for distribution to the States on the basis of 'assessed deficits'. This practice was started by the Eighth Finance Commission and was continued by the Ninth and the Tenth Finance Commissions. The share kept aside for this purpose was also gradually increased. It was 5 per cent of the 'net' proceeds of Union excise duties in the case of Eighth and the first report of the Ninth Commission. It was raised to 7.425 per cent in the second report of the Ninth Commission, and subsequently to 7.5 per cent by the Tenth Commission.

Table 6.1: *Inter se* Sharing of Union Taxes: Eighth, Ninth and Tenth Finance Commissions

Finance Commission	Criteria								Applicable to
	Population	Distance	Inverse of Income	Poverty Ratio	Index of Backwardness	Area	Index of Infrastructure	Tax Effort	
Eighth	25	50	25	-	-	-	-	-	90% of Shareable IT*
Ninth (I Report)	25	50	12.5	12.5	-	-	-	-	40% of UED
Ninth (II Report)	25	50	12.5	-	12.5	-	-	-	90% of Shareable IT*
	29.94	40.12	14.97	-	14.97	-	-	-	37.575% of UED
Tenth	20	60	-	-	-	5	5	10	100% of Shareable IT and 40% of UED

* *The remaining 10 per cent was to be distributed according to contribution in the case of income tax. Similarly, the balance of the shareable amount in the case of Union excise duties was to be distributed according to assessed deficits.*

Source : *Reports of successive Finance Commissions.*

6.20 Two basic principles for determining the *inter se* shares of States are those of equity and efficiency. The principle of horizontal equity is guided by the consideration that, as a result of revenue-sharing, the resource deficiencies across States arising out of systemic and identifiable factors are evened out. The principle of equity makes up for resource deficiencies. As such, it also tends to create a vested interest in continuing with the resource deficiency. To neutralize this adverse incentive, it needs to be complemented by suitable criteria for rewarding 'efficiency', i.e., efforts to improve the resource bases and deliver services at minimum (efficient) costs.

6.21 One issue in designing incentive-based criteria is whether they should be dynamically related to future achievements or related only to achievements already accomplished. Dynamic incentives are expected to modify current/future behaviour. But in this case, since relevant data become available only with the passage of time, the Finance Commission can only define the formula, but cannot determine the actual shares of States. Ideally, the incentive should be based on year to year performance. But because of operational difficulties, and in the interest of certainty of the relative shares of States in the tax devolution during the period of our recommendation, we do not consider it feasible or desirable to build any incentives that may change from the quantum of devolution for a State from year to year. However, we are providing some dynamic incentive for better fiscal performance in our proposal for debt relief. We also trust that the index of fiscal discipline that we are suggesting for the devolution formula will act as an inducement for States to show better fiscal performance.

6.22 As already noted, the practice of keeping a portion of shareable tax revenues from Union excise duties exclusively for the purpose of allocating it among the States according to the amount of assessed deficits, after States' own revenues and tax devolution on all other counts have been taken into account, was brought in vogue by the Eighth Finance Commission, and was continued by the Ninth and Tenth Finance Commissions. This in effect implied a conversion of a part of the share of taxes into grants-in-aid. It also masks the extent of deficits of the recipient States. In the interest of transparency, we have decided to discontinue this practice, and have not kept any portion of shareable taxes separately for distribution among the States with assessed deficits.

6.23 In the context of selecting appropriate criteria for determining the *inter se* shares of States, we have also ascertained the views of the States as indicated to us in their Memoranda and the discussions that we had with them. While most States want continuation of the use of population as a factor, the weights that they have recommended vary from 20 to 70 per cent. A 20 per cent weight, for example, has been recommended by Andhra Pradesh, Bihar, Karnataka, Kerala, Rajasthan, and Tripura. Tamil Nadu has recommended a weight of 40 per cent for population and 20 per cent for population control. Gujarat and Haryana have suggested a small weight for poverty ratio [share of population below poverty line]. Many States have also asked for continuation of 'area' as a factor with weights ranging from 5 to 20 per cent.

6.24 The use of progressive indices like distance of per capita income from the highest per capita income or the inverse of per capita income, or a composite index of backwardness, have also been suggested by some States. Among these, most States have recommended the use of the distance criterion with a weight ranging from 10 to 60 per cent. The 60 per cent weight has been recommended by Bihar and Tripura. Orissa has recommended a weight of 60 per cent for the inverse of per capita income. Uttar Pradesh wants a weight of 50 per cent to be given to a composite index of backwardness.

6.25 Several States have asked for the continuance of the use of index of infrastructure with weights ranging from 5 to 40 per cent. States like Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan and Tamil Nadu have recommended the use of index of infrastructure.

6.26 Tax effort or an index of fiscal discipline has also been strongly recommended as a criterion in determining the *inter se* shares of the States with weights ranging from 5 to 20 per cent. Gujarat, Haryana, Karnataka, Maharashtra, Tamil Nadu have recommended a weight for tax effort as high as 20 per cent. Kerala, Punjab and Rajasthan have recommended a weight of 10 per cent while Andhra Pradesh has recommended a weight of 15 per cent. Other factors mentioned by individual States range from locational disadvantage [Kerala], State specific factors [Tripura], collection or contribution to Central taxes [Maharashtra, Gujarat and Haryana], expenditure on Human Resource Development [Andhra Pradesh], administration expenditure [Kerala], social services expenditure [Kerala], maintenance of social and physical infrastructure [Andhra Pradesh], Central investment [Tamil Nadu], employment rate [Kerala], population of SCs/STs [Madhya Pradesh], proportion of people above 60 years of age [Kerala], and density of population [Kerala].

6.27 Two core criteria which have been used by previous Finance Commissions for providing higher per capita devolution to lower per capita income States are distance and inverse-income formulae. In the case of the Eighth Finance Commission, the combined weight given to these two criteria was 75 per cent. In the case of the Ninth Finance Commission, the combined weight was 62.5 per cent for income tax and somewhat lower for Union excise duties. The Tenth Finance Commission had decided to use only one out of the two formulae, namely, the distance formula, discarding the inverse income formula, and giving it a weight of 60 per cent. The reason given was that, owing to the implicit convexity in it, the middle income States have to bear a relatively higher burden of this adjustment. This position holds true even now. Many States have favoured this formula and therefore, we have decided to use it for inter-State distribution giving it a weight of 62.5 per cent. This matches with the combined weight given by the Ninth Finance Commission to the two criteria in this group, and it is still lower than the weight given to the two criteria by the Eighth Finance Commission. This also recognises the fact that income and consequently, fiscal disparities have increased over time between the States.

6.28 In the calculation of distances, earlier Commissions had used comparable Net State Domestic Product (NSDP) figures. However, we have obtained comparable Gross State Domestic Product (GSDP) figures from the Central Statistical Organisation (CSO), and have used these in our analysis. In the present state of collection and processing of income related data in the States, this gives a better inter-state comparability of the State Domestic Product (SDP), which, in effect, reflects the domestic economic activity.

6.29 While computing distance-based shares of States, the Ninth and Tenth Finance Commissions followed the practice of measuring the distance of the per capita income of a State from that of the highest per capita income State. But for this purpose, Goa, being a very small State, was not considered a representative State, and distances were measured from the per capita income of Maharashtra. Maharashtra and Goa were exogenously given the same distance as for Punjab. As a result, three States, viz., Punjab, Maharashtra, and Goa obtained the same distances, and consequently the same per capita shares. This procedure has some difficulties, particularly, if the distance between the representative highest and the next highest income State is too small. In the extreme, if the incomes of these two States become equal, the share of the three highest income States would become zero. Instead of taking a single high income State as the 'representative' highest income State, we have taken a three-State average of Punjab, Maharashtra and Goa as the benchmark from which distances are measured. This is a weighted average of the per-capita GSDPs of these States. The distances of these States are worked out as a fraction of the distance of Haryana from the representative benchmark. These fractions are obtained by taking the ratio of Haryana's per capita GSDP to the per-capita GSDP of these States. These procedures address the issues that have arisen earlier, viz.,

(i) rather than considering per capita GSDP of a single State, it takes the average of the top three States as representative of the highest income; and

(ii) the distances, and accordingly, the per capita shares of States in the highest income group are not equal but successively decrease as per capita income increases.

6.30 As already noted, many States have asked for the continuation of area as a factor in determining the *inter se* share of States. This factor was introduced for the first time by the Tenth Finance Commission. States which have a large area and low density of population continue to incur heavy expenditure for providing basic administrative infrastructure. The cost is very high compared to a State with an area of similar size but a high density of population. We have, therefore, given a weight of 7.5 per cent to this factor. The area-based shares were subject to a minimum of 2 per cent and maximum of 10 per cent as spelt out by the Tenth Finance Commission. We have continued with these floor and ceiling limits.

6.31 The index of infrastructure as one of the criteria for devolution has also been recommended by several States. We have, therefore, retained it as a criterion for determining the *inter se* share of States and have increased its weight to 7.5 per cent. In our view, the availability of infrastructure plays a crucial role in attracting investment, and States which are backward with low index of infrastructure need to be helped so that these are able to come up. The index has been constructed in the same way as was done by Tenth Finance Commission. The *inter se* shares of States, using this criterion, have been worked out in the same manner as described in para 6.32.

6.32 The basic emphasis in our approach, as highlighted in Chapter II, as also in our discussion on restructuring of public finances, is to evolve a suitable structure of incentives in all mechanism of fiscal transfers. Our terms of reference also make an explicit reference to 'incentives that need to be provided for better utilisation of tax and non-tax revenues'. The Tenth Finance Commission had made a beginning in this direction utilising an index of tax effort made by the States. For this purpose they used the ratio of per capita own tax revenue of a State to its per capita income and weighted it by the inverse of per capita income. This was done to ensure that if a poorer State exploited its tax base as much as a richer State, it gets an additional positive consideration in the formulae. We consider that while this may be a relevant consideration, the weight given to tax effort in this manner may need to be reduced. Several economists, whom we met during our visits to States, had indicated, based on regression exercises, that this should be reduced to around 0.30 to 0.35. We have considered these as a kind of benchmark and decided to reduce the weight of inverse of income in the tax-effort formula from 1 to 0.5.

6.33 We feel that, given the present fiscal situation of the States and the need for restructuring, as also the reference in our ToR for better fiscal management, further incentives need to be provided for fiscal discipline, and that this may be integrated in the principles of devolution. Accordingly, we are suggesting the use of an index of fiscal discipline. For working out this index, we have adopted the improvement in the ratio of own revenue receipts of a State to its total revenue expenditure related to a similar ratio for all States as a criterion for measurement. The ratio so computed is used to measure the improvement in the index of fiscal discipline in a reference period in comparison to a base period. For the base period, we have taken the average for the three-year period from 1990-91 to 1992-93. For the reference period, we have taken the three years from 1996-97 to 1998-99. It may be noted that such an improvement can be brought about by higher own revenues or lower revenue expenditure or any combination of the two. The comparison of the performance of a State with the all State performance, reflects the consideration that if the performance of States is deteriorating in general, the State that accomplishes a relatively lower deterioration is rewarded. Similarly, if all revenue balance profiles are improving, the State where improvement is relatively more than average is also rewarded relatively more. The tax effort and the index of fiscal discipline, together, are given a weight of 12.5 per cent.

6.34 To summarise, the *inter se* shares of the States in tax devolution are determined by the following criteria and relative weights.

Table 6.2: Criteria and Relative Weights for Determining *Inter se* Shares of States

	Criterion	Relative Weight [per cent]
1.	Population	10.0
2.	Income (Distance Method)	62.5
3.	Area	7.5
4.	Index of infrastructure	7.5
5.	Tax effort	5.0
6.	Fiscal Discipline	7.5

State-wise data on these criteria are given in Annexures VI.2 to VI.7.

6.35 It will be thus noted that there are three main considerations in the selection of criteria namely: (i) resource deficiency; (ii) higher cost of providing services; and (iii) fiscal discipline.

6.36 In view of the above considerations, we recommend that each State be given a share as specified in Table 6.3 in the net proceeds of all shareable union taxes and duties except the expenditure tax and service tax, in each of the financial years from 2000-01 to 2004-05.

Table 6.3: *Inter se* Share of States

States	Share (per cent)
Andhra Pradesh	7.701
Arunachal Pradesh	0.244
Assam	3.285
Bihar	14.597
Goa	0.206
Gujarat	2.821
Haryana	0.944
Himachal Pradesh	0.683
Jammu & Kashmir	1.290
Karnataka	4.930
Kerala	3.057
Madhya Pradesh	8.838
Maharashtra	4.632
Manipur	0.366
Meghalaya	0.342
Mizoram	0.198
Nagaland	0.220
Orissa	5.056
Punjab	1.147
Rajasthan	5.473
Sikkim	0.184
Tamil Nadu	5.385
Tripura	0.487
Uttar Pradesh	19.798
West Bengal	8.116
All States	100.000

The total share of each State in the assessed Central tax revenues on the above basis for each year of 2000-05 is given at Annexure VI.8.

6.37 Expenditure tax and service tax are not presently leviable in the State of Jammu & Kashmir. Share in the net proceeds of these taxes is, therefore, not assignable to this State. We recommend the share of each of the remaining 24

States in the net proceeds of expenditure tax and service tax as indicated in Table 6.4. If in any year, these taxes become leviable in the State of Jammu & Kashmir, the share of each State including that of Jammu & Kashmir would be in accordance with the percentages given in Table 6.3.

Table 6.4: Share of States other than Jammu & Kashmir in the Expenditure Tax and Service Tax

States	Share (per cent)
Andhra Pradesh	7.802
Arunachal Pradesh	0.247
Assam	3.328
Bihar	14.788
Goa	0.209
Gujarat	2.858
Haryana	0.956
Himachal Pradesh	0.692
Jammu & Kashmir	0.000
Karnataka	4.994
Kerala	3.097
Madhya Pradesh	8.954
Maharashtra	4.693
Manipur	0.371
Meghalaya	0.346
Mizoram	0.201
Nagaland	0.223
Orissa	5.122
Punjab	1.162
Rajasthan	5.544
Sikkim	0.186
Tamil Nadu	5.455
Tripura	0.493
Uttar Pradesh	20.057
West Bengal	8.222
Total All States	100.000

6.38 If in any year during 2000-05, a tax under Union is not leviable in a State, the share of that State in that tax should be put to zero and the entire proceeds should be distributed among the remaining States by proportionately adjusting their share.

Chapter VII

Upgradation and Special Problem Grants

7.1 Paragraph 5(v) of the Presidential Order requires us to take into account 'the requirements of States for upgradation of standards in non-developmental and social sectors and services, particularly of States which are backward in general administration, with a view to modernise and rationalise the administrative set up in the interest of speed, efficiency and sound fiscal management.'

7.2 The earlier Commissions did not have any specific mandate for making earmarked provision through special purpose grants. However, this did not prevent them from allocating specific amounts through grants-in-aid for improvement and augmentation of services. Thus, the First Finance Commission provided special grants for expanding primary education to States having very low school enrolment ratio. The Second Finance Commission examined certain specific needs of each State and provided special grants-in-aid to some of the States accordingly. For instance, Andhra Pradesh and Karnataka were provided grants for meeting the special needs owing to the reorganisation of States; Punjab, for tackling the lingering problems arising out of partition; and West Bengal, for meeting the special needs emanating from the influx of refugees from the former East Pakistan. Having done so, the Commission included the sums so determined by it in the total amounts indicated for grants to those States under article 275(1). The Third Finance Commission provided special grant for improvement of road communication to ten States, keeping in view their relative needs and resources. The Fourth and Fifth Commissions did not provide any specific grants for the purposes of upgradation of any services, but did make provision for higher level of expenditure in certain areas.

7.3 It is only from the Sixth Finance Commission onwards that the disparities in the provision of administrative and social services were sought to be corrected through the mechanism of upgradation grants. The Sixth Finance Commission was specifically required to take into account the requirements of the States that were backward in standards of general administration for upgrading the administration with a view to bringing the same to the levels obtaining in the more advanced States over a period of ten years. It identified nine sectors – developmental as well as non-developmental – and provided upgradation grants to nineteen States that were below the all-State average in terms of per capita expenditure in those sectors. It made suitable financial provisions for such States so as to bring them up to the all-State average over a period of five years covered by its award. The Seventh Finance Commission was required to assess the needs of States that were backward in general administration for upgradation of standards in non-developmental sectors. It followed a two-step approach: first, it omitted from the purview of these grants such States that were assessed to be in pre-devolution revenue surplus and, thereafter, it determined the needs of the remaining States in the identified sectors basing on the comparative data in physical terms rather than on the per capita expenditure. It confined these grants to non-developmental sectors and expected the States' demands relating to developmental sectors to be provided under the Plan.

7.4 The Eighth Finance Commission had similar terms of reference in respect of upgradation as those for the Seventh, and it followed the same criteria to determine the eligibility of a State for these grants. For the eligible States, it provided grants for two developmental sectors, namely, education and health, besides for certain non-developmental sectors. In addition, it provided grants to some States towards special problems too. The terms of reference of the Ninth Finance Commission did not make any specific mention of the upgradation or special problem grants. In its first report (1989-90), however, it made provision for upgradation as well as special problem grants. But in its second report (1990-95), it did not make any such exclusive provision. The Tenth Finance Commission was specifically asked to consider the requirements of the States for upgradation in non-developmental sectors. It recommended upgradation grants for those States that were assessed by it to be in pre-devolution deficit on revenue account. The sectors covered by it for these grants were non-developmental as well as developmental (education). It also provided special problem grants to all the States.

7.5 We requested the States to send their views on this term of reference, identify the areas requiring support, and give their proposals. In response, States have presented to us their demands for upgradation and special problem grants totalling to a staggering figure of Rs.1,81,011 crore. Sector-wise details of their demands may be seen in Annexure VII.1. We have taken note of some of these demands in the assessment of the needs of the States on revenue account. We are also aware that the plan programmes would cover some of the demands made by the States for these grants. Of the remaining items, we have tried to provide for as many sectors as we could, keeping in view the resource constraints. We have not confined these grants to the items/sectors sought by the States alone and have included areas that we consider essential for social and economic development of the States. Further, we have not linked these grants to the assessed deficits of the States nor limited it to the deficit States alone. The surplus States have also been given these grants as we feel that there is a scope for further improvement in these States according to the norms developed by us. The basic data used by us to determine these norms are indicated in Annexure VII.2.

7.6 One of our members, Shri J.C. Jetli, did not agree with the above views, particularly that of assistance to all States including surplus States. He considered this approach as inconsistent with article 275 of the Constitution under which, as per his interpretation, such grants-in-aid have to be given only to such States as are in need of assistance. He felt that since paragraph 5(v) of the Presidential Order required us to take into account the requirements of States for upgradation of standards of non-developmental and social sectors and services particularly of States which were backward in general administration, with a view to modernise and rationalise the administrative set up in the interest of speed, efficiency and sound fiscal management, the approach adopted by the Commission and the grants recommended in this Chapter do not always measure up to these requirements. However, the Chairman and other members of the Commission were of the view that these grants need not be linked to the assessed deficits of the States as these are for such capital investments that are not covered under the plan either because these are too small or are traditionally classified under non-plan capital account for which adequate provision is not available otherwise.

7.7 The sectors identified by us for the upgradation grants are as follows:

i. District administration;

ii. Police administration;

iii. Prisons administration;

iv. Fire services;

v. Judicial administration;

vi. Fiscal administration;

vii. Health services;

viii. Elementary education;

ix. Computer training for school children;

x. Public libraries;

xi. Heritage protection; and

xii. Augmentation of traditional water sources.

In addition, we have provided grants for certain special problems too, which are unique to each State. In all, we have provided Rs.4,972.63 crore towards upgradation and special problem grants, for which State-wise and sector-wise details are given in Annexure VII.3 and year-wise break up, in Annexure VII.4. Our approach to each of these sectors is explained in the following paragraphs:

District administration

7.8 The proposals of the States for upgradation of the infrastructure of district administration include construction of residential and non-residential buildings, provision of furniture, equipment and vehicles, training infrastructure, survey of lands, improvement of land records management, and creation of infrastructure in the newly created districts and sub-district units. Of these, we have identified one item, namely, provision of infrastructure in the newly created districts, for upgradation grants. Thirteen States have created new districts, 72 in all, during the period 1995-00. Seven of these States have sought grants for creation of infrastructure in the newly created districts. The ratio of the amount sought to the number of such districts varies from Rs. 6.74 crore (Mizoram) to Rs.105.63 crore (Karnataka). Some of these districts have been very large and unwieldy and required bifurcation for better administration and for better interface between the people and the administration. However, in order to ensure that this does not act as an incentive for creation of new districts on consideration other than that of administrative efficiency, we have provided only 50 per cent of the amounts sought by the States and limited it to Rs.10 crore per district, subject to the provision of matching grant by the respective States.

Police administration

7.9 The proposals received from the States regarding upgradation of police administration amount to Rs.30,041 crore, which include residential buildings, non-residential buildings (police stations, outposts, etc.), equipment, forensic science laboratories, vehicles, communication, training, etc. The Ministry of Home Affairs (MHA) has also submitted a memorandum to us seeking grants for these purposes. The Ministry has also pleaded for creation of a corpus for research and development and special assistance to the States affected by left-wing extremism. The Bureau of Police Research & Development (BPR&D) has submitted a detailed note on the requirements of the police in each State. After an assessment of the needs and the availability of resources, we have made provision of Rs.509 crore for meeting some of the essential requirements of the police, which are discussed below:

Police Station Buildings:

7.10 Most States have sought grants for construction of buildings for police stations and outposts. The BPR&D has reported that out of 11,635 police stations in the country, only 8,839 are housed in proper buildings. They have recommended that assistance be given to the States for the construction of buildings for the remaining police stations at a cost of Rs.12 lakh per unit. In respect of some States, the figures indicated by the BPR&D on the requirement of buildings for police stations appear to be too large. Also, the figures reported by them are more than two years old, during which period many new police station buildings might have come up. We have, therefore, provided for the construction of police station buildings to the extent of fifty per cent of the numbers indicated by the BPR&D for each State but limited to a maximum of 100 units for a State.

Forensic Science Laboratories:

7.11 Some States, as also the MHA, have drawn our attention to the emergent need for strengthening the infrastructure of forensic science laboratories (FSLs) in the States, including the mobile forensic science units (MFUs). We too feel that well equipped FSLs are necessary for scientific and effective investigation of criminal cases. The BPR&D has informed that at present 415 police districts in the country do not have the MFUs. We have made provision for setting up the MFUs in all the districts where these are not presently available, at a cost of Rs.12 lakh each. We have also provided for setting up a State FSL at Goa (Rs.192 lakh), and Regional FSLs in Orissa (one), Punjab (one) and Uttar Pradesh (two), at Rs.180 lakh per unit, for which details are given in Annexure-VII.5. In addition, based on the recommendations of the BPR&D, we have provided equipment grant of Rs.53 lakh to each State for upgradation of the existing State Forensic Science Laboratories, the details of which are given in Table 7.1.

Table 7.1: Equipment for State Forensic Science Laboratories

Sl. No.	Item	Cost *(Rs. in lakhs)*
1	High performance thin layer chromatography machine	15
2	Ultra-violet visible spectro-photometer	5
3	Gas-chromatography head space	15
4	Atomic absorption spectro-photometer	10
5	Portable video-spectral comparator	8
	Total	**53**

Equipment and weapons for the police:

7.12 States, in their memoranda to us, have made out a strong case for providing grant to the police for procuring the required equipment and weapons. The MHA, in its presentation to us, has also highlighted this issue. We had had a meeting with the Director, Intelligence Bureau and some of the State DGPs; they too laid emphasis on this aspect. The BPR&D has submitted a comprehensive list of equipment and weapons required to be provided to the State police. Of the equipment suggested by it, we have identified five and provided for the full requirement, viz. Rs.79.16 crore, the details of which are indicated in Table 7.2. In addition, we have provided Rs.152.57 crore for purchase of new weapons.

Facilities for women police personnel:

7.13 In the last couple of decades, more and more women have been joining the police force at all levels. But adequate facilities are not available in the police stations for them. We have decided to make provision for construction of restrooms-cum-toilets in the police stations for women police personnel. The unit cost for the construction of a restroom-cum-toilet is estimated to be Rs.90,000. We have provided Rs.52.36 crore for this purpose and distributed it among the States in the ratio of the number of existing police station in the States, so as to cover fifty per cent of the police stations.

7.14 State-wise summary of the provision made for upgradation of police administration is indicated in Table 7.2.

Table 7.2: Item-wise details of upgradation grants provided for the police administration

(Rs. in lakhs)

State	Police Station buildings		Forenisc Science Laboratories (FSLs)					Equipment for the police							Weap-ons	Facili-ties for women police personnel	Total for police adminis-tration
			Mobile FSLs		New Regio-nal/ State FSLs*	Equip-ment for State FSLs	Total for FSLs	Explo-sive detector (unit cost Rs.10.5 lakh)	Deep search mine/ metal detectors (unit cost Rs. 1 lakh)	Night vision devices (unit cost Rs.2.5 lakh)	Poly-graph machines (unit cost Rs.2 lakh)	Bomb blan-kets (unit cost Rs 0.2 lakh)	Bomb disposal equip-ment (unit cost Rs.9 lakh)	Total for Equip-ment			
	No.	Amo-unt	No.	Amo-unt	Amo-unt	Amo-unt	Amo-unt	Amo-unt	Amo-unt	Amo-unt	Amo-unt	Amo-unt	Amo-unt	Amo-unt	Amo-unt	Amo-unt	Amo-unt
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. Andhra Pradesh	100	1200	18	216		53	269	84	8	205	4	2	72	375	392	665	2900
2. Arunachal Pradesh	13	156	13	156		53	209	21	2	80	4	0	18	125	179	31	700
3. Assam	48	576	25	300		53	353	53	5	230	4	1	45	338	1026	108	2400
4. Bihar	42	504	57	684		53	737	189	18	455	4	4	162	832	406	522	3000
5. Goa	11	132	2	24	192	53	269	0	0	10	4	0	0	14	74	11	500
6. Gujarat	80	960	25	300		53	353	74	7	205	4	1	63	354	627	206	2500
7. Haryana	53	636	15	180		53	233	42	4	120	4	1	36	207	745	79	1900
8. Himachal Pradesh	7	84	12	144		53	197	32	3	80	4	1	27	147	334	38	800
9. Jammu & Kashmir	12	144	4	48		53	101	63	6	145	4	1	54	273	325	57	900
10. Karnataka	100	1200	27	324		53	377	63	6	185	4	1	54	313	763	347	3000
11. Kerala	100	1200	17	204		53	257	42	4	125	4	1	36	212	445	186	2300
12. Madhya Pradesh	100	1200	37	444		53	497	137	13	460	4	3	117	734	825	544	3800
13. Maharashtra	100	1200	21	252		53	305	74	7	235	4	1	63	384	1312	399	3600
14. Manipur	32	384	9	108		53	161	32	3	95	4	1	27	162	169	24	900
15. Meghalaya	11	132	7	84		53	137	21	2	50	4	0	18	95	224	12	600
16. Mizoram	8	96	3	36		53	89	11	1	60	4	0	9	85	116	14	400
17. Nagaland	40	480	10	120		53	173	42	4	90	4	1	36	177	349	21	1200
18. Orissa	31	372	19	228	180	53	461	74	7	205	4	1	63	354	326	187	1700
19. Punjab	22	264	20	240	180	53	473	63	6	205	4	1	54	333	1427	103	2600
20. Rajasthan	100	1200	30	360		53	413	84	8	245	4	2	72	415	1857	315	4200
21. Sikkim	2	24	4	48		53	101	11	1	30	4	0	9	55	109	12	300
22. Tamil Nadu	100	1200	1	12		53	65	116	11	210	4	2	99	442	481	513	2700
23. Tripura	11	132	4	48		53	101	21	2	50	4	0	18	95	251	20	600
24. Uttar Pradesh	100	1200	15	180	360	53	593	242	23	585	4	5	207	1066	1891	650	5400
25. West Bengal	50	600	20	240		53	293	74	7	180	4	1	63	329	603	176	2000
Total - All States	**1273**	**15276**	**415**	**4980**	**912**	**1325**	**7217**	**1665**	**158**	**4540**	**100**	**31**	**1422**	**7916**	**15257**	**5236**	**50900**

* *For details, see Annexure-VII.5.*

Prisons administration

7.15 All the States, except Goa, Punjab and West Bengal, have sought upgradation grant, amounting to Rs. 3,702 crore in all, to improve the facilities and infrastructure relating to the prisons administration. We have provided an amount of Rs.116 crore for upgradation of the existing arrangements for security in the prisons and for vocational training and medical facilities for the inmates. State-wise allocation made by us is based on the authorised accommodation in the existing jails but giving a certain minimum amount to the smaller States. States may, if the funds permit, also undertake expansion of the existing jails from out of these grants after the requirements of security, vocational training and medical facilities for the existing jails are met. Arunachal Pradesh does not have a jail so far and has requested for a grant to construct a new jail; we have provided Rs.10 crore for this purpose.

Fire services

7.16 Twenty States, i.e. excluding Gujarat, Maharashtra, Punjab, Tripura and West Bengal, have, in all, sought Rs. 810 crore for upgradation of fire services. The Standing Fire Advisory Committee of the Government of India has set a norm of providing a fire station for every 10 sq. kms. in the urban areas and 50 sq. kms. in the rural areas. The total requirement of fire stations works out at 68,188 on this basis, against the present availability of less than two thousand fire stations. We obviously cannot provide for the entire amount required for setting up all the fire stations as per these norms. However, we have taken these norms as the basis and after deducting the availability of this facility in each State, worked out the ratio of shortfall compared to the all-States shortfall and then distributed the amount of Rs.201 crore, allocated by us, among the States. A minimum amount has been provided to smaller States. In selecting the towns for providing this facility, preference should be given to those district headquarters which do not have any fire station. After meeting that need, the next preference should be given to the towns with a population of 50,000 or more, that do not have a fire station.

Judicial administration

7.17 We have observed that there is a pendency of about two crore cases in the district and subordinate courts in the States. This has been a cause of concern and unless remedial measures are taken, the pendency is bound to increase every year. Many States have given proposals for creation of new courts. The Ministry of Home Affairs has also supported earmarking of funds for the creation of additional courts for the disposal of long pending cases. We are providing a grant of Rs. 502.90 crore for creation of additional courts specifically for the purpose of disposing of the long-pending cases. State-wise distribution has been done keeping in view the pendency of cases and the average rate of disposal of cases in these courts. We have worked out the cost of an additional court as Rs.29 lakh, which includes the salary of a judge, a peshkar/superintendent, a stenographer and a peon, for five years (@ Rs.4.8 lakh p.a.), building (Rs. 3.4 lakh), and computers, library, etc. (Rs.1.6 lakh). This will enable the States to create 1,734 new additional courts. States may consider re-employment of retired judges for a limited period, for the disposal of the pending cases. One of our members, Shri N.C. Jain, has suggested a scheme in this regard, which is placed at Appendix VII.1. We expect that with these additional courts and the reforms in the laws and procedure, it should be possible to substantially bring down, if not eliminate, pendency in the district and subordinate courts over the next five years. We have also noticed that almost ten per cent of the posts of judicial officers remain vacant, which adds to the backlog of cases. These vacancies may be filled up soon.

Fiscal administration

7.18 For upgradation of infrastructure of the various departments involved in fiscal administration, including the revenue earning departments and the Treasuries & Accounts departments, twenty States, i.e. excluding Goa, Gujarat, Maharashtra, Punjab and West Bengal, have sought an amount of Rs. 2,087 crore in all. Indeed, modernisation of these departments, especially by way of extensive computerisation of their operations, is essential, particularly in the context of the proposed switch over to the value added tax regime. We have provided an amount of Rs.200 crore for computerisation of these departments in all the 25 States and distributed it among the States in the ratio of their tax revenue receipts for 1997-98. States like Maharashtra and Tamil Nadu that have relatively large tax revenue receipts, are given slightly less than the proportionate share, keeping in view the economies of scale. This amount should be utilised for procurement of computers, installation of hardware and software and related training activities.

Health services

7.19 The proposals submitted by the States for upgradation of health infrastructure relate largely to construction of building for the hospitals and for health centres at various levels, residential quarters, equipment, vehicles, etc. We are of the view that the primary health care needs of the people would be met to a considerable extent by the existing plan and non-plan programmes. However, the secondary needs in terms of medical diagnostic facilities are lacking in most districts in the country. The Director General of Health Services has sent to us the broad estimates for requirement of equipment and buildings for the commonly required diagnostic equipment. We have assessed the cost estimates for each centre as follows (Table 7.3):

Table 7.3: Equipment for Regional Diagnostic Centre

(Rs. in lakhs)

Sl.No.	Equipment	Cost of equipment	Cost of building	Total cost
1	Electro-Cardiogram (ECG) machine	0.40	1.10	1.50
2	Tread Mill	4.00	0.60	4.60
3	Electro-Encephalogram (EEG) mode machine	3.75	1.25	5.00
4	X-ray machine	35.00	5.00	40.00
5	Ultrasound machine	8.00	1.40	9.40
6	Computerised Tomography (CT) Scan machine	90.00	3.50	93.50
7	Clinical Pathology Laboratory	50.00	4.00	54.00
8	Operation Theatre (Major)	1.50	12.50	14.00
9	Operation Theatre (Minor)	0.35	2.65	3.00
10	Equipment & buildings for maternal & child health care	60.00	15.00	75.00
	Total	**253**	**47**	**300**

7.20 We have provided for establishment of regional diagnostic centres in the States computed at one centre for every four districts. The number of such centres and the amount provided for each State is indicated in Table 7.4. The State Governments should provide the recurring expenses, including staff costs, and recover reasonable user charges for the purpose.

Table 7.4: Provision for setting up Regional Diagnostic Centres

(Rs. in crores)

Sl. No.	State	Number of Regional Diagnostic Centres proposed	Cost (@ Rs. 3 crore per centre)
1	2	3	4
1	Andhra Pradesh	6	18
2	Arunachal Pradesh	3	9
3	Assam	6	18
4	Bihar	14	42
5	Goa	1	3
6	Gujarat	6	18
7	Haryana	5	15
8	Himachal Pradesh	3	9
9	Jammu & Kashmir	4	12
10	Karnataka	7	21
11	Kerala	3	9
12	Madhya Pradesh	15	45
13	Maharashtra	9	27
14	Manipur	2	6
15	Meghalaya	2	6
16	Mizoram	2	6
17	Nagaland	2	6
18	Orissa	8	24
19	Punjab	4	12
20	Rajasthan	8	24
21	Sikkim	1	3
22	Tamil Nadu	7	21
23	Tripura	1	3
24	Uttar Pradesh	21	63
25	West Bengal	4	12
	Total – All States	**144**	**432**

Elementary education

7.21 All States, except Sikkim and West Bengal, have sought upgradation grants for the education sector, amounting to Rs. 23,687 crore. Funds for this sector are usually provided under the budget heads 2202 and 4202 through non-Plan and Plan schemes. But these are not adequate for providing educational infrastructure including school buildings, drinking water and toilet facilities. The externally aided projects cover only a few States and that too, only some districts in these States. We are of the view that the elementary education sector, i.e. Classes 1-8, should have the utmost priority and, therefore, needs support for construction of the school buildings and related infrastructure particularly in rural areas. Accordingly, we have provided an amount of Rs.506 crore for this purpose. This amount has been distributed among the States on the basis of a composite index worked out by taking into account the number of illiterates in the age group 7-14 as per the 1991 Census and the average per capita expenditure of the States under the budget head '2202-General education' for three years- 1995-96, 1996-97 and 1997-98, giving equal weight to each. These amounts are to be utilised first for construction of school buildings/class rooms where the schools are currently being run in the open. After meeting this basic requirement, the remaining amount can be utilised for provision of toilet and drinking water facilities in the existing schools.

Computer training for school children

7.22 We have taken note of the growing importance of information technology in the society. Knowledge of computerised software for word-processing, spreadsheet, internet and multimedia applications and programming are increasingly becoming necessary for most jobs, whether in the private or the public sector. Training in the use of computer hardware and software needs to be imparted to children at the school level itself. However, the facilities available for school children in this regard are extremely limited. We have, therefore, provided Rs.245.53 crore for this purpose. Member Secretary, Shri T.N. Srivastava has suggested an outline on the manner of utilisation of these grants. This is given in Appendix VII.2. The detailed modalities of construction, purchases, curricula, user charges, and operation of these Centres should be worked out by the State-level empowered committee chaired by the Chief Secretary. The Committee may co-opt other experts in the field. We expect these arrangements to become functional latest by the 31st March, 2001.

Public libraries

7.23 Libraries have played an important role in the spread of knowledge and awareness among persons of all ages. Considering the growing literacy and general awareness among the people, particularly the youth, in the urban as well as rural areas, it has become necessary to strengthen and upgrade the network of public libraries in the country. We have, therefore, provided an amount of Rs.1 crore for the State level public library in each State. In addition, we have provided amounts computed at Rs.20 lakh per district for upgradation of public libraries in the mofusil and rural areas. The Commission feels that the States may create a corpus, invest it and use the returns from it for the purchase of books and periodicals every year on a sustainable basis.

Heritage protection

7.24 During our tour to the States, particularly the field visits, we were struck by the decay and degradation of a large number of historical monuments in various parts of the country. We also noticed that a large archeological material is lying in many a place unprotected. Cases of theft and illegal export of such material have often been reported in the past. These monuments are generally outside the folds of the Archeological Survey of India and are the responsibility of the State Governments. There is a need to provide for protection and housing of these monuments and materials. Some States have sought for upgradation grants for this purpose. We have provided Rs.122 crore for restoration, protection and preservation of historical monuments and museums for all the States. Inter-State allocation, indicated in Annexure-VII.3, has been made keeping in view the number of districts in the States.

Augmentation of traditional water sources

7.25 The recent drought in some States and the severe water scarcity in many others, has drawn our attention to the need for protection and augmentation of the traditional water sources that have been the mainstay of water supply for the daily household needs of the people, particularly in the rural areas, besides for the cattle. Most of such water sources are revenue tanks/pond that have gradually got silted up. These need to be rejuvenated and augmented in a systematic way. Many States have sought grants for this purpose. We are providing Rs. 500 crore to the States, on the basis of the extent of their un-irrigated geographical areas.

Special Problems

7.26 The special problems of various States for which we have decided to recommend grants are as follows:

Andhra Pradesh

7.27 The State has submitted that the activities of the extremists in the State are spread all over the State - from the remote naxalism-affected areas to several urban areas. It has sought Rs.100 crore for strengthening the infrastructure for the police for anti-extremists operations. This includes upgradation of equipment, vehicles, training, communication and improvements to the existing police stations. We have provided Rs.60 crore for this purpose. This is over and above the provision made by us for upgradation of police administration for all States including Andhra Pradesh.

Arunachal Pradesh

7.28 The State has requested for special grants to construct the State Secretariat and Legislative Assembly buildings. We are providing Rs.20 crore for this purpose. It has also sought grants for establishing a telecommunication network between the 13 districts of the State, the State capital and its liaison offices at New Delhi, Calcutta, Shillong and Guwahati, at an estimated cost of Rs.10 crore. We have provided Rs.5 crore for this purpose, the balance to come as matching share from the State Government. In addition, the State has sought grants for undertaking survey and settlement operation in the State; for this we have provided Rs. 5 crore.

Assam

7.29 The Tenth Finance Commission (TFC) had provided the State an amount of Rs.60 crore for construction of building for the State Secretariat. The State has sought further grants from us to undertake other components of its State Capital Project, viz. basic infrastructure such as water supply, electricity, drainage, sewage disposal, roads and parks, besides for completion of the buildings for the State Secretariat, Legislative Assembly, etc. Keeping in view the TFC grants for some of these purposes, we have made a provision of Rs.20 crore for the remaining components of the State Capital Project. The State has also requested for grants for establishment of a regional athletics centre, a regional indoor games centre, a regional adventure academy for mountaineering and adventure sports and a regional academy for water sports. For setting up these four regional centres/academies, we have provided, in all, a sum of Rs. 10 crore.

Bihar

7.30 The State has given request for special grant of Rs.50 crore for upgradation of water supply and sewerage/ drainage systems of Patna and Ranchi cities. These cities are witnessing considerable pressure on the civic amenities that were constructed long ago. We have provided Rs.50 crore for upgradation of the water supply and sewerage/ drainage facilities of Patna and Ranchi cities. The State has also requested for grants for construction of buildings for 30 Government Ayurvedic Centres and 6 Schools for the Deaf and Dumb; we have provided Rs.7.50 crore and Rs.2.50 crore for these purposes, respectively.

Goa

7.31 The State has submitted that the existing building of the State Secretariat was originally constructed as the palace of Younus Adil Khan in the 1490s and has since been converted to house the State Secretariat. This old building requires considerable improvement and extension for which they have sought assistance. We have provided Rs.3.50 crore for this purpose. It has also sought grants for upgradation and maintenance of buildings, roads, water supply, power supply and irrigation. We have examined the maintenance requirements elsewhere. However, we do appreciate that tourism is an important economic activity in the State and needs good infrastructure support. Accordingly, we have provided by Rs.6.50 crore for upgradation of roads in the tourism circuits of the State.

Gujarat

7.32 The State has submitted that its 512 km long international border is extremely vulnerable to cross-border infiltration, arms and drug smuggling and subversive activities. The grants provided by the Government of India under the Border Area Development Programme have been too meagre, totalling to about Rs.8-9 crore for the five year period 1993-98. It has sought special grants to bolster the security infrastructure along the border effectively. This includes procurement of a helicopter for aerial patrolling, watch towers, residential quarters for the security staff, patrol vehicles etc. We have provided Rs.50 crore for the purpose.

Haryana

7.33 The National Capital Region (NCR) areas of the State are subject to ever increasing growth of population and the consequent pressure on the civic services. The State has requested for grants for upgradation of basic civic services in these areas. We have provided Rs.50 crore for upgradation of civic infrastructure namely, solid waste management, drainage/sewerage, water supply and road systems in the NCR areas.

Himachal Pradesh

7.34 The State has requested for a special grant of Rs.55 crore for upgradation of the sewerage systems for the towns of Hamirpur, Dharamsala and Jwalamukhi. These towns are visited by tourists and pilgrims in large numbers almost throughout the year and, as such, the basic civic infrastructure of these towns do need special attention. Accordingly, we have provided Rs.30 crore for upgradation of the sewerage/drainage systems in these three towns. The State has also sought a grant of Rs.20 crore for construction of an inter-State bus terminus (ISBT) at Tutikandi, Shimla, so as to regulate the traffic in the capital town. In addition, it has sought Rs.5.90 crore for improvements to the Vidhan Sabha complex at Shimla, which includes construction of residential and non-residential buildings, installation of public address system, close circuit TV, and other equipment including computers. We have provided an amount of Rs.10 crore for construction of ISBT at Tutikandi, Shimla and Rs. 5 crore for improvements to the Vidhan Sabha Complex.

Jammu & Kashmir

7.35 The State has represented that the villages within the range of shelling from across the border require construction of bunkers/underground shelters for the people, at an estimated cost of Rs. 20,000 per unit. We have provided Rs. 30 crore for this purpose. The State has also requested for a special grant of Rs.11 crore to complete the second phase of the Gulmarg - Gondola Cable Car Project (Kangdori to Apharwat). Keeping in view the tourism potential of this project, we have provided the amount sought by the State for this purpose.

Karnataka

7.36 The State has sought special grants to rejuvenate the sick and defunct lift irrigation (L.I.) schemes, and to expedite the execution of the ongoing/proposed new L.I. projects. For the latter category of projects, the funding arrangements would have already been tied up and, therefore, we are not providing any grant. However, for revival of the sick and defunct L.I. scheme that are useful to the farming community, we are providing Rs.55 crore.

Kerala

7.37 The economy of Kerala depends to a considerable extent on its coastal belt. The coastline of the State, however, is facing the problem of erosion, which needs to be checked urgently as well as on a long-term basis. The State has sought financial assistance to construct 86 kms of new sea wall and to reform 37 kms of the existing sea walls. We are providing Rs.50 crore for this purpose.

Madhya Pradesh

7.38 The State has sought special financial assistance for development of infrastructure in certain circuits of tourism including eco-tourism. We have provided Rs.45 crore for development of tourism related infrastructure in and around Bhedaghat (Rs.15 crore), Lamhetaghat near Jabalpur (Rs.2 crore), Mandla/Ramnagar (Rs.3 crore), Kanha National Park (Rs.5 crore), Pench National Park (Rs.3 crore), Bandhavgarh National Park (Rs.5 crore), Maihar (Rs.1 crore), Chitrakoot (Rs.5 crore), Satna (Rs.1 crore), Katni (for measures to ameliorate traffic problems) (Rs.2 crore), Bargi Dam (Rs.1 crore) and Barman Ghat (Rs.2 crore). No amount from this grant should be used for payment of salaries, construction of tourist bunglows or for purchase of vehicles, except for gypsy type vehicles for viewing the wildlife in Kanha National Park. The State has also requested for assistance to establish a State Museum at Bhopal; we have provided Rs.10 crore for the purpose. We have also provided Rs.5 crore to construct a sports complex at Jabalpur.

Maharasthtra

7.39 The State has sought assistance to improve the urban infrastructure such as roads, water supply, sewerage/ drainage and transport systems. We agree that the requirements of the small and medium towns for civic infrastructure, particularly the sewerage/drainage system, need prompt attention. Accordingly, we have provided Rs.60 crore for upgradation of sewerage/drainage systems in the small and medium towns of the State.

Manipur

7.40 The State has requested financial assistance for restoration and development of the historic Kangla Fort and for construction of an additional block of the State Secretariat. We have provided Rs. 5 crore for each of these two projects. It has also sought assistance for upgradation of civic infrastructure in and around Imphal, as a part of the State Capital Project, viz. for water supply, sewerage/drainage and traffic/transportation systems; we have provided Rs.10 crore for this purpose. In addition, it has sought grants for expansion/modernisation of the existing Sports Complex at Khuman Lampak; for this, we have provided Rs. 2 crore.

Meghalaya

7.41 The State has requested for grants to develop the infrastructure for seven new Community Development Blocks and for forest conservation/protection measures. We have provided Rs.20 crore and Rs.10 crore for these purposes, respectively. These amounts should be used for capital expenditure alone.

Mizoram

7.42 The State has requested for grants to undertake the New Capital Project at Khatla and for reconstruction of the Raj Bhavan complex. We have provided Rs.40 crore and Rs.5 crore, respectively. In addition, we have provided Rs.2 crore for the infrastructure required to set up tourist information centres at Guwahati, New Delhi and Calcutta.

Nagaland

7.43 Nagaland was sanctioned a State Capital Project, which included construction of State Assembly Hall/Secretariat building, as a plan programme about 10 years ago. However, the State has submitted that the work was moving at a very slow pace for want of funds; as against the project cost of Rs.65.55 crore, only Rs.20.00 crore have been spent so far. It has sought special grant to complete the project soon. We have provided Rs.25 crore for the purpose and expect the State to mobilise the remaining funds and complete the project by 2002-03. The other requests for special problem grants made by the State include wild life protection measures in the Intanky National Park and the Rangapahar Wild Life Sanctuary, for which we have provided Rs. 5 crore.

Orissa

7.44 The major components of the requests made by the State Government for these grants relate to construction of cyclone shelters in the coastal blocks and to undertaking repair and restoration measures for the properties and utilities damaged during the super-cyclone of October, 1999. We have examined these requirements elsewhere. Keeping the other proposals of the State in view, we have provided Rs. 15 crore for establishment of a communication network to interlink the blocks, gram panchayats and cyclone relief centres through satellite, with hub at Bhubaneshwar. We have also provided Rs.10 crore for restoration of the Nandan Kanan and Chandaka-Dampara eco-zoological complex and Rs.5 crore for upgradation of the Plant Genetic Resource Centre, Bhubaneshwar. These were devastated by the recent cyclone and we hope that the grant that we are providing would help restore them to normalcy. The State has also emphasised the emergent need of grants to undertake consolidation measures for eco-restoration works in the Chilika Lake lagoon; we have provided Rs.30 crore for the purpose.

Punjab

7.45 The State has requested for special grants to undertake measures to promote girls' education. This would include construction of girls hostels, school buildings and toilet and drinking water facilities at the high school and higher secondary school levels. We have provided Rs.30 crore for the purpose.

Rajasthan

7.46 The State has urged for special grant for slum improvements, viz. drainage/sewerage, street lighting, water supply and community centres in various towns; we have provided Rs.40 crore for the purpose. Among other requests of the

State, we have identified the ones relating to women's welfare, for this grant. These are: construction of 13 working women's hostels (Rs.4.16 crore), upgradation of infrastructure of the Mahila Sadans (Rs.0.75 crore), construction of Nari Niketans at 5 Divisional headquarters (Rs.11.14 crore), ten Short Stay Homes for the women in distress (Rs.2.60 crore), and Rescue Homes for juvenile delinquent girls at 5 Divisional headquarters (Rs.1.35 crore); all put together being Rs.20 crore.

Sikkim

7.47 The State does not have an airport as yet and has requested for grant to construct an airport near Pakyong (East District). We have provided Rs. 50 crore for this purpose and hope that the new airport would become functional very soon.

Tamil Nadu

7.48 The State has requested for grant amounting to Rs.49 crore to undertake slum improvement works in the cities of Chennai, Madurai and Coimbatore. These fast growing cities do need special attention for relocation of slum dwellers. Accordingly, we have provided Rs.49 crore for the purpose.

Tripura

7.49 The State has emphasised the emergent need of grant for construction of a New Assembly House Complex and the High Court building, for which no other grants are available as yet. We have provided Rs. 12 crore and Rs. 8 crore for these purposes, respectively. It has also sought grant for expansion/modernisation of the I.G.M. Hospital (capital expenditure), for which we have provided Rs. 10 crore.

Uttar Pradesh

7.50 The State has requested for grants for improvement of infrastructure in a wide spectrum of sectors and services. Most of these are covered either in our assessment of the State's revenue needs or by way of plan programmes. Considering the other requests of the State for special problem grants, we have provided Rs.40 crore for upgradation of infrastructure for higher secondary schools in the rural areas, Rs. 10 crore for development of the yatra routes in the Uttaranchal region, and Rs. 10 crore for rejuvenation of lakes, other than the Nainital Lake, in the Kumaon region.

West Bengal

7.51 The State has drawn our attention to the continuing problem of severe erosion of the Ganga-Padma river system in the districts of Malda and Murshidabad, and has sought grants to undertake the required measures. We have provided Rs.60 crore for this purpose.

Procedure for sanction, releases, monitoring and evaluation

7.52 We have looked into the procedure for sanction of schemes, release of funds, monitoring and evaluation of the projects under these grants, as recommended by earlier Finance Commissions and as implemented in practice. Our analysis and recommendations in this regard are as follows:

Sanction and releases

7.53 The existing procedure requires approval of the proposals of the States by the Inter-Ministerial Empowered Committee (IMEC) and determination of unit costs by the State Level Empowered Committee (SLEC). The IMEC is chaired by a senior officer of the Ministry of Finance of the Government of India and the SLEC, by the Chief Secretary or an equivalent senior officer of the State Government. We would like to give greater responsibility to the States for sanction of the schemes within the guidelines prescribed by us. Accordingly, we recommend that the power to sanction individual schemes as well as to determine the unit costs should vest with the SLEC. There is no need for any case to be sent to the Government of India for sanction of a project. However, once a project has been sanctioned by the SLEC, a copy of the same indicating the time schedule for various stages of the project and for requirement of funds should be submitted to the Government of India. The Government of India should release funds according to the time schedule indicated in the project. The unutilised grants for a particular year may be carried forward to the next year. However, the grants that remain unutilised as on 31st March, 2005 shall lapse.

Monitoring and evaluation

7.54 The existing procedure envisages monitoring of the projects undertaken through these grants to be done by both, the SLEC as well as the IMEC. We have noted that the utilisation of the grants awarded by the Tenth Finance Commission was generally very poor, as the details in Annexure-VII.6 would indicate. We would like the States to show greater commitment for timely and qualitative implementation of the projects undertaken through these grants. Accordingly, we propose that the physical and financial monitoring of the projects should be done by the SLEC. The States should send quarterly progress reports to the Ministry of Finance (MoF) of the Government of India, to facilitate release of grants. We have been informed by the MoF that no evaluation of the schemes undertaken through these grants was carried out during 1996-00. We would suggest the State Governments to undertake evaluation through professional agencies so as to bring out the strengths and weaknesses of the programme which may help in introducing necessary improvements.

Chapter VIII

Local Bodies

8.1 Paragraphs 3(c) and 3(d) of the President's Order require us to make recommendations on the measures needed to augment the Consolidated Funds of the States to supplement the resources of the panchayats and the municipalities on the basis of the recommendations of the State Finance Commissions (SFCs). Further, paragraph 6 of the President's Order states that where the SFCs have not been constituted as yet, or have not submitted their reports giving recommendations, we should make our own assessment in the matter, keeping in view the provisions required to be made for the emoluments and terminal benefits of the employees of the local bodies including teachers; the existing powers of these bodies to raise financial resources; and the powers, authority and responsibility transferred to them under articles 243G and 243W read with the Eleventh and Twelfth Schedules of the Constitution. This is for the first time that the Presidential Order requires a Finance Commission to make recommendations in this regard.

8.2 The rural and urban local bodies, that is, the panchayats and the municipalities, were in existence even before the seventy-third and the seventy-fourth Constitutional amendments. Every State had enacted suitable legislation for devolution of functions, powers and responsibilities to these bodies, including the power to raise resources. The Constitutional changes – 73rd and 74th amendments – however, envisage the panchayats and municipalities as institutions of self-government. It has been made mandatory, under the Constitution, to hold regular elections to these bodies under the supervision of the State Election Commission. Representation of SCs/STs and women has been made obligatory. The devolution of financial resources to these bodies has been ensured through periodic constitution of the State Finance Commissions that are required to make recommendations on the sharing and assignment of various taxes, duties, tolls, fees etc., and on the grants-in-aid to these bodies from the Consolidated Funds of the States. These provisions are closely related to articles 243G and 243W of the Constitution which require that the State legislature may, by law, entrust these bodies with such powers, functions and responsibility so as to enable them to function as institutions of self-government. In particular, the panchayats and the municipalities may be required to prepare plans for economic development and social justice, and implement the schemes relating thereto including those which are included in the Eleventh and Twelfth Schedules of the Constitution, respectively. The operationalisation of the changes contemplated under the Constitution requires action by both the Centre and the States. The pace of empowerment of these bodies to function as institutions of self-government has, however, generally been slow. We had extensive consultations with the Central and State Governments, representatives of the urban and the rural local bodies and of various other organisations on the present status of these bodies. Their views helped us formulate the principles that we have finally adopted in this regard.

Views of the Ministry of Rural Development

8.3 In the memorandum submitted to us, the Ministry of Rural Development has spelt out views on the approach which may be adopted by this Commission. The Ministry has also drawn our attention to the needs of the panchayats for performance of regulatory, operations and maintenance (O&M) and development functions envisaged under article 243G and the Eleventh Schedule of the Constitution, and the principles which should guide the inter-State distribution of funds meant for panchayats. The memorandum states that though the reports of the SFCs have become available for many States for specified periods, these focus largely on the pre-devolution position of the panchayats and do not adequately recognise their emerging role under the 73rd amendment. It also states that the recommendations made by the SFCs have not been accepted in totality by the State Governments; the States anticipate a very heavy expenditure arising out of the devolution of powers and functions to the panchayats, and unless sufficient funds are devolved to the States under article 280, they will find it extremely difficult to implement the 73rd amendment. The memorandum states that this Commission may also place reliance on the memoranda submitted by the States as these indicate the approach of the States towards panchayati raj institutions (PRIs). It also states that the requirement of funds by the panchayats for performing developmental functions is met under the various Centrally sponsored schemes and the State plan schemes and it is the regulatory and maintenance needs of the panchayats that should receive special dispensation from this Commission. The Ministry has not made any State-wise assessment of such needs and stated that this Commission will have to make its own assessment of the gaps between the needs of the panchayats and the devolution of the resources from the States, and then make recommendations on the relevant terms of reference.

8.4 The Ministry has indicated the requirement of funds for operations and maintenance of the capital assets created under the Centrally sponsored schemes and State plan schemes at Rs.4,500 crore per annum, computed at 7 per cent of the capital costs, in respect of drinking water supply in the rural areas, schools, toilets in the upper primary schools for girls, maintenance of assets created under the watershed development programmes etc. The Ministry has not identified any schemes which have been implemented by the panchayats or any assets created by them under any programme which require financial support for maintenance. It has further stressed the need for a proper system of maintenance of accounts and their audit, under the supervision and control of the Comptroller and Auditor General of India (C&AG). For audit, the cost is estimated as half-a-per cent of the expenditure incurred by the panchayats in a year. It has sought financial support to set up a computerised database system relating to the PRIs, supported by V-SAT facility, to ensure collection and compilation of the data on a uniform pattern and its ready accessibility at the district, State and national levels.

8.5 The Ministry has suggested that the inter-State allocation of Central resources meant for panchayats should be based on certain parameters such as the degree of commitment exhibited by the States towards the PRIs and the degree of resource mobilisation by the PRIs. States should be encouraged to give freedom to the panchayats to raise resources through property, profession, entertainment and advertisement taxes; and by way of levy and collection of market fees, tolls, tariffs and user charges for the amenities provided by these bodies. Staff costs and requirements of certain core services may also be taken into consideration in the devolution formula. Besides, some untied funds may be provided to the panchayats. Every panchayat should get a minimum amount from the devolution recommended by this Commission and additional amounts may be devolved on the basis of additional devolution of functions.

Views of the Ministry of Urban Development and Poverty Alleviation

8.6 The Ministry of Urban Development and Poverty Alleviation has, in its memorandum to us, stated that the urban population that was 26 per cent of the country's total population in 1991, was expected to reach the level of 30 per cent by 2001 and 41 per cent by 2021. The urban centres currently provide over 60 per cent of the GDP, yet they suffer from serious deficiencies in civic services and infrastructure in terms of safe drinking water, sewerage and drainage, solid and liquid waste management, roads, street lighting etc. At the same time, the urban poverty levels too have become significant-about 32 per cent of the urban population is below the poverty line and the urban slum population has grown from the level of 2 crore in 1981 to above 5 crore in 1991 and is estimated to cross 10 crore by the year 2001. In this scenario, the financial position of the urban local bodies (ULBs) is far too inadequate *vis-a-vis* the requirements. The Ministry has cited different sources that have assessed the requirement of resources for the urban local bodies for civic services and infrastructure and has presented its own assessment of the resource gap of the ULBs for their O&M requirements. These are summarised below:

Sl. No.	Source	Services/Infrastructure covered by the report	Period of recommendation	Resource requirement *(Rs. in crores)*
1	Ninth Plan Document	Urban water supply and sanitation.	1997-2002	50,000
2	India Infrastructure Report, 1996 (Rakesh Mohan Committee)	Various urban infrastructures– capital costs as well as O&M needs.	2000-2005	1,25,000
3	Zakaria Committee Norms (1963) updated to 1997-98	Water supply, sewerage/ sewage disposal, storm water drainage, construction of roads and paths, street lighting and electricity distribution - O&M.	2000-2005	72,099
4	Ministry of Urban Development,GOI	Revenue gap for O&M requirements relating to civic services.	2000-2005	18,500

The Ministry has outlined a charter for municipal reforms and suggested that a part of our award amount relating to the ULBs should be earmarked for allotment by that Ministry for encouraging implementation of such reforms. It has also emphasized that specific attention need be given to the small and medium towns. It has, however, not indicated the break-up of the requirement for discharge of various functions by the ULBs, nor made any suggestion on measures that could be taken for augmenting the Consolidated Funds of the States for supplementing the resources of the municipalities.

Views of the States

8.7 States have given various suggestions on the approach that may be adopted by us on the ToR relating to the panchayats and the municipalities. But no State has given any suggestion relating to the 'measures' needed for augmenting the Consolidated Funds of the States. Some States have, however, suggested that powers may be given to the local bodies to levy tax on Central Government properties, about which we have given our recommendation in a later part of this chapter. States have generally taken the view that the words 'measures needed to augment the Consolidated Fund of the State' be interpreted to mean that the Finance Commission have a duty cast on them to recommend devolution of funds to the States for meeting the developmental and other requirements of the panchayats and the municipalities. The financial requirements of the local bodies have been posed on this basis and are not necessarily based on the recommendations made by the SFCs. Most States have sought funds for construction of buildings – residential and non-residential, provision of civic amenities including works of public utilities, maintenance of capital assets, and expenditure on staff and establishment. Some States have identified two other specific areas for our support in relation to the local bodies, namely, development of database and strengthening of the arrangements for maintenance of accounts and audit. Bihar, Karnataka, and Tamil Nadu have further stated that 50 per cent of the funds being given by the State Government to the local bodies should be compensated through the Finance Commission transfers. Gujarat and Haryana have suggested that the condition of providing matching contribution by the local bodies, envisaged by the Tenth Finance Commission, be waived and that the grants recommended for local bodies by the Finance Commission should be untied giving freedom to these bodies to use it for any purpose. Further, deficits of the local bodies, as worked out by the State Government, be provided by the Finance Commission as grants. Madhya Pradesh has suggested that 7 per cent of the

Central taxes be earmarked for devolution to local bodies and from this amount, 80 per cent be distributed to States on the basis of index of infrastructure (weight: 40 per cent), distance from per capita income (40 per cent), unadjusted area (10 per cent) and population of SCs/STs (10 per cent); and the remaining 20 per cent be allocated to those States that have completed the process of elections and transfer of powers to elected representatives of local bodies within the first year of the Constitutional amendments and have also completed the second round of elections by the end of 1999. The total requirement of funds indicated in the memoranda of 18 States comes to Rs.33,115 crore for the panchayats and Rs.39,900 crore for the municipalities. Seven States have not quantified their demand for funds in their memoranda. These are Andhra Pradesh, Karnataka (PRIs), Kerala, Manipur, Nagaland, Sikkim and West Bengal.

8.8 As regards the demand of funds for panchayats and municipalities made by the States, two points need to be highlighted. Firstly, there are a number of schemes that have been taken up by the States as part of the State plans or Centrally sponsored schemes for provision and improvement of civic services in rural and urban areas- such as the drinking water supply, sanitation, rural roads etc. Such schemes should have been transferred to the local bodies for grass root level planning and implementation. Transfer of such schemes to these bodies should be accompanied by transfer of funds and staff too, as is the spirit of the Constitutional amendments, and if need be, suitable legislative amendments may ensure this. Such transfer of schemes to the local bodies should, therefore, not lead to any additional expenditure liability on the States. The construction of panchayat buildings, for instance, should be a part of assistance to the panchayats and to the extent States provide grants for this purpose, these would be covered in the assessment of revenue expenditure of the States. Further requirements have to be built in the State plan. Secondly, if we were to take into account the additional financial burden that falls on a State on account of the acceptance and implementation of the recommendations of the State Finance Commission, such expenditure has to be built into the expenditure stream of the State. Any devolution made by a State for the panchayats and municipalities over and above the recommendations of the State Finance Commission is outside the purview of our consideration, as would be evident from the Constitutional provisions. We, therefore, do not find adequate justification in the demand that a certain percentage of the funds transferred by the States to the panchayats and municipalities be provided by the Finance Commission. However, with a view to highlight that the local bodies are more or less the Third tier of Government, we are sympathetically considering their case.

Tenth Finance Commission award for the local bodies

8.9 The Tenth Finance Commission did not have any mandate, in its terms of reference, to make recommendations for the local bodies. However, the 73rd and 74th Constitutional amendments had become effective before the Commission had finalised its report and, therefore, it took the view that in terms of the sub-clauses (bb) and (c) of article 280(3), it was obliged to make recommendations regarding measures needed to augment the Consolidated Funds of the States for supplementation of the resources of the panchayats and the municipalities. The Commission analysed the scope of such duty cast on it and made the following observations:

a. The need for augmentation of the Consolidated Funds of the States should first be ascertained and only thereafter the measures for such augmentation be recommended.

b. Such measures need not necessarily involve transfer of resources from the Centre.

c. Once the SFCs complete their task, the Finance Commission becomes duty bound to assess and build into the expenditure stream of the States the funding requirements for supplementing the resources of the panchayats and the municipalities. Measures needed for augmentation of the Consolidated Funds of the States may be determined accordingly.

d. The responsibility for sharing and assigning taxes and providing grants to the local bodies rests with the States and does not stand transferred to the Centre.

e. The transfer of duties and functions listed in the Eleventh and Twelfth Schedules of the Constitution would also involve concomitant transfer of staff and resources. Transfers of duties and functions to the local bodies should, therefore, not entail any extra financial burden.

8.10 The Tenth Finance Commission had recommended a grant of Rs.100 per capita of rural population, as given in the 1971 census, for the panchayats for its award period. This grant was to be in addition to the amounts transferred to the panchayats as shares of assigned taxes, duties, tolls, fees, grants-in-aid and activity-related budgetary transfers. In the case of municipalities, the Commission recommended an amount of Rs.1,000 crore for its award period, to be distributed among the States on the basis of the inter-State ratio of slum population derived from the urban population figures of the 1971 census. States and areas excluded from the operation of the 73rd and the 74th amendments were also provided grants to supplement the resources of similar local bodies, even if these were not panchayats/municipalities. The local bodies were required to prepare suitable schemes and provide matching contributions. No amount was to be used for expenditure on salaries and wages.

State Finance Commissions

8.11 The determination by us of the measures needed for augmentation of the Consolidated Funds of the States for supplementing the resources of panchayats and municipalities has to be done on the basis of the reports of the SFCs. In fact, the SFCs' recommendations should have been the basis of our report, but it could not be so in full measure for several reasons. We have indicated such reasons, and the remedial measures, below:

a. Under the Constitutional provisions, there is no synchronisation of the periods covered by the reports of the SFCs with that of the Finance Commission. The Tenth Finance Commission also had felt the absence of SFC reports as a handicap. However, though the reports of the first generation SFCs of most States were available to us, they were for different periods of time and, except for two (Goa and Orissa), related to only the first or at best the second year of the period to be covered by our report. Article 243I, which provides for constitution of the State Finance Commission 'at the expiration of every fifth year', in effect prohibits the constitution of a new SFC before the completion of the period of five years, leading to this anomaly. The solution lies in amending article 243I to enable a State to set up the SFC 'at the expiration of every fifth year or earlier,' akin to the provision that already exists under article 280 for constituting the Finance Commission. The synchronisation of availability of reports may also be ensured through either a Central legislation or an appropriate provision in the Constitution.

b. Many SFC reports have not addressed the specific terms listed in articles 243I and 243Y, nor have they provided a clear idea of the powers, authority and responsibilities actually entrusted to the local bodies. Many of these reports also do not clearly indicate the principles formulated for sharing or assignment of State taxes, duties, tolls, fees and the grants-in-aid. It is not our intention to limit the freedom of any State Finance Commission in the manner of preparation of its report but, in order that the report of the SFC could be of use to the Finance Commission at the Centre, it is necessary to get an idea of the specific recommendation on each ToR as indicated in article 243I. We, therefore, suggest that it would be immensely helpful if the SFC reports contain specific chapters narrating the approach adopted by it; an analysis of the resources of the State Government; an analysis of the resources of each tier of the rural local bodies and each level of the urban local bodies; the principles for distribution between the State and the panchayats/municipalities of the net proceeds of the taxes, duties, tolls, and fees leviable by the State; the principles on which these may be distributed among different tiers/levels of rural/urban local bodies; and the grants-in-aid to be given by the State to the panchayats and the municipalities. A separate chapter may also be devoted to specific measures that need to be taken for improving the financial position of these bodies to make them institutions of self-government.

c. No time limit is prescribed either in the Constitution or in the States' legislation for submission of the explanatory memorandum on the action taken by the State Government (i.e. the action taken report, or the ATR), on the recommendations of the SFC. As the information given in Annexure-VIII.1 would indicate, in some States, the ATRs on SFC recommendations are yet to be submitted to the State legislature, despite the fact that the reports have been available for about two to three years. Even where some recommendations have been accepted, the implementation has been tardy. Several important recommendations of the SFC, relating to sharing/transfer of resources, are often reported to be under consideration for months and even years. It is necessary to ensure that State Governments take their decisions on the recommendations of the SFC, especially in regard to matters relating to resource transfer, and place the ATRs on the floor of the State Legislature within six months from the date of submission of the report by the SFC. Amendments in the laws, if necessary, be made at the earliest.

d. While articles 280(3)(bb & c) require us to make recommendations in relation to the panchayats and municipalities of a State on the basis of the recommendations made by the SFC, it does not provide for any alternative approach in respect of such States wherein the SFCs have either not been constituted or have not submitted their reports. Apparently, the Presidential Order took note of this situation and accordingly, provided for the alternative in paragraph 6 of our ToR. Indeed, we had to take the help of various sources of information to arrive at our recommendation in relation to the local bodies in respect of States for which the reports of the SFCs were not available. Even in respect of the States wherein such reports were available, we could not form our opinion, in view of their heterogeneity in approach, contents and period covered. The future Finance Commissions too may have to face a similar situation. It may, therefore, be advisable to make suitable amendments to the Constitution so that the Finance Commissions do not get into such a predicament. Accordingly, we recommend that the words 'on the basis of the recommendations made by the Finance Commission of the State' appearing in sub-clauses (bb) and (c) of article 280(3) of the Constitution be deleted.

8.12 We have also looked into the provisions and practices adopted by the States regarding composition of the SFCs. In case of the Finance Commission, article 280 provides that Parliament may, by law, determine the qualification for the members. Accordingly, Parliament enacted the Finance Commission (Miscellaneous Provisions) Act 1951, which prescribed the qualification for a person to be appointed as the Chairman or a member. In case of SFCs, article 243I(2) makes similar requirement for the State Legislature. A few States have enacted exclusive legislation for this purpose, while some have made such provisions in the State Panchayat/Municipal Acts but many have left it to the State Government to prescribe these details by rules. This has led to a wide diversity in this matter, often missing some essential features. For instance, in some States, serving government officers are appointed as chairperson and members of the SFCs and that too in *ex officio* capacities. This puts limitation on the ability of the SFC to act as an autonomous body to make recommendations in a free and independent manner, as has been envisioned in the Constitution. Although the rule of delegation is a permissive provision, but in such cases where SFC has to make recommendation in matters which affect the State

Government, the State Legislature should itself make relevant provisions. Accordingly, we recommend that States should, by legislation, ensure that the chairperson and members of the SFCs may be drawn from amongst experts in specific disciplines such as economics, law, public administration and public finance.

8.13 Para 6 of the Presidential order requires us to make our own assessment about the manner and extent of augmentation of the Consolidated Funds of the States, keeping in view the provisions required to be made for the emoluments and terminal benefits of the local bodies including teachers, the existing powers of the local bodies to raise financial resources, and the powers, authority and responsibility transferred to local bodies. The States' memoranda do not generally indicate the requirement of funds for the emoluments and terminal benefits for the employees including those of teachers. We had sought information on these points specifically through the subsidiary points, but most States have not given this information. States' memoranda to us do not give the position in regard to transfer of powers, authority and responsibility or the financial powers devolved on the local bodies to raise resources. The powers of taxation mentioned in the legislation have been made subject not only to the rules, notification, and orders to be issued by the State government, but also to the procedures and limits to be prescribed; in quite a few States action is yet to be taken.

Study reports on panchayats and municipalities

8.14 We entrusted two studies – one for rural local bodies and the other for urban local bodies – to National Institute of Rural Development (NIRD) and National Institute of Public Finance and Policy (NIPFP) to study the position of devolution of functions to the local bodies, the powers to raise resources and for working out the requirements for the maintenance of core services. The core services were identified as primary education, primary health, rural or municipal roads, drinking water supply, sanitation, and street- lighting. The Study done by the NIRD reveals that the 73rd amendment has not significantly altered the functional domain of the panchayats at various tiers. Few States have been serious in vesting the panchayats with the necessary powers, funds and staff to enable them to perform the functions assigned to them under the statutes. The Centre as well as the States have sponsored schemes for rural people without associating panchayats in planning and implementation. These have further marginalised them. The States' legislation provide for levy and collection of certain taxes, fees and tolls but the rules relating to fixation of rate structure are not periodically done and reviewed. The assessment of the requirement of funds has been stated at Rs. 1,42,128 crore for a period of five years for rural local bodies for operation and maintenance of core services alone. The capital expenditure is assessed at Rs.83,603 crore for the same period. For urban areas, the study done by NIPFP does not indicate the requirement of funds separately for the maintenance of each core service. It has given five options based on level of transfers in 1997-98, revenue gap at 1997-98 level, enhancement of spending by municipalities deficient in revenue expenditure, enhancement of the level of spending of municipalities deficient in operation and maintenance expenditure on core services and enhancement of the level of core services in accordance with Zakaria Committee report. It indicates the requirement of funds ranging from Rs.6,907 crore to Rs.32,598 crore over a period of five years depending on the option chosen. None of these studies has indicated the possible measures that need to be taken at the local and State level to bridge this gap.

Measures to augment the Consolidated Funds of the States

8.15 Our primary task is to identify and recommend measures needed for the augmentation of the Consolidated Funds of the States for supplementing the resources of the local bodies. An assessment of the tax and non-tax revenue of the States has already been done earlier in the chapter on the assessment of States' resources. Additional efforts are needed- both at the local and State level — for raising the resources to meet the growing requirements of the local bodies. In our view, the States may take the measures indicated below for augmenting their Consolidated Funds to supplement the resources of panchayats and municipalities:

a. **Land taxes**: In many States, land revenue has either been abolished or land holdings up to a certain size have been exempted. However, taxes on land/farm income in some form may be levied to strengthen the resource base of the local bodies. The rate structure should be fixed suitably keeping in view the present economic conditions. The revision should not be linked to or depend on survey and settlement operations. In the urban areas, similar measures should be taken for revision of the lease rents. The amounts so collected may be passed on to the local bodies for improving and strengthening the civic services. Local bodies may also be involved in collection of these taxes.

b. **Surcharge/Cess on State taxes**: Cess on land based taxes and other State taxes/duties may be levied to mobilise resources for augmenting specific civic services and for improving their quality. For example, a cess or surcharge of 10 per cent on sales tax, State excise, entertainment tax, stamp duties, agricultural income tax, motor vehicles tax, electricity duties etc. may give significant additional revenue which could be devolved to the local bodies for improving the basic civic services and for taking up schemes of social and economic development.

c. **Profession tax:** Article 276 of the Constitution provides for levy of a tax on professions, trades, callings or employment for the benefit of the State or local bodies at a rate not exceeding Rs.2,500 per tax-payer per year. Many States either do not levy this tax or levy it at very low rates. States should levy this tax with a view to supplement the resources of local bodies or they should empower the local bodies to levy it. The rates should be suitably revised to bring them nearer to the ceiling prescribed under the Constitution. Further, the ceiling that was fixed in 1988 by an amendment to the Constitution, needs to be suitably enhanced. Parliament should be empowered to fix this ceiling without going in for a Constitutional amendment every time.

Reforms in local taxes and rates

8.16 In addition to the measures mentioned above, we would like to highlight the need for improving the revenue mobilisation by the local bodies themselves. Many SFCs have, in their reports, given suggestions in this regard, of which some are State specific but some can be considered useful for all the States. We mention two local taxes, besides user charges, for consideration of all the States.

a. **Property/House tax**: Property tax/house tax is the single most important local tax today, in a majority of the States. Yet it has remained beset with a variety of problems that have prevented the local bodies to exploit its full potential. Such problems are not merely confined to the proximity factor, namely, the local bodies being too close to the people to be effective tax collectors. In most States, the tax rates have not been revised periodically and there is no standard mechanism for determination of property tax rates and their revision. Indeed, West Bengal has experimented with the institution of Central Valuation Authority and some other States have initiated reforms in the system of property taxation with provisions for self-assessment, mandatory periodic revision, dispensing with the demand notice for the tax and putting the onus on property owners for timely tax payment, etc. Such measures have yielded good results and need to be pursued by all States in a rationalised manner. Most States have accorded a variety of tax concessions/exemptions leading to revenue loss to the local bodies. Arrears of taxes are allowed to accumulate either due to sheer inefficiency or due to delay in assessments and in appeals. Yet another major impediment to the growth of revenue from the property/house tax has been the rent control laws. The property/ house tax legislation should be suitably modified to overcome this impediment. Where the property has been let out, the property tax should be made recoverable from the occupier.

b. **Octroi/Entry tax**: Besides the property/house tax, octroi has been the major source of revenue for the municipalities and, in some States, even for the panchayats. Many States have, however, abolished octroi with a view to remove impediments to the physical movement of goods, though several other new barriers have been created. Some States have introduced a levy in lieu of octroi, usually the entry tax, the net proceeds of which are transferred to the local bodies in the form of grant. During our interaction with the representatives of the local bodies, we were told that though the grant in lieu of octroi given to the local bodies was raised by a certain percentage from year to year, it does not have as much buoyancy as the octroi had. There have also been numerous complaints of delay in release of the compensatory grants. While we do not advocate re-introduction of octroi, we do feel that there is a need for replacing it with a suitable tax that is buoyant and can be collected by the local bodies.

c. **User charges**: In many States, the operations and maintenance costs of drinking water supply and many other civic services are met by the local bodies. However, the user charges are not revised periodically and a significant percentage of the demand remains in arrears. The rate structure should be revised regularly to keep pace with inflation and to recover at least, as far as possible, the full operations and maintenance cost of providing these services. Local bodies should have the power to fix the rate of taxes and user charges for themselves. That will make for accountability at the margin. People would be willing to pay, if they get better services.

8.17 While assessing the revenue and expenditure of the States, we have already taken into account the additional burden falling on their financial resources due to implementation of the SFCs reports and, therefore, no additional provision needs to be made on this account. The measures recommended by us, if implemented, will generate additional resources and will meet to a good extent the additional requirements of funds for the local bodies, posed by the States. However, we do feel that there are certain critical areas which normally get overlooked in the normal flow of funds from the States. There is, therefore, a need to make suitable provision for them.

Maintenance of civic services

8.18 In our perception, the first such area is the maintenance of civic services in the rural and urban areas, which includes provision of primary education, primary health care, safe drinking water, street lighting, sanitation including drainage and scavenging facilities, maintenance of cremation and burial grounds, public conveniences, and other common property resources. Transfer of these responsibilities to the local bodies should be speeded up, accompanied with transfer of funds and staff. The capital cost of the civic services identified by us would be met under the concerned budgetary heads of the States. The cost of operations and maintenance of these services should be met by raising tax revenues and user charges, and by devolution of funds from the State. However, the maintenance of these services in rural and urban areas has not received adequate attention so far. It is more for the purpose of re-emphasising the attention to this aspect, with concern for the people in focus, that we are recommending grants to the States for immediately passing it on to the panchayats and the urban local bodies that have a primary responsibility in this sphere. No amount from this grant should be given to the intermediate or district level panchayats where these do not have any direct responsibility for maintenance of these services. The distribution of these grants to the panchayats and the urban local bodies should be done on the basis of the principles recommended by the SFCs. These grants would be untied except that they should not be used for payment of salaries and wages. We envisage that the measures recommended by us would encourage enhanced economic activities in the rural and urban areas leading to new sets of employment opportunities rather than direct government employment.

Accounts and audit

8.19 Our second area of concern is the maintenance of accounts and their audit. States have been transferring funds to the local bodies under various heads of account, besides major head 3604. We tried to collect information in this regard from the Finance Accounts, in order to know the extent of decentralization. However, we found that the same minor heads were used, in several cases, for transfers to the panchayats as well as to the municipalities. Further, the break-up of such transfers among different categories of the local bodies was not available. We also looked into the status of maintenance of accounts by these bodies. Articles 243J and 243Z of the Constitution expect the States to make provisions by way of legislation for maintenance of accounts by the panchayats and the municipalities and for the audit of such accounts. Following this, most States' legislation do make general provisions for these purposes, but detailed guidelines or rules have not been laid down, in several cases. In many States, the formats and procedures for maintenance of accounts by these bodies prescribed decades ago, are continued without making any improvements to take into account the manifold increase in their powers, resources and responsibilities. Most village level panchayats do not have any staff except for a full or a part-time Secretary, because of financial constraints. It would, therefore, be rather too much to expect a village panchayat to have a trained person dedicated exclusively to upkeep of accounts. With the passage of time, the flow of funds to the panchayats and the municipalities will increase considerably. Therefore, there is a need to evolve a system of maintenance of accounts by the local bodies that could be adopted by all the States. As regards audit, in many States, the legislation leaves it to the State Government to prescribe the authority. In some States, the Director, Local Fund Audit or a similar authority has been given the responsibility for the audit of accounts of panchayats and municipalities. The C&AG has a role only in a few States and that too for the audit of district level panchayats and for very large urban bodies. In our view, this area – of accounts and audit – needs to be set right under the close supervision of the C&AG and supported by specific earmarking of funds from the grants recommended by us in respect of local bodies. We would like to make the following suggestions in this regard:

a. States should review the existing accounting heads under which funds are being transferred to the local bodies. For each such major head/sub-major head, six minor heads should be created - three for the PRIs and another three for the ULBs - so that a clear picture of transfers to each category of local bodies is readily available. In addition, specific demand heads should be created in the State Budgets for the rural and the urban local bodies, respectively, wherein transfers to these bodies under various detailed heads of account are enlisted. This may be done in consultation with the C&AG and the Controller General of Accounts, to ensure uniformity among the States.

b. The C&AG should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and their audit for all the tiers/levels of panchayats and urban local bodies.

c. The Director, Local Fund Audit or any other agency made responsible for the audit of accounts of the local bodies, should work under the technical and administrative supervision of the C&AG in the same manner as the Chief Electoral Officers of the States operate under the control and supervision of the Central Election Commission. In no case should the Director for Panchayats or for Urban Local Bodies be entrusted with this work. The prescribed authority entrusted with the audit and accounts should not have any functional responsibility in regard to the local bodies, so as to ensure his independence and accountability.

d. The C&AG should prescribe the format for the preparation of budgets and for keeping of accounts for the local bodies. Such formats should be amenable to computerisation in a networked environment.

e. Local bodies particularly the village level panchayats and in some cases the intermediate level panchayats, that do not have trained accounts staff, may contract out the upkeep of accounts to outside agencies/persons. For this purpose:

    i. The C&AG may lay down the qualifications and experience for the agency/person who could be contracted out the work of maintenance of accounts. The Director, Local Fund Audit or his equivalent authority may do the registration of such agency/person.

    ii. A group of local bodies may be entrusted to an agency/person for upkeep of accounts on payment of remuneration as may be fixed by the C&AG in consultation with the State Government.

    iii. The Director, Local Fund Audit or his equivalent authority, under the direction of the C&AG, may do the supervision over the quality of work of such agency/person.

    iv. Non-compliance or poor performance should lead to deregistration of the agency/person entrusted with such task.

f. Audit of accounts of the local bodies be entrusted to the C&AG who may get it done through his own staff or by engaging outside agencies on payment of remuneration fixed by him. An amount of half-a-per cent of the total expenditure incurred by the local bodies should be placed with the C&AG for this purpose.

g. The report of the C&AG relating to audit of accounts of the panchayats and the municipalities should be placed before a Committee of the State Legislature constituted on the same lines as the Public Accounts Committee.

8.20 Panchayats at the village level, and sometimes at the intermediate levels too, do not have exclusive staff for upkeep of accounts. In fact, it may not usually be necessary for them to have regular accounts staff on their pay rolls. They may get the job done on contract basis, as we have indicated before. In our view, an amount of Rs.4,000 per panchayat per annum, on an average, should be adequate to meet the expenditure on maintenance of accounts on contract basis, if the staff/facilities are not available within the panchayat. This amount may be paid from the grants that we are recommending for the rural local bodies. The amount of Rs. 4,000 indicated by us is only suggestive, and may be different for different States and for different panchayats within a State, depending on local conditions. Any additional funds required for this purpose should be met from the grants given to the States for the panchayats. Where a panchayat has got staff available for upkeep of accounts, these funds need not be so earmarked. As for the urban local bodies, they generally do have accounts staff on their pay rolls. However, if any municipality does not have a regular staff for this purpose, the grants provided to it may also be so earmarked. The State-wise expenditure on this account has been worked out and indicated in the Table 8.1.

Table-8.1: Provision for maintenance of accounts of village level panchayats and intermediate level panchayats

(Rs. in lakhs)

Sl. No.	Name of the State	Number of village level panchayats	Amount	Number of intermediate level panchayats	Amount	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Andhra Pradesh	21784	871.36	1093	43.72	915.08
2	Arunachal Pradesh	2012	80.48	78	3.12	83.60
3	Assam	2489	99.56	202	8.08	107.64
4	Bihar	12181	487.24	726	29.04	516.28
5	Goa	188	7.52	0	0.00	7.52
6	Gujarat	13547	541.88	184	7.36	549.24
7	Haryana	5958	238.32	111	4.44	242.76
8	Himachal Pradesh	2922	116.88	72	2.88	119.76
9	Jammu & Kashmir	2683	107.32	0	0.00	107.32
10	Karnataka	5673	226.92	175	7.00	233.92
11	Kerala	990	39.60	152	6.08	45.68
12	Madhya Pradesh	31126	1245.04	459	18.36	1263.40
13	Maharashtra	27611	1104.44	319	12.76	1117.20
14	Manipur	2194	87.76	0	0.00	87.76
15	Meghalaya	5629	225.16	0	0.00	225.16
16	Mizoram	723	28.92	0	0.00	28.92
17	Nagaland	1200	48.00	0	0.00	48.00
18	Orissa	5255	210.20	314	12.56	222.76
19	Punjab	11591	463.64	138	5.52	469.16
20	Rajasthan	9184	367.36	237	9.48	376.84
21	Sikkim	159	6.36	0	0.00	6.36
22	Tamil Nadu	12593	503.72	385	15.40	519.12
23	Tripura	962	38.48	41	1.64	40.12
24	Uttar Pradesh	58620	2344.80	904	36.16	2380.96
25	West Bengal	3314	132.56	340	13.60	146.16
	Total	**240588**	**9623.52**	**5930**	**237.20**	**9860.72**

Database on the finances of the local bodies

8.21 The third area of our concern relates to non-availability of data on the finances of the local bodies. There is no mechanism for collection of data on the revenue and expenditure of the various tiers/levels of the rural/urban local bodies at a centralised place where it could be compiled, processed and made available for use. In the absence of any reliable financial/budgetary data, no realistic assessment of the needs of the panchayats and municipalities for basic civic and developmental functions can be made nor can any information be generated on the flow of funds to the local bodies for the implementation of various schemes for economic development and social justice. We are, therefore, of the view that a database on the finances of the panchayats and municipalities needs to be developed at the District, State and Central Government levels and be easily accessible by computerising it and linking it through V-SAT. The Director, Local Fund Audit or the authority prescribed for conducting the audit of accounts of the local bodies may be made responsible for this task, as he would be the main agency dealing with the finances, including budgetary position, accounts and audit of the local bodies. The Chief Secretary of the State may do the State-level coordination and monitoring. In order to ensure that this scheme is brought into effect within a defined time schedule and there remains a proper coordination among various agencies at the national and State levels, it would be in the fitness of things that the C&AG is involved at all stages. He may even be requested to undertake this responsibility. The data could be collected and compiled in standard formats, to be prescribed by the C&AG. This will facilitate comparison of performance and state of development of local bodies among the States. We have assessed the cost for this project for all the States to be Rs.200 crore. State-wise details are indicated in Table 8.2.

Table-8.2: Provision for creation of database relating to the finances of local bodies

(Rs. in lakhs)

	State	No. of PRIs	No. of ULBs	Total No. of LBs	Allocation for PRIs	Allocation for ULBs	Total allocation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Andhra Pradesh	22899	116	23015	1826.70	9.25	1835.95
2	Arunachal Pradesh	2103	0	2103	167.76	0.00	167.76
3	Assam	2714	79	2793	216.50	6.30	222.80
4	Bihar	12962	170	13132	1034.00	13.56	1047.56
5	Goa	190	14	204	15.16	1.12	16.27
6	Gujarat	13750	149	13899	1096.86	11.89	1108.75
7	Haryana	6085	82	6167	485.41	6.54	491.95
8	Himachal Pradesh	3006	48	3054	239.79	3.83	243.62
9	Jammu & Kashmir	2683	69	2752	214.03	5.50	219.53
10	Karnataka	5875	215	6090	468.66	17.15	485.81
11	Kerala	1156	58	1214	92.22	4.63	96.84
12	Madhya Pradesh	31630	404	32034	2523.18	32.23	2555.41
13	Maharashtra	27959	244	28203	2230.34	19.46	2249.81
14	Manipur	2204	28	2232	175.82	2.23	178.05
15	Meghalaya	5632	6	5638	449.28	0.48	449.75
16	Mizoram	732	6	738	58.39	0.48	58.87
17	Nagaland	1200	9	1209	95.73	0.72	96.44
18	Orissa	5599	102	5701	446.64	8.14	454.78
19	Punjab	11746	137	11883	937.00	10.93	947.93
20	Rajasthan	9453	183	9636	754.08	14.60	768.68
21	Sikkim	163	0	163	13.00	0.00	13.00
22	Tamil Nadu	13006	744	13750	1037.51	59.35	1096.86
23	Tripura	1007	13	1020	80.33	1.04	81.37
24	Uttar Pradesh	59607	684	60291	4754.96	54.56	4809.52
25	West Bengal	3672	122	3794	292.92	9.73	302.65
	Total	**247033**	**3682**	**250715**	**19706.28**	**293.72**	**20000.00**

Grants for the local bodies

8.22. Keeping in view the availability of resources and the overall limits set for the flow of resources from the Centre to the States, we recommend a total grant of Rs.1,600 crore for the panchayats and Rs.400 crore for the municipalities for each of the five years starting from the financial year 2000-01. In per capita terms, the amounts recommended by us for the rural local bodies are higher than those for the urban local bodies. We have done so because the urban local bodies can generate higher per capita revenue from the same taxes owing to the rural-urban income differentials. This amount will be in addition to what would be generated if the measures recommended by us were fully implemented by the States. These amounts should be over and above the normal flow of funds to the local bodies from the States and the amounts that would flow from the implementation of SFC recommendations. The amounts indicated for maintenance of accounts and audit and for development of database, would be the first charge on the grant recommended by us and would be released by the concerned Ministries of the Government of India, after the arrangements suggested by us have become operational. The remaining amount should be utilised for maintenance of core civic services by the local bodies, on the principles indicated in paragraph 8.18 above.

Principles for *inter se* distribution

8.23 The determination of the *inter se* share of States in the amounts indicated by us for the rural and urban local bodies should be based on the principles which promote the development of local bodies as institutions of self-government and take into account the inter-State differentials in the levels of social and economic development. Population was the sole criterion adopted by the Tenth Finance Commission for allocation of ad hoc grants to the States– rural population for the panchayats and slum population for the municipalities. In our view, population should not be the sole basis for State–wise allocation as it has the effect of perpetuating the *status quo*. Further, it does not take into account the efforts made by the States to let these bodies raise their own resources, the extent of transfer of resources, power, authority and responsibility to the local bodies or the initiative taken by the States in implementing the 73rd and 74th amendments and the income differentials between the States in the rural/urban areas. Nor does it take into account the variation in the cost of providing services in low population-density areas. In our view, such factors need to be recognised and given due weight while devising the principles for inter-State allocation. At the same time, population should continue to be an important factor in determining the needs of the States, as it is ultimately the people who are affected by the quantity and quality of the services. It also ensures devolution to those States that are slow in empowering the local bodies to develop as institutions of self-government. We have allocated 40 per cent of the amount to the States to be given to the panchayats and municipalities on the basis of rural/urban population of the State.

8.24 In view of the 73rd and 74th amendments to the Constitution, States now owe a greater responsibility to develop the local bodies as institutions of local self-government. The burden on the Consolidated Fund of a State on account of transfer of funds to the local bodies has already been taken into account in our assessment of the non-plan revenue expenditure of the States. The additional amount recommended for being given as grant for these bodies is more for the purpose of inducing the States to speed up the process of decentralisation so that these develop as institutions of self-government as envisaged under articles 243(d) and 243P(e) of the Constitution. States that have taken initiative and shown commitment are given some recognition in the principles of devolution adopted by us. We are aware that an objective assessment of the extent of decentralisation often proves difficult because what is indicated on paper does not always match with the ground realities. Decentralisation of power, authority and responsibility is a gradual process and takes time to establish even where intentions are clear and are communicated through appropriate instruments of policy. Keeping all these aspects in view, we have prepared an index of decentralisation based on the steps taken by the States for implementation of the 73rd and the 74th amendments and the speed at which these have been done. We selected ten parameters for the purpose: enactment/amendment of State panchayat/municipal legislation; intervention/restriction in the functioning of the local bodies; assignment of functions to the local bodies by State legislation; actual transfer of functions to these bodies by way of rules, notifications and orders; assignment of powers of taxation to the local bodies and the extent of exercise of such powers; constitution of the SFCs and the extent of action taken on their reports; elections to the local bodies; and constitution of District Planning Committees as per the letter and spirit of article 243ZD. We excluded the constitution of Metropolitan Planning Committees as one of the parameters as no State has yet constituted them. Points were assigned on a graduated scale to the States in respect of each parameter. Following this exercise, an index of decentralisation was prepared. The detailed methodology on the construction of this index is given in Appendix-VIII.1 for the panchayats and Appendix-VIII.2 for the municipalities. We distributed 20 per cent of the grant to the States on the basis of this index of decentralisation. We are aware of the limitation of this analysis and hope that with the availability of more and more information, it should be possible to make refinements.

8.25 Local bodies should be able to raise revenue to meet their current level of revenue expenditure as far as possible. However, the extent to which they can do so, depends on the powers delegated to them under the State legislation and the rules, notifications and orders issued by the respective State Government, besides their own will to do so. We feel that the efforts made in this direction by the States and the local bodies would get reflected in higher revenue mobilisation by these bodies from their own sources and should be accorded some weight in the principles of devolution. We have collected information on the revenue receipts and expenditure of the panchayats and municipalities from the States, which is placed at Annexures-VIII.2A to D and VIII.3A to D, respectively. In view of the wide disparities in the States' Domestic Product (SDP), a uniform criterion will place the low income States at a disadvantage. We have, therefore, linked the efforts made by the local bodies to raise own revenues, with the States' own revenue on the one hand and with the SDP from primary sector (excluding mining and quarrying) for the panchayats and the SDP (net of primary sector) for the municipalities, respectively, on the other hand. The average of the ratio of own revenue collection of the panchayats for the years

1995-96, 1996-97 and 1997-98 with the own revenue of the State for the corresponding years, has been worked out and assigned a weight of 5 per cent. Similarly, the ratio of own revenue of the panchayats for three recent years, viz. 1994-95, 1995-96 and 1996-97, with the SDP for the corresponding years, after making adjustments as indicated above, is given a weight of 5 per cent. For the municipalities too, a similar exercise has been done.

8.26 We are aware that the States with low per capita SDP will continue to have problems in raising revenue at the State level as well as at the level of the local bodies and would, therefore, require additional support. In our scheme of distribution of the grants relating to the rural local bodies, we have provided 20 per cent on the basis of distance from the highest per capita agricultural income. This has been worked out on the basis of average of the ratio of SDP from the primary sector excluding mining and quarrying and the projections for rural population made by the Registrar General of India for the years 1994-95, 1995-96 and 1996-97. Distance of each State has been measured with reference to the State having the highest average per capita SDP, plus half of the standard deviation. The distances have been weighted by the rural population of the respective States for working out the share. In the case of urban local bodies, the same exercise has been done by taking the urban population and the SDP (excluding the primary sector) for the same years. For these calculations, we have adopted the population figures as per 1991 census, in view of the specific indication to that effect in articles 243(f) and 243P(g). Lastly, we recognise the fact that the cost of providing basic services in the sparsely populated areas is relatively high, and would necessitate giving weight to the expanse of the States. Ten per cent of the grant has been distributed on the basis of the geographical area of each State– rural for panchayats and urban for municipalities.

8.27 Accordingly, we recommend that the amounts of Rs.1,600 crore and Rs.400 crore provided by us for the panchayats and municipalities, respectively, for each of the five years (2000-05) be distributed among the States on the following criteria and weights:

i.	Population	40 per cent
ii.	Index of decentralisation	20 per cent
iii.	Distance from highest per capita income	20 per cent
iv.	Revenue effort	10 per cent
v.	Geographical area	10 per cent

Inter se distribution among the States of the provisions made by us towards panchayats and municipalities are summarised in Tables 8.3 and 8.4 below, in terms of percentage shares. Basic data relating to these two tables are given in the Annexures VIII.4 and VIII.5, respectively. Out of these shares, a component is indicated for the excluded areas in the concerned States, in proportion to the population, for which details are placed at Annexure VIII.6. Such components should be made available to the respective States only after the relevant legislative measures are completed for extension of the provisions of 73rd and 74th amendments to such areas.

Table 8.3 Share of States in allocation for panchayats

Sl.No.	State	Share (in percentage)** Total for the State	Of which, share for- Normal areas	Excluded areas*	Type of the excluded areas*
1	Andhra Pradesh	9.503	8.985	0.518	Fifth Schedule Areas
2	Arunachal Pradesh	0.348	0.348	0.000	
3	Assam	2.918	2.814	0.104	Sixth Schedule Areas
4	Bihar	9.813	8.721	1.092	Fifth Schedule Areas
5	Goa	0.116	0.116	0.000	
6	Gujarat	4.351	3.555	0.796	Fifth Schedule Areas
7	Haryana	1.839	1.839	0.000	
8	Himachal Pradesh	0.821	0.795	0.026	Fifth Schedule Areas
9	Jammu & Kashmir	0.930	0.930	0.000	
10	Karnataka	4.926	4.926	0.000	
11	Kerala	4.120	4.120	0.000	
12	Madhya Pradesh	8.943	6.232	2.711	Fifth Schedule Areas
13	Maharashtra	8.209	7.427	0.782	Fifth Schedule Areas
14	Manipur	0.235	0.128	0.107	Hills Districts Areas
15	Meghalaya #	0.320	0.000	0.320	Sixth Schedule Areas

16	Mizoram #	0.098	0.075	0.023	Sixth Schedule Areas
17	Nagaland #	0.161	0.161	0.000	
18	Orissa	4.320	3.056	1.264	Fifth Schedule Areas
19	Punjab	1.933	1.933	0.000	
20	Rajasthan	6.137	5.558	0.578	Fifth Schedule Areas
21	Sikkim	0.066	0.066	0.000	
22	Tamil Nadu	5.826	5.826	0.000	
23	Tripura	0.356	0.221	0.135	Sixth Schedule Areas
24	Uttar Pradesh	16.489	16.489	0.000	
25	West Bengal ##	7.222	7.222	0.000	
	Total	**100.000**	**87.989**	**12.011**	

* *Details of population and geographical area of the excluded areas are given in Annexure-VIII.6.*

** *Annexure-VIII.4 may be seen for further details.*

\# *The entire States of Meghalaya, Mizoram and Nagaland are excluded from the provisions of Part-IX, as per article 243M(2).*

\#\# *Provisions of Part-IX relating to the panchayats at district level do not apply to the hill areas of the State of West Bengal for which Darjeeling Gorkha Hill Council exists.*

Table 8.4 Share of States in allocation for Municipalities

Sl.No.	State	Share (in percentage)** Total for the State	Of which, share for- Normal areas	Excluded areas*	Type of the excluded areas*
1	Andhra Pradesh	8.233	8.233	0.000	
2	Arunachal Pradesh	0.034	0.034	0.000	
3	Assam	1.077	1.032	0.045	Sixth Schedule Areas
4	Bihar	4.695	3.802	0.892	Fifth Schedule Areas
5	Goa	0.232	0.232	0.000	
6	Gujarat	6.626	6.566	0.060	Fifth Schedule Areas
7	Haryana	1.832	1.832	0.000	
8	Himachal Pradesh	0.195	0.195	0.000	
9	Jammu & Kashmir	0.783	0.783	0.000	
10	Karnataka	6.241	6.241	0.000	
11	Kerala	3.762	3.762	0.000	
12	Madhya Pradesh	7.801	7.247	0.553	Fifth Schedule Areas
13	Maharashtra	15.813	15.677	0.136	Fifth Schedule Areas
14	Manipur	0.220	0.201	0.019	Hills Districts Areas
15	Meghalaya	0.135	0.009	0.126	Sixth Schedule Areas
16	Mizoram	0.192	0.184	0.008	Sixth Schedule Areas
17	Nagaland	0.089	0.089	0.000	
18	Orissa	1.998	1.599	0.399	Fifth Schedule Areas
19	Punjab	2.736	2.736	0.000	
20	Rajasthan	4.971	4.859	0.112	Fifth Schedule Areas
21	Sikkim	0.010	0.010	0.000	
22	Tamil Nadu	9.668	9.668	0.000	

23	Tripura	0.201	0.201	0.000
24	Uttar Pradesh	12.582	12.582	0.000
25	West Bengal	9.874	9.874	0.000
	Total	**100.000**	**91.083**	**8.917**

* *Details of population and geographical area of the excluded areas are given in Annexure-VIII.6.*

** *Annexure-VIII.5 may be seen for further details*.

Constitutional, legislative and administrative changes

8.28 While analysing the process of implementation of the 73rd and 74th amendments, we have noticed certain critical problems that would require legislative and administrative changes and, in some cases, further amendments to the Constitution. The areas so identified by us are as follows:

a. While all the States, barring Arunachal Pradesh, have either enacted a new Panchayat/Municipal Act or have brought the existing legislation in conformity with the 73rd and 74th amendments, it has been noticed that the schemes relating to the subjects included in the Eleventh and Twelfth Schedules have not yet been transferred to these bodies in most of the States. States' legislation merely enumerate the subjects indicated in the two Schedules but do not specify the schemes that have to be implemented by these bodies as contemplated in articles 243G and 243W. Consequently, the funds and the functionaries relating to these schemes continue to remain under the control of the departments of the State Governments. In some cases, the implementation of some programmes has been entrusted to these bodies but only as agency function and they have no role in the planning and formulation of the schemes. Transfer of functions and schemes to the local bodies should be specifically provided by legislation as, in our view, it is mandatory for the States to do so. In some States, even though the legislation empowered the local bodies to levy certain taxes, the necessary rules have yet to be framed, or the notifications laying down the rates have not been issued. We recommend that this may be explored.

b. A hierarchical structure of the panchayats has been contemplated in the States' legislation with the intermediate level panchayats supervising the village level panchayats and the district level panchayats supervising, advising and coordinating the activities of village level and intermediate level panchayats. However, the role of the three tiers of the panchayats has not been clearly delineated in the State legislation and the matter has usually been left to be decided by way of executive instructions. This has led to a high degree of uncertainty in the matter. There is a need for making legislative arrangements to clearly indicate the role that these bodies have to play in the system of governance in the rural areas of a district.

c. The Central Government, over the years, have formulated a number of schemes known as Central sector or Centrally sponsored schemes; some of these are implemented for the development of the rural and the urban areas. These schemes are mostly implemented through special agencies created at the district level or through informal and formal organisations established over the years and financed by the Central Ministries directly under these schemes. In some cases, the local bodies have been associated but they are merely performing agency functions with no decisive role clearly assigned to them in the preparation and implementation of the schemes. In particular, mention may be made of the District Rural Development Agencies and District Urban Development Agencies, which are operating as instruments of the Central Government for the planning and implementation of many programmes and schemes related to the subjects included in the two Schedules. These agencies have not been integrated with the new set up. The two Union Ministries- the Ministry of Rural Development and Ministry of Urban Development– are also the nodal Ministries for the implementation of the 73rd and 74th amendments, and, therefore, it is their responsibility to ensure that the local bodies function as institutions of self-government and all impediments to the realisation of this ideal are removed. They have to provide the lead in the movement towards achievement of this goal. Unless these Ministries take the initiative, it may be futile to expect other Ministries in the Central Government to take action for the transfer of more schemes relating to the subjects included in the two Schedules to these bodies.

d. The Constitution envisages that every State having a population of more than twenty lakhs will have a three-tier panchayati raj system, namely, the village level, the intermediate level and the district level. We feel, on the basis of our own assessment of the working of the local bodies in the States, that it is too rigid an arrangement and there is a need to provide flexibility to the States to decide whether a two-tier system would operate with greater efficiency and economy in a particular situation or a three-tier structure would be essential. Necessary changes need to be made in this regard.

e. The Fifth and the Sixth Schedule Areas have been specifically excluded from the operation of the 73rd and 74th amendments. Parliament has, however, been given the powers to extend the provisions of these amendments to such areas by legislation. For extension of the provisions of the 73rd amendment to the Fifth Schedule areas, such a legislation was passed by Parliament in 1996 and all the States except Bihar have already made the consequential changes in their State legislation. However, for extending the provisions of the 74th amendment to the Fifth Schedule areas, Parliament is yet to enact the enabling legislation. This needs to be speeded up. In the case of the Sixth Schedule Areas, no action has yet been taken by the Parliament to make these amendments applicable to these areas. We understand that the power to extend the provisions of these amendments is already available to the Governor in respect of Assam, and to the President of India in respect of Meghalaya, Mizoram and Tripura. There is a need for clarity of approach on this issue so that the development of the rural and urban local bodies in these areas keeps pace with the developments taking place in the rest of the country.

f. The States of Meghalaya, Mizoram and Nagaland have been specifically excluded from the operation of the 73rd amendment. However, the legislatures of these States have been given the power to extend this amendment to their States, except in respect of the Sixth Schedule areas, by law. We do hope that suitable action will be taken for extending this amendment in these States so that they can get the benefit of the measures that we are going to recommend for the augmentation of Consolidated Funds of these States. In this connection, we would also like to mention that these States have a system of a village council operating at the local level and performing regulatory and developmental functions on most of the subjects included in the Eleventh Schedule. We suggest that either these village level institutions be recognised as panchayats for the purpose of the 73rd amendment by suitable legislative changes or the State may take action as indicated above.

g. The hill areas in the State of Manipur, for which district councils have been constituted under a Central Act, are excluded from the operation of the 73rd amendment. Similarly, the provisions relating to district level panchayats have not been made applicable to the hill areas of the district of Darjeeling in West Bengal. There are no enabling provisions in the Constitution for making the 73rd amendment applicable to these areas either now or at a later date. It is necessary to introduce suitable enabling provisions in the Constitution so that these areas too could get the benefit of the 73rd amendment.

h. Panchayats and municipalities should have adequate administrative infrastructure and should be able to raise financial resources on their own which, together with the devolution from the State Government, should enable them to perform their basic civic, regulatory and developmental functions with efficiency and economy. There are wide variations in the area and population served by different tiers of panchayats in the States, as the details in Annexures-VIII.7 and VIII.8 would indicate. In some States, the population served by a village level panchayat is only in hundreds whereas in some others it is in thousands. It appears that in many cases, panchayats at some tiers have not been conceived as viable units. Administrative reorganisation is necessary to ensure their development as viable institutions of self-government.

i. The District Planning Committees (DPCs) have not become operational in most States; Metropolitan Planning Committees have not been constituted in any State. On the other hand, in some States, DPCs have been entrusted with executive functions, by which they tend to overshadow the local bodies. Immediate measures are required to ensure that these bodies are constituted soon and they function as per the intention of the Constitution.

Taxation of Central Government properties

8.29 The Ministry of Urban Development (MoUD) has, on the advice of the Ministry of Finance, made a submission to us that the issue relating to levy of service charges/taxation of Central Government properties be taken into consideration while making our recommendations on devolution of resources to the States/Municipalities. The MoUD had drafted a proposal for enacting a Central legislation under article 285(1) of the Constitution for regulating the payment of service charges in respect of Central Government properties. This was based on the report of the working group constituted in November 1994 by that Ministry, to make a study in respect of the various issues relating to the taxation of Government properties. A copy of the reference made by the Ministry is placed at Annexures-VIII.9A & B. Many States have, in their memoranda submitted to us, raised the issue of taxation of Central Government properties by the local bodies. In our interaction with the representatives of the local bodies and the State Governments, this subject had come up again and again for discussion. Their view has been that the local bodies should be permitted to tax the properties of the Central Government, like any other property, for supplementing their resources and that necessary amendments to the Constitution be made for the purpose.

8.30 Article 285(1) of the Constitution prescribes that 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. Parliament, in its wisdom, has not made any law for imposing any taxation on the properties of the Central Government. However, as per the apex Court's decision, properties vested in the statutory corporations or the companies incorporated under the Companies Act do not enjoy this exemption. Ministry of Finance has, in its memorandum to us, expressed the view against local taxation of Central Government properties following the doctrine that the sovereign cannot be taxed except with his consent. They have, however, expressed no objection to taxation of the properties of Central Public Sector Undertakings (CPSUs) by the local bodies, but have cautioned against the possibilities of these bodies levying unduly high taxes on the CPSU properties. The Ministry has expressed no objection to the proposition of levy of service charges on the properties of the Central Government Departments. They have, however, said that such service charges should be reasonable, i.e. commensurate with the services provided.

8.31 We have given our careful consideration to the arguments advanced both by the Centre and the States. We also note that a similar provision for exempting States' property and income from Union taxation, with some exceptions, has been made in article 289. The principle on which both these exemptions were envisaged by the Constitution was that in a federal set up, the property of one level of government should enjoy immunity from taxation by another. We agree with this principle and suggest no changes in article 285 of the Constitution of India.

8.32 As for levy of user charges, the legal basis, as per the instructions issued by the Central Government from time to time (Annexures VIII.10A to D) is open to question and we learn, as stated by the MoUD, that there have been several disputes on this issue. From the information gathered by us, as also available in the report of the working group constituted by the MoUD in 1994 on the subject, we find that while some local authorities are able to levy and collect user charges on the properties of the Central Government departments/undertakings, many others are unable to do so. It may also be recognised that to the extent the cost of providing services is recovered by user charges, the burden on the Consolidated Funds of the States to supplement the resources of Panchayats and Municipalities would get reduced. While taxation of properties belonging to the Central or State governments would apparently infringe on the sovereign powers of the Union and the States, there is no doubt that all the properties located in rural or urban areas enjoy the benefit of civic services that have a cost. This principle has been recognised in the various instructions issued by the Government of India and, therefore, there is ample justification to formalise and regulate it by law. We are of the view that all Government properties, whether they belong to the Central or the State governments, should be subject to the levy of user charges. We are also of the view that it should be regulated by a suitable legislation.

Chapter IX

Calamity Relief

9.1 Para 10 of our Terms of Reference requires us to review the scheme of Calamity Relief Fund (CRF) and to make appropriate recommendations thereon. The CRF has been established separately for each State on the basis of the recommendations of the Ninth Finance Commission. The earlier arrangement in this regard was provided at the behest of the previous Finance Commissions and was commonly called the 'margin money scheme'. The term was first used in the report of the Second Finance Commission, which had provided in its assessment of the revenue needs of each State a specified sum ranging from Rs.10 lakh to Rs.100 lakh, as a margin for meeting the expenditure on natural calamities. These sums were to be kept in a separate fund, the annual balance of which was to be invested in readily encashable securities. This arrangement was broadly continued by the Finance Commissions up to the Eighth Commission. The Sixth Finance Commission was specifically asked by the President, for the first time, to review the policy and arrangements in regard to financing of relief expenditure by the States. It recommended for continuation of the margin money arrangements and, at the same time, for systematic development of the drought and the flood prone areas through plan programmes. The terms of reference of all the subsequent Finance Commissions included this item. The Seventh and Eighth Finance Commissions too generally continued with the arrangements recommended by the earlier Commissions. The size of the margin money provided for the States increased gradually from Rs.6.15 crore per annum (Second Finance Commission) to Rs.240.75 crore per annum (Eighth Finance Commission).

9.2 The contribution of the Central Government in the calamity relief expenditure of the States, as evolved during the course of the Second to the Eighth Finance Commissions had included a share in the margin money, advance Plan assistance in the form of grants and loans, special central assistance as grants and loans, etc. The procedural arrangements for obtaining Central Government's assistance required submission of memorandum by the State to the Centre and visit of a Central Team to the State. The Ninth Finance Commission (NFC) mooted a near fundamental change in this approach, by recommending creation of a Calamity Relief Fund (CRF) for each State to which the Centre and the State were to contribute in a ratio of 75:25, and by doing away with different forms of Central assistance, requirement of the visits of the Central Team to States etc. To determine the size of the CRF for a State, the NFC considered the average of actual ceiling of expenditure approved for a State over the ten year period ending 1988-89. The total amount for the CRF for all States was worked out at Rs.804 crore per year. The Tenth Finance Commission re-determined the size of the fund for each State taking into account the average of the aggregate of ceilings of expenditure for the years 1983-84 to 89-90 and the amount of Calamity Relief Fund for the years 1990-91 to 1991-93. The amounts so worked out for all the States were adjusted for inflation up to 1994-95 and thereafter, at graduated rates with the same elasticity as for other non-plan revenue expenditure up to 1999-00. The amount thus worked out for all the States for the period 1995-00 was Rs.6304.27 crore.

9.3 The Tenth Finance Commission had also recommended the setting up of a separate Central fund - the National Fund for Calamity Relief (NFCR) - under the Ministry of Agriculture, to provide assistance to the States affected by natural calamity of rare severity. It held the view that if a calamity of rare severity occurs, it should be dealt with as a national calamity, requiring additional assistance and support from the Centre, beyond what is envisaged under the CRF scheme. Moreover, the national dimensions of such a calamity would entail assistance from other States too, both in terms of financial support and material help. The Commission, however, did not provide a definition of 'calamity of rare severity'. It fixed the size of the NFCR at Rs.700 crore, to be built over the period of 1995-00, to which Centre and the States would contribute in the ratio of 75:25.

9.4 We have received a variety of suggestions and views of Central Ministries on the continuance, or otherwise, of the Scheme of CRF with or without modifications in its size, ratio of contribution and related operational issues. Ministry of Finance have suggested that the quantum of CRF for each State may be determined on the basis of average actual expenditure on natural calamities and not on the average amount of the CRF in previous years. Ministry of Agriculture had in the earlier memoranda suggested the freezing of CRF at the existing level and augmentation of NFCR. In a subsequent note it was stated that the system of CRF and NFCR be dispensed with and instead the State Government should be allocated adequate funds to take care of the immediate requirements for providing relief. This, in effect, means that the Central Government should continue to extend support for relief operations, albeit of immediate nature, and the funds may be made available to the States on the basis of the recommendation of the Finance Commission without any rigors of control over the investment and expenditure. We are unable to agree to this suggestion of the Ministry of Agriculture in so far as it relates to CRF. We are of the view that funds allocated by the Central Government should be used only for relief operations, and should, therefore, be kept in a separate fund where there is a possibility of augmenting it through suitable investments. There is, thus, ample justification for continuing with the CRF.

9.5 There is also a general consensus among the States on the continuance of CRF with augmentation of the fund and some modifications. Andhra Pradesh has suggested that the size of CRF for each State should be determined after taking into account the actual expenditure incurred by the State on relief, the State's proneness to cyclone, drought, flood etc., tax remissions extended and the magnitude of losses suffered by the State due to the calamity. Arunachal Pradesh has suggested that the corpus of CRF should be enhanced five times. Assam and Bihar have suggested that in determining the size of the fund, considerations such as average actual expenditure on relief measures in the past should be dispensed with, as very often resource constraints prevent a backward State from meeting the full requirements of administering relief. Assam has suggested that the size of the State's CRF be raised to Rs.200 crore. Bihar and Gujarat have suggested that there should be a suitable increase every year to account for inflation. Gujarat has further suggested that the occurrence of natural calamities in quick succession should also be taken into account while determining the size of CRF. Himachal Pradesh wants its annual entitlement to be at least 25 per cent of the average annual damages assessed since 1995-96. Jammu & Kashmir, Mizoram and Tamil Nadu have stated that the major head 2245 - Relief on account of natural calamities (or the erstwhile '64 - Famine Relief') was not the only head whereunder the relief expenditure was booked and, therefore, the size of the CRF should be determined after considering all such expenditure booked under various heads. Karnataka has suggested that in determining the size of CRF, the proportion of a State's unirrigated area should be considered and also that the fund should be enhanced substantially. Kerala has recommended an increase in the CRF by 90 per cent. Madhya Pradesh, on the other hand, has suggested that contribution to the CRF should be made at the rate of 1 per cent of the gross tax receipts of the Centre and horizontal distribution should be based on intensity, regularity and the duration of relief required. Rajasthan is of the view that CRF should be determined on the basis of past expenditure with adequate adjustment for inflation. Uttar Pradesh has emphasised the need for taking into consideration the actual relief expenditure and the inflation factor. Goa, Haryana, Maharashtra, Nagaland, Orissa, Punjab, Sikkim and Tripura have sought substantial step up in the corpus of CRF without indicating any specific criteria for assessment.

9.6 A careful consideration of different suggestions put forward by the States shows that their main emphasis is to raise the corpus substantially and for this purpose to take into account the expenditure incurred on calamity relief under different heads of account. However, it is seen from the expenditure data of the States that it is very difficult to distinguish between the expenditure incurred for calamity relief and other normal expenditure under various heads of account. States are expected to ensure the booking of expenditure on gratuitous relief, supply of fodder, drinking water, veterinary care, housing, etc. on account of natural calamities in various sub-heads under the major head 2245. We, therefore, do not find it feasible to consider the expenditure booked under various major heads of accounts for fixing the corpus. We are also unable to accept some of the other criteria suggested by the States, namely, State's proneness to natural calamities, magnitude of losses suffered by a State during a calamity, occurrence of natural calamities in quick succession, etc., as it is difficult to assess them on a uniform basis across the States. All these factors are, however, reasonably captured in the expenditure incurred by a State on relief in any year. We are, therefore, of the view that the most appropriate and objective manner of assessing the relief expenditure is to take into account the expenditure booked under the major head 2245 only. We do, however, share States' concern with regard to the factor of inflation. We have, therefore, taken into account the average annual expenditure booked under the major head 2245 during the period 1987-88 to 1998-99 at 1998-99 prices after fully adjusting for inflation on the basis of consumer price index for industrial workers. Expenditure on natural calamities widely vary from year to year and expenditure over a short period may not reflect the requirements in future. We consider that a period of 12 years would adequately capture the recent trends in the occurrence of natural calamities in various States. The amount so worked out has been projected up to 1999-00 on the basis of estimated inflation and provision for each year up to 2004-05 has been made assuming the current rate of inflation. However, where the average expenditure works out to be less, the allocation for the year 2000-01 has been maintained at the level of 1999-00, to ensure that no State gets less than what it was getting earlier.

9.7 The existing scheme of CRF provides for contribution of 25 per cent by the States and 75 per cent by the Centre. Ministry of Agriculture has favoured continuance of this ratio. Many States have, however, represented that the share of States in the contribution to the CRF be reduced. Andhra Pradesh, Arunachal Pradesh, Bihar, Gujarat, Haryana, Karnataka, Kerala, Orissa and Tamil Nadu have suggested that the contribution of the States should be reduced to 10 per cent, while Tripura has suggested that it should be kept at 15 per cent. Assam, Himachal Pradesh, Madhya Pradesh, Mizoram and Nagaland are of the view that the entire fund should be provided by the Centre as grant. We have considered these suggestions. It is the primary responsibility of the States to incur necessary expenditure on the immediate relief whenever a natural calamity occurs. The role of the Centre is to provide supplementary assistance to the States as it may not be possible for a State to immediately come forward with sufficient funds to meet natural calamities which occur suddenly and with intensity. Raising Centre's share to 85 or 90 per cent may also lead to inflated demands on the CRF. Lastly, the financial constraints of the Centre would require that this burden should be shared by the States too, to a significant extent. Considering all these factors, we recommend that share of the States in the CRF should be retained at 25 per cent.

9.8 Assam and Bihar have stated that the past expenditure alone should not determine future allocations since many weak States could not spend adequately for relief due to paucity of funds. We have identified six States, namely, Assam, Bihar, Orissa, Madhya Pradesh, Uttar Pradesh and West Bengal in this category. These States belong to the low income group and face the wrath of recurring natural calamities year after year. In order to provide additional assistance to such States, we propose to strengthen the size of CRF of these States by an additional provision of ten per cent of the aggregate size of the CRF. This additional amount is allocated among these six States in the same ratio in which these States have their own CRF. The amount thus worked out for all States for the period of our report is Rs.11007.59 crore. This includes the Centre's share of Rs.8255.69 crore, and the States' share of Rs.2751.90 crore, worked out in the ratio of 75:25. The State-wise distribution of CRF giving the Centre and States' share is indicated at Annexures IX 1 to IX 3.

9.9 Another important issue relates to the nature and types of calamities which should be eligible for relief expenditure from the major head 2245. The Second Finance Commission had suggested that expenditure under this head should be available for all other natural calamities too, besides drought, famine and flood. There was no further deliberation on this aspect in the reports of the Third, Fourth and the Fifth Finance Commissions. The Sixth Commission too did not define 'calamity' but, by way of examples, talked of cyclone, drought, earthquake and flood. The Seventh Finance Commission made a distinction between drought on the one hand and cyclone, flood and earthquake on the other hand, on the basis of suddenness and intensity of impact. For the expenditure related to drought, it recommended that the Centre should provide assistance to the affected State as advance Plan assistance and if such expenditure exceeded 5 per cent of the State's Plan outlay, the excess amount be provided to the State as grant-cum-loan (50:50). As regards the relief and restoration works relating to cyclone, flood and other calamities of a sudden nature, it recommended that 75 per cent of the expenditure incurred by the State in excess of the margin, should be provided by the Centre as non-Plan grant and the balance 25 per cent be met by the State, in order to discourage wasteful expenditure. The Eighth Finance Commission further added hailstorm and fire to the list but continued with this distinction. The Ninth Finance Commission recommended that all calamities covered by the existing schemes relating to relief assistance should continue to be covered but the distinction between drought on the one hand and cyclone, flood, fire, etc., on the other hand, be done away with. The Tenth Finance Commission did not make any specific recommendation regarding the nature or type of calamities to be covered by the CRF scheme. It, however, recommended that the Ministry of Agriculture should set up a committee comprising experts and representatives of States to list out the items that could be charged to the CRF. The latest scheme notified by the Ministry of Finance in July, 1995, provides that CRF would cover all natural calamities such as cyclone, drought, fire, flood, etc. The Ministry of Agriculture have emphasised in their memorandum to us that calamities arising out of heavy rains, land-slides, avalanche, hailstorms and pest attacks should also be included in the list of natural calamities eligible for relief expenditure; but fire, heat/cold wave and epidemics should be excluded. Assam has suggested that coverage of the CRF scheme may be enlarged so as to include various types of calamities caused by industrial disaster and epidemics. Karnataka has suggested that severe fluctuations in output and prices of several agricultural products should be considered and, if required, a separate fund should be created for the purpose. Kerala has argued for inclusion of coastal erosion in the list. Madhya Pradesh has suggested that the cost of supply of safe drinking water in times of stress should be included in the list. Punjab is of the view that calamities caused by locust/pest and water logging should also be identified as natural calamities.

9.10 We have examined the suggestions made by the Ministry of Agriculture and the States. It is indeed very difficult to draw a distinction between one natural calamity and another, with a view to limit the use of the CRF for only a few natural calamities and exclude others. In a country where three-fourths of the population is either directly or indirectly dependent on agriculture for its sustenance, any calamity that affects the agricultural productivity or production is bound to cause distress and qualify for relief through State intervention. At the same time, we feel that if this fund is used for all and sundry occurrences, there will be very little available, if at all, when a really difficult and widespread situation of distress surfaces. We are, therefore, of the view that only the natural calamities of cyclone, drought, earthquake, fire, flood and hailstorm should be eligible for relief expenditure from the CRF. As regards providing relief to the people affected by man-made and other disasters, the CRF should not be used and the concerned units from which it emanates should be made to pay for it.

9.11 States have drawn our attention to the instructions issued by the Ministry of Finance for the maintenance of the CRF outside the general revenues and Public Account of the State. The Second Finance Commission, while initiating the practice of margin money for relief expenditure under '64 - Famine Relief', had suggested that each State should invest the unspent balance of this fund in readily marketable securities, to be drawn upon for future relief requirements. This arrangement was endorsed by the Third, Fourth, Fifth, Sixth and the Seventh Finance Commissions. However, each of these Commissions had also noted that this arrangement did not work as the States used it for their ways and means requirements. The Eighth Finance Commission while recommending the contribution of the Centre at 50 per cent of the margin money for each State also required that the unspent balance of the margin money contribution of the State as well as of the Centre need not be invested in any securities but should remain notionally carried forward to the subsequent years, to be released in the year of need. The Ninth Finance Commission, which originated the concept of CRF, had recommended that this fund should be separate from the general revenues of the States and should be kept in a nationalised bank administered by a committee headed by the Chief Secretary of the State. The Ministry of Finance laid down a more elaborate pattern of investment to be made from the CRF which included Government of India securities (15 per cent), 182 days Treasury Bills and Public Sector Banks (25 per cent each), State Co-operative Banks (15 per cent), State

Government Securities and Public Sector Undertaking bonds/units (10 per cent each). A number of States had raised objections to this arrangement before the Tenth Finance Commission. The TFC recommended that the Ministry of Finance should, in consultation with the States, modify the existing instructions relating to the investment of the CRF money so as to provide flexibility in the choice of avenues for investment subject to ensuring security and liquidity. Accordingly, Ministry of Finance issued orders in October, 1995 that investment of the fund should be carried out by a branch of Reserve Bank of India or, in its absence at the State headquarters, by a branch of State Bank of India or a nationalised bank which conducts the State Government business. The Ministry's orders also prescribed the revised investment pattern which included interest earning deposits with Public Sector Banks (30 per cent), auctioned Treasury Bills (25 per cent), interest earning deposits with State Co-operative Banks (15 per cent), Government of India securities of varying maturities, State Government securities and Public Sector Undertaking, Unit Trust of India, Mutual Fund Bonds/Units (10 per cent each). However, the C&AG has reported that even now most of the States do not follow the prescribed investment norms and often use this fund for managing their ways and means requirements. Some States have given suggestions in regard to investment to be made from this fund. Kerala and Rajasthan have suggested that deposits in nationalised banks should be one of the avenues for investing the fund. Tamil Nadu has suggested that the pattern of investment of CRF should be left entirely to the States. Uttar Pradesh has preferred that States may be permitted to deposit the amount of CRF in the form of certificates of deposit for a period of 91 days in order to earn interest while having adequate liquidity. Some States have also stated that when a State was in a situation of revenue deficits and had to borrow funds at high rates of interest, there was no justification for keeping the fund in a bank or investing it on securities and bonds carrying lower rates of interest. While there is some merit in the views expressed by the State Governments, it has to be realised that the provision of grants for calamity relief is in addition to the normal anticipated non-Plan revenue expenditure and is meant only for meeting unforeseen expenditure arising out of natural calamities. We are, therefore, of the view that the CRF should be kept separately outside the Public Account of the State and invested in a manner approved by the Central Government. Where, however, for some reasons, it is not possible to keep it in the manner approved by the Central Government, it should be kept in a Public Account, on which the State Government should pay interest at a rate not less than the market rate as indicated by the Reserve Bank of India.

9.12 Some State Governments have suggested that the list of items on which expenditure from CRF can be incurred should be expanded to include works of capital nature. Andhra Pradesh has suggested that in severe drought conditions, norms may be relaxed to allow for expenditure on capital works such as digging of borewells, installation of pumpsets, etc. Haryana is of the view that restriction on expenditure for such capital works which may reduce the intensity and frequency of natural calamities in future years should be removed. Haryana has also pointed out that the norms of relief fixed by the Government of India are too inadequate compared to the actual requirements of the State. Karnataka has suggested that the Finance Commission should itself lay down the rules for utilisation of CRF and not leave it for regulation by the Ministry of Finance. Kerala has suggested that norms of assistance for loss due to natural calamities should be based on the prevailing prices of the commodities and wage rates of labourers in the State. Ministry of Agriculture has, on the other hand, suggested that States should be advised to strictly adhere to the guidelines of Government of India in respect of the scales and pattern of expenditure. According to the Ministry, expenditure from the CRF for repair/reconstruction of damaged public utilities should be discouraged and that such expenditure should be made from normal annual budget. In our view, there are two issues. The first relates to the items approved by the Expert Committee as eligible for expenditure from the CRF. The Tenth Finance Commission had recommended the constitution of such a Committee to draw up a list of items, the expenditure on which would be chargeable to the CRF. Accordingly, the Expert Committee was constituted and it identified the list of such items, in mid-1995. It is generally noticed that when a natural calamity occurs, there is always a pressure on the State Government to incur expenditure on many more items, not included in the approved list, as has been observed by the C&AG too. This tendency needs to be checked. We do hope and trust that this list should be prepared after due consultation with each State, and local needs and requirements are duly taken care of. We further suggest that, apart from having a list of items eligible for expenditure from the CRF on an all-India basis, State-specific needs and practices should also find a place. A Committee of experts may be set up to review these items afresh. The Committee should have representatives from the State Governments as earlier. The State-specific list should be finalised in consultation with the representatives of the concerned State Government, and in case, the representative of a State Government is not a member of the Committee, he may be either co-opted for this limited purpose or formal consultation with the respective State Government may be done.

9.13 In regard to the amount to be incurred on each approved item of expenditure, we endorse the arrangements recommended by the Tenth Finance Commission. The norms for amount to be incurred on each approved item of expenditure is fixed by the State Level Committee. These are communicated to the Union Ministry of Agriculture which modifies them only when they are significantly high. We feel that there is no need to make any change in this arrangement. In times of natural calamity there is general tendency to exceed the approved limits on various items of expenditure due to local pressure. This needs to be discouraged and in case any State Government exceeds the amount prescribed, the excess expenditure should be borne from the normal budget of the State Government and not from the CRF.

9.14 Many States have suggested that the expenditure on works of capital nature which have the potential of preventing natural calamity or reducing its severity should be permitted to be charged to the CRF. This is linked with the preparation of a long-term strategy for preventing the occurrence of the natural calamity. A number of programmes for preventing droughts, floods etc. have been launched during the last five decades. These ought to have reduced the severity of impact and frequency of occurrence of these calamities. We have indeed come across several instances where the implementation of projects relating to watershed development, rain water harvesting, augmentation and preservation of sub-soil aquifer, etc., have resulted in considerable mitigation in the severity of the drought. Similarly, construction of nala-bunds and check-dams, coupled with appropriate afforestation measures, have reduced the impact of floods. There is a need for devising medium as well as long-term strategies in every part of the country to reduce the frequency of occurrences of the natural calamities and their impact on the area and population. In our view, this task needs to be addressed by the Planning Commission, which in consultation with the State Governments and the concerned Ministries of the Government of India should be able to identify works of capital nature to prevent the recurrence of specific calamities. These works may be financed under the plan.

9.15 A related issue is the restoration of works of capital nature damaged during a natural calamity, viz. roads, bridges, power houses and other public works. The amount required for such purposes is sometimes huge, and, therefore, it becomes difficult to provide for this expenditure from the limited corpus available in the CRF. We suggest that the expenditure on restoration of damaged capital works should ordinarily be met from the normal budgetary heads, except when it is to be incurred as part of providing immediate relief such as restoration of drinking water sources or provision of shelters etc. or restoration of communication links for facilitating relief operations. The expenditure from the CRF should be done only for providing immediate relief to the affected population, and should, by its very nature, be of short duration.

9.16 Another issue relates to release of money by the Central Government to the CRF and monitoring of expenditure. Some States have stated that there is undue delay in the release of funds, and undue insistence on the production of utilisation certificates. Since the amount released by the Central Government has to be credited to the CRF, unless required for meeting the expenditure on an on-going calamity, the releases should be done in a systematic manner on due dates. In our view, the amount due to a State in a year should be released in two instalments - on 1st May and on 1st November, respectively. Before an instalment is released, the State Government should give a certificate indicating that the amount received earlier has been credited to the CRF, accompanied by a statement giving the up-to-date expenditure and the balance amount available in the CRF. This statement itself should be treated as utilisation certificate, as in the scheme of CRF the actual expenditure is incurred only at the time of occurrence of a natural calamity. We further suggest that if in a particular year, the amount required to be spent on the natural calamity is more than the sum available in the CRF, the State should be able to draw 25 per cent of the funds due to the State in the following year from the Centre to be adjusted against the dues of the subsequent year. Any balance remaining in the CRF at the end of a five-year plan period, should be used as a resource for the next plan.

9.17 The Seventh Finance Commission, while suggesting norms and limits for Central share in the expenditure of the States in respect of droughts on the one hand, and cyclones, floods etc. on the other, had recommended that the Centre should, in case the calamity is of rare severity, provide special assistance to the affected State over and above its prescribed share. This recommendation was continued by the Eighth Finance Commission. The Ninth Finance Commission expected that if any region faced a calamity of such dimension and severity as to warrant its handling at national level, the Centre would take appropriate action and incur necessary expenditure, as the situation demanded. The Commission, however, did not recommend any norms or guidelines for classifying a natural calamity as one of rare severity. It also did not recommend any additional fund for this purpose. Consequently, the Government of India did not release any special fund during 1990-95 to any State to meet the calamities of rare severity, though some of the States did face such situations, for example, the earthquake in Latur (Maharashtra), Kandla in Gujarat, Jabalpur in Madhya Pradesh, the devastating cyclone in Andhra Pradesh etc.

9.18 The Tenth Finance Commission considered the issue of calamity of rare severity. The Commission recommended that a ‘National Fund for Calamity Relief’ should be created to which Centre and States contribute in the ratio of 3:1. This Fund should be managed by a National Calamity Relief Committee (NCRC) in which both Centre and States should be represented. The NCRC should be chaired by the Union Minister of Agriculture and have members including the Deputy Chairman, Planning Commission and some State Chief Ministers. However, the Commission did not specify norms for identifying calamities of rare severity on the ground that any definition would bristle with insurmountable difficulties and was likely to be counter-productive. It felt that a calamity of rare severity would necessarily have to be assessed on a case-by-case basis by taking into account, inter-alia, the intensity and magnitude of calamity, level of relief assistance needed, capacity of the State to tackle the problem, the alternatives and flexibility available within the plans to provide succour and relief etc.

9.19 Ministry of Agriculture have recommended that there is a need to lay down broad guidelines for declaring a natural calamity as one of rare severity. They have stated that States in the past have been presenting cases for assistance from NFCR in a routine fashion by projecting any calamity as one of rare severity and that whenever the corpus of

CRF got exhausted, the States normally sought additional assistance from the NFCR even in the event of calamities of minor nature. As a result, as many as 70 memoranda were received by the Central Government from 23 States during the first three years of the award period of TFC, i.e. 1995-98, seeking a total assistance of Rs.24000 crore from the NFCR while the total corpus of NFCR for the five-year period was barely Rs.700 crore. Further, in many cases, funds released from the NFCR were not spent even in a year or so, after the date of release. Ministry of Agriculture are of the view that there should be a time limit for utilization of funds given from the NFCR and unspent amounts should either be returned to the NFCR or adjusted against the contribution of the Centre in the CRF. In a subsequent note submitted they have favoured the discontinuance of the NFCR. States in general have suggested that the NFCR should continue with substantially larger fund and with clear guidelines for identifying calamities of rare severity, etc.

9.20 We are struck by two significant aspects in the operation of NFCR during the period of four years for which information is available. The first relates to a definition or a view of a calamity of rare severity. The Tenth Finance Commission indicated some of the parameters for forming a view, i.e. intensity and magnitude of the calamity, level of relief assistance needed and capability of the State to tackle the problem. However, it also stated that the matter would have to be judged on a case-by-case basis. The guidelines issued by the Ministry of Finance on 24th October, 1995 empower the NCRC to decide whether a calamity is to be treated as one of rare severity to qualify for relief from the NFCR. In practice, however, it has meant a reversion to the pre-1990 situation. In other words, whenever a State is not in a position to meet the expenditure on relief from the amount available in the CRF, a request followed by a memorandum is made to the Central Government to provide funds from the NFCR. A Central Team is then deputed to make an on-the-spot assessment. The report of the Central Team is considered by an Inter-Ministerial Group (IMG) which in turn makes recommendations to the NCRC. The NCRC considers the report of the Central Team and recommendations of the IMG and then takes a view. The long-drawn procedure often involves delay, sometimes unconscionably long, in release of funds. We also came across occasions when the NCRC had bypassed the prescribed procedures, or went beyond the report of the Central Team or the recommendations of the IMG. There have also been occasions when the recommendations made by the Central Teams and the IMG for providing relief were either not accepted or were modified and the amount of relief was reduced.

9.21 The second important aspect relates to the corpus of the NFCR. The NFCR was to have a corpus of Rs.700 crore to be built over a period of five years with contributions from the Central Government and the State Governments in the ratio of 75:25. The entire corpus is reported to have been exhausted in the first three years - i.e. during 1995-98, and inevitably had to be supplemented. A calamity of rare severity is conceptually of such a nature that the intensity and magnitude cannot be anticipated and provided for in advance through the CRF or regular budgetary mechanism. The extent of funds required to meet such a calamity would only be a guesswork and whatever amount is provided in the NFCR may, in a given situation, not be adequate. The Central Government's responsibility does not get restricted to the availability of the amount in the Fund. Additional financial support from the Central Government becomes necessary on a case-to-case basis. The fixing of a ceiling on the corpus, therefore, becomes meaningless, except that it gets some contribution from the State Governments. Past experience has shown occasions when the Central Government had to step in on its own to provide physical and financial support without following the procedure of the visit of a Central Team, IMG recommendations or NCRC decisions. In view of this situation, we feel that the existence of such a fund at the Centre would only lead to more and more representations from the States for assistance even when a calamity could be met from the State's own resources. It only increases the procedural work and does not serve the purpose for which it was established. We, therefore, recommend the discontinuation of this Fund in its present form, as it has not resulted in making funds readily available for meeting the calamity of rare severity but has eroded the discipline and economy in expenditure. The Ministry of Agriculture have also made the suggestion for discontinuing it in a later note sent to us.

9.22 This does not, however, mean that the calamity of rare severity should be left to be attended by the States from their own resources alone. The super cyclone in Orissa (October, 1999) and the drought prevailing currently in some States, are a pointer to the fact that a State faced with a severe natural calamity will not be able to provide relief to the affected area and population all alone and will depend on the assistance from other States and the Central Government. In a situation like this, the decisions will necessarily have to be made on an emergent basis without waiting for an assessment of the damage by a Central team followed by confabulation in an Inter-Ministerial Group and decision by NCRC. There is, therefore, a need to develop a system in which it should be possible to take suo motu cognizance of the occurrence of calamities of rare severity by the Central Government without waiting for any memorandum from the State Government or for the deputation of a Central team for getting an on-the-spot assessment of the damage and of the extent of relief required. In our view, this task can be entrusted to an independent body of experts who should monitor the occurrences of natural calamity on a regular basis in all the States. For this purpose, a National Centre for Calamity Management (NCCM) may be established under the Ministry of Agriculture to monitor the natural calamities relating to cyclone, drought, earthquake, fire, flood and hailstorm. This Centre should monitor such occurrences on a regular basis and assess their impact on the area and population. The damage done to the capital assets and other infrastructure should be done on a continuous basis. The Centre should also assess whether the State will be in a position to provide relief in a specific case of calamity of severe nature from the CRF and its own resources. It should then make a recommendation to the Central Government on its own as to whether the calamity is of a severe nature and, therefore, eligible for assistance from the Central Government and other State Governments. On the basis of such a recommendation, the Central Government should be able to take a view on the manner and extent of assistance which needs to be provided to the State. In order to avoid extra burden on the Central budget and also to limit such expenditure only for calamities of rare nature and of extraordinarily severe intensity, any assistance provided by the Centre to the States in this regard, should be financed by levy of a special surcharge on the Central taxes for a limited period. A surcharge can also instil a feeling of national participation for a national cause. Collection from such surcharge should be kept in a separate fund, to be known as National Calamity Contingency Fund (NCCF), created in the public account of the Government of India. The Government of India should contribute an initial core amount of Rs.500 crore to this fund so that funds for initial operation are readily available. However, drawals from the fund should be accompanied by imposition of the special surcharge proposed by us so that it is immediately recouped. The proceeds from the special surcharge be utilised to finance the expenditure on natural calamity. Any balance left from the collection of the surcharge, after meeting the exigency for which it was collected, should be credited to the fund and not treated as a resource for meeting the budgetary expenditure. In order to ensure that there is no delay in the flow of funds to the States for administration of relief, a legislation enabling the Central Government to levy surcharge may be enacted.

9.23 The National Centre should also take up studies on the recurrence of various types of natural calamities in individual States and suggest measures that need to be taken to prevent them in the short, medium and long terms. These may be given due consideration by the Planning Commission at the time of finalisation of plans. This Centre should also keep in readiness an inventory of items needed for providing relief at the time of natural calamity and locate the places/centres where these could be kept readily available. The National Centre should provide training to the State cadres identified for deployment for calamity relief duties, on an annual basis for updating their knowledge and preparedness. It should undertake documentation in terms of relief manuals, accounting procedures, case studies etc. It should also undertake evaluation of the expenditure incurred out of CRF as well as out of Central assistance which may help in evolving future course of action on this subject.

9.24 It has been suggested to us that a comprehensive insurance scheme should be evolved to cover the financial burden of relief expenditure incurred at the time of occurrence of a natural calamity. Ministry of Agriculture have stated that a comprehensive crop insurance scheme, called the Rashtriya Krishi Bima Yojana, covering failure of certain crops, is already in operation. The scheme provides compulsory insurance coverage for crop loans taken by farmers from financial institutions as a result of natural calamities, pests and diseases. It is available to non-loanee farmers also, on an optional basis. The Ministry are of the view that this scheme should be implemented by all the States, failing which no assistance should be given to the agricultural sector in the State at the time of natural calamities. Ministry of Finance have suggested adoption of an insurance fund approach to the entire scheme of calamity relief to a State, with a limit on the amount which could be drawn by the State as entitlement and should be related to the State's contribution. Any assistance beyond the agreed limits on entitlement should be only in the form of ways and means assistance. Tamil Nadu has suggested that a National Crop Insurance Policy should be evolved under a simplified system wherein each State would determine the amount of cover they would need, based on their past experience. A consortium of insurance companies can be asked to develop scientific criteria for assessing likelihood of damages each year. The quantum of required relief and the premium can be worked out in such a manner that in the long-run, the expenditure is met by payments through insurance cover. The premium amount can be shared between the Centre and the States in the ratio of 90:10.

9.25 We have examined the possibility of evolving an insurance scheme to cover the expenditure on relief incurred at the time of a natural calamity. In this regard, we held discussions with the Special Secretary (Insurance), Ministry of Finance and the Chairman, General Insurance Corporation. They informed us that a scheme for floating Calamity Relief Bonds on the pattern of Japan and the U.S.A., with the objective of using it for providing relief on the occurrence of a natural calamity was under consideration. The details and the financial implications of this scheme were still being worked out. They further stated that a crop insurance scheme was already in operation in some States and for some crops. The scope of this scheme was being further extended to cover more crops. However, the crop insurance will be able to provide financial assistance only to the extent of the amount guaranteed under the scheme to the insurers. It does not provide for any assistance to non-farmers, destitutes, aged, or for cattle, etc., nor does it take care of the requirements of food, fodder and drinking water at the time of a calamity.

9.26 The Ninth Finance Commission was required to examine the feasibility of establishing a national insurance fund to which the States may contribute a percentage of their revenue receipts. The Commission had noted that a natural calamity, by its very nature and magnitude, posed problems which no agency outside the government could tackle exclusively and adequately. The process of getting the loss assessed by an external agency was bound to be complicated and time consuming which would defeat the very purpose, that is, of providing timely succour to the affected people. Besides, the largest group of sufferers in a natural calamity are the poor and the weak who have hardly any assets to insure. The Ninth Finance Commission, therefore, found that the concept of an insurance fund for disaster relief was neither viable nor practicable. We are also of the view that any insurance cover in which the premium is paid fully by the Centre and States may not reduce the financial burden of the Centre and States, as compared to a fund created at the Government level and used for meeting expenditure on calamity relief. However, we concede that the crop insurance scheme will help individual farmers, especially at the time of natural calamities, to recoup their losses. This scheme deserves to be strengthened. But it would be a supplementary measure to what is done by the Government for providing relief at the time of natural calamity.

9.27 The lack of availability of trained manpower to manage various types of natural calamities has been a major handicap in providing timely relief to the affected area and population. The suddenness and intensity of the natural calamity often leaves the administration stunned. Frequency of occurrence of natural calamities in different regions of the country has drawn our attention to the measures required for disaster preparedness. The country is exposed to various types of natural calamities because of its geographical location, geological factors, behaviour of monsoon, and long coastal exposure. Recently, the country faced a super cyclone in Orissa which exposed the country's unpreparedness in management of severe disasters. The fury of the cyclone was such that it took nearly a week to understand the gravity of its impact. Adequate preparations for management of a disaster is an essential concomitant for ensuring speedy administration of relief. Every major State needs to have trained manpower to cope with various types of natural calamities. In our view, a core multi- disciplinary group of about 200-300 persons should be created in each State by drawing persons from different cadres. This group should be given training in diverse fields such as communication, medical and public health, sanitation, housing, etc. so that the country can have a set of about 3000-4000 trained personnel at any point of time. During normal times these persons can continue to be in their respective cadre/field and discharge their usual duties and, in times of natural calamities, they may be drawn out for such special duties. An honorarium as determined by the Government of India from time to time may be paid to each such person as an incentive to participate in such a Scheme. They may be provided training every year so that their knowledge and preparedness is updated and they know each other, facilitating coordination and team spirit at the time of a crisis. They can be deployed in any place in the country where their services are required in the event of a natural calamity. The expenditure on their training should be met from the CRF.

9.28 Natural calamities of one type or the other have been occurring at a rather regular frequency in the country. Relief is administered by the States from their own resources and, at times, supplemented by the Central Government. Documentation of these occurrences and their handling by various agencies is not done on a regular and systematic manner by any State or by the Central Government. We recommend that every State should be required to prepare and send to the Central Government an annual report recording the various types of calamities which required the stepping in of the State for providing relief. The report should, inter alia, detail the causes, as perceived, the assessment of damages to area and the population, the nature of relief provided, the sources from which it was drawn including the support made available by the Central Government, other State Governments, and other donors/agencies, and lessons for the future including the remedial measures which need to be taken. This report should be sent by every State Government to the Ministry of Agriculture positively by 30th September every year. Even if the report is nil, it should still be sent. The Central Government's contribution to the CRF of a State due on 1st November, as indicated earlier, should not be released until this report is received by the Ministry. Based on the State-specific reports and evaluation reports of the NCCM, the Ministry of Agriculture should prepare an Annual Report on Natural Calamities and their Management, latest by 31st December of every year. The report should be released to the public.

9.29 To sum up:

(a) The scheme of Calamity Relief Fund (CRF) be continued with contributions from the Centre and the States in the ratio of 75:25.

(b) The CRF should be used for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood and hailstorm.

(c) Expenditure on restoration of infrastructure and other capital assets, except those which are intrinsically connected with relief operations and connectivity with the affected area and population should be met from the plan funds on priority.

(d) Medium and long-term measures be devised by the concerned Ministries of the Government of India, the State Governments and the Planning Commission to reduce, and if possible, eliminate, the occurrences of these calamities by undertaking developmental works.

(e) The CRF should be kept out of the Public Account of the State and should be invested in a manner approved by the Ministry of Finance. If for some reasons, it is not possible to keep the Fund in a nationalised bank or invest in a manner approved by the Ministry of Finance, it may be kept in the Public Account of the State, on which interest should be payable by the State Government at a rate which is not less than the market rate of interest as indicated by the Reserve Bank of India.

(f) The balance in the Fund at the end of the five-year plan period, may be made available to the State for being used as a resource for the next plan.

(g) The State level Committee constituted under the existing scheme may continue to function and take all decisions related to the financing of relief expenditure subject to general guidelines issued by the Ministry of Agriculture.

(h) The Union Ministry of Agriculture will continue to be the nodal Ministry for coordinating relief works, and for arranging physical and financial support including the assistance of the Union Ministries of Defence, Railways etc.

(i) A Committee of Experts should be constituted to review the list of items approved for incurring expenditure from the CRF, drawn up by the earlier Committee. The Committee should have representatives from the State Governments. Apart from the general list of items applicable to all States, State specific list may also be drawn up in consultation with the representative of the concerned State Governments. A representative of the State Government, not already represented in the Committee, may be co-opted for this limited purpose.

(j) The existing arrangement for fixing the norms of expenditure on each approved item may continue. In case the norm is exceeded, the additional expenditure may be met from the budget of the State Government and not from the CRF.

(k) The release of the funds from the Centre to the CRF of each State may be done in two instalments, viz. on 1st of May and 1st of November, each year. The instalment due on 1st May should be released only after receiving from the State Government a certificate indicating that the amount received during the preceding financial year has been credited to the CRF, accompanied by a statement giving the updated expenditure and the balance amount available in the CRF. This statement itself should be treated as utilisation certification.

(l) The Accountants General of the States should ensure that only the expenditure on approved items as per norms is met out of the CRF.

(m) The Scheme of NFCR should be discontinued, in view of the difficulty in evolving an unambiguous definition of calamity of rare nature, and the difficulty in providing adequate financial assistance to the States from the limited amount available in the Fund.

(n) A National Centre for Calamity Management (NCCM) under the Ministry of Agriculture be established to monitor all types of natural calamities, including calamities of rare severity, without any specific reference from the Central or the State Governments. This Centre should be empowered to make recommendation to the Central Government as to whether a calamity is of such severe nature that would call for financial assistance to the affected State over and above what is available in the CRF or other plan/non-plan sources.

(o) Any financial assistance provided by the Central Government to the States in this regard, should be recouped by levy of a special surcharge on Central taxes. Collections from such surcharge/cess should be kept in a separate fund created in the public account of the Central Government, to which it should contribute Rs.500 crore as the initial core amount. Outgo from this fund should be recouped by levy of the surcharge.

(p) This National Centre should also develop expertise for providing training to the States' manpower on a regular basis, keep an inventory of physical resources available at various places for meeting the calamities, and undertake monitoring and documentation.

(q) Every State should develop an inter-disciplinary cadre under the Relief Commissioner comprising 200 to 300 persons who could be deployed for relief works on the occurrence of a natural calamity within the State or in any other part of the country.

(r) Every State should prepare an Annual Report on natural calamities relating to the preceding financial year, and submit it to the Union Ministry of Agriculture by 30th September every year. The Centre's contribution to the CRF of a State, due on 1st November, will be released only after this report has been received.

(s) The Union Ministry of Agriculture should bring out a Report on the Natural Calamities and their Management, by 31st December every year.

Chapter X

Grants-in-aid to the States

10.1 The terms of reference require us to make recommendations, firstly, on the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India, and secondly, the sums to be paid to the States which are in need of assistance by way of grants-in-aid of their revenues under article 275(1) of the Constitution for purposes other than those specified in the provisos to clause (1) of that article. This article also provides that different sums may be fixed for different States after determining their needs. The primary responsibility has been given to Parliament under article 275(1) of the Constitution to make provision for grants-in-aid by law every year; however, till this is done the powers of Parliament are exercisable by the President subject to any provision that the Parliament may make subsequently. The Finance Commission has to recommend the principles for determining the needs of each State which may be the basis for giving grants-in-aid to the States.

10.2 States have given their views on the principles that should govern the grants-in-aid to the revenues of the States. The relatively better off States like Karnataka, Tamil Nadu, Goa, Maharashtra and Gujarat have suggested an incentive-based grants-in-aid for better fiscal management. The less developed States like Madhya Pradesh and Orissa have suggested that the grants-in-aid should be given to meet the deficits in the plan and non-plan revenue expenditure and should not be confined only to meeting deficit on non-plan revenue account. Uttar Pradesh has further suggested that the Commission should give up gap-filling approach adopted by previous Commissions and ensure that States have adequate revenue surplus to invest in various development programmes. States have also requested for giving grants-in-aid for the upgradation and modernisation of administration and for meeting their special problems.

10.3 The principles for grants-in-aid to the revenues of the States have evolved over the course of last half a century through recommendations of the various Finance Commissions. What came to be accepted is that the grants-in-aid may be given to the States to cover the assessed deficit on non-plan revenue account, after devolution of taxes and duties. The deficits are worked out after excluding any unusual or non-recurrent item of revenue or expenditure; the idea is that the expenditure and revenues of the States should be comparable so that no State is allowed to take advantage of the provisions of Article 275(1) by inflating the expenditure or understating the revenues. Secondly, grants-in-aid may be recommended for the upgradation of the standards of administration of the States. The idea is to correct the disparities in the availability of administrative and social services between the developed and the less developed States so that a citizen, irrespective of the State boundary where he lives, is provided with certain basic minimum standards of such services. And lastly, grants-in-aid may be recommended by the Finance Commission to provide assistance to a State to meet expenditure on account of any special problems peculiar to that State.

10.4 The Finance Commissions have generally refrained from making any recommendations for giving any grants-in-aid to cover the revenue component of the plan expenditure. In the past, the Second and Third Finance Commissions were given the mandate to make recommendations in this regard. But since then, except the Ninth Finance Commission, no Finance Commission assessed the revenue component of the plan or recommended any grants to provide for the deficit on this account. In fact the Fourth Finance Commission observed that while it is within the purview of a Finance Commission to make recommendations to cover expenditure on plan revenue account, it refrained from doing so because the Planning Commission has been specially constituted for advising the Government of India and the State Governments in this regard. It noted that the importance of planned economic development is so great and its implementation so essential that there should not be any division of responsibility in regard to any element of plan expenditure. We have been required to take into consideration the plan and non-plan revenue expenditure of the States keeping in view the need for generating surplus for investment and reducing deficit. Information on the revenue component of the plan for the years 2000-01 and 2001-02 is not available. The preparation for the Tenth Plan has not yet started. While assessing the resources of the States and the Centre, we have taken this into account and have indicated the extent of funds that can be transferred to the States as a percentage of gross revenue receipts of the Centre. What remains as a residual after the transfer recommended by us for each State can be used by the Planning Commission to determine the revenue component of the plan of each State after making their own assessment of the needs. We have, therefore, not made any recommendation for any grants to be given to States to meet the deficit on the plan revenue account.

10.5 We have already made an assessment of the revenue receipts and non-plan revenue expenditure of the States in an earlier Chapter where the concerns of the States have been taken into account in the assessment of revenue receipts and non-plan revenue expenditure. The norms laid down by us together with the principles for sharing of Central taxes recommended by us are expected to act as an incentive for better fiscal performance. However, the position emerging after assessment of the budgetary position of each State on non-plan revenue account before the devolution of central taxes and grants is given in Table 10.1.

Table 10.1 : Pre-devolution Non-Plan Revenue Surplus/Deficit : 2000-05

(Rs. in lakhs)

State	2000-01	2001-02	2002-03	2003-04	2004-05	Total 2000-05
1	2	3	4	5	6	7
Andhra Pradesh	-69246	37975	35758	193714	380081	578282
Arunachal Pradesh	-37653	-40052	-42545	-45113	-49260	-214623
Assam	-188655	-193961	-187762	-185794	-182471	-938643
Bihar	-643599	-673518	-771067	-810205	-865526	-3763915
Goa	-6721	-2556	-1464	4999	13007	7265
Gujarat	104347	221424	270527	446661	655118	1698077
Haryana	38770	88349	125961	202873	298711	754664
Himachal Pradesh	-141870	-143264	-144850	-142472	-139494	-711950
Jammu & Kashmir	-280904	-305390	-318748	-339648	-361881	-1606571
Karnataka	25122	104231	103058	214538	340573	787522
Kerala	-136315	-102013	-128592	-71485	1069	-437336
Madhya Pradesh	-266554	-233575	-269226	-221447	-145414	-1136216
Maharashtra	218301	450976	606538	956082	1382926	3614823
Manipur	-55254	-58570	-62097	-65835	-70470	-312226
Meghalaya	-52301	-54597	-57759	-59408	-61875	-285940
Mizoram	-42982	-45437	-48034	-52078	-53609	-242140
Nagaland	-76325	-81262	-88184	-92264	-98380	-436415
Orissa	-309176	-322298	-399459	-418814	-438000	-1887747
Punjab	-90428	-71694	-54098	-6491	56892	-165819
Rajasthan	-391397	-373878	-392470	-362088	-300928	-1820761
Sikkim	-26918	-28670	-30506	-32417	-34790	-153301
Tamil Nadu	-199804	-132806	-99492	29568	192778	-209756
Tripura	-75656	-79995	-85324	-89353	-94354	-424682
Uttar Pradesh	-1172926	-1175991	-1273943	-1249683	-1205375	-6077918
West Bengal	-607696	-614930	-648634	-629231	-599240	-3099731
Aggregate Deficit	-4872380	-4734457	-5104254	-4873826	-4701067	-24285983
Aggregate Surplus	386540	902955	1141842	2048435	3321155	7800926

10.6 Share of each State in the Central tax revenues as recommended by the us is detailed in Chapter VI. The position that emerges after the devolution of Central tax revenues is indicated in Table 10.2 below.

Table 10.2 : Post Tax Devolution Non-Plan Revenue Surplus/Deficit of the States

(Rs. in lakhs)

State	2000-01	2001-02	2002-03	2003-04	2004-05	Total 2000-05
1	2	3	4	5	6	7
Andhra Pradesh	347070	523330	601743	853875	1150289	3476307
Arunachal Pradesh	-24463	-24674	-24612	-24196	-24857	-122802
Assam	-11068	13076	53669	95810	146075	297562
Bihar	145569	246521	301813	441194	594479	1729576
Goa	4415	10427	13676	22658	33610	84786
Gujarat	256850	399217	477856	688488	937258	2759669
Haryana	89803	147845	195340	283796	393124	1109908
Himachal Pradesh	-104947	-100218	-94653	-83923	-71185	-454926
Jammu & Kashmir	-211166	-224087	-223939	-229064	-232863	-1121119
Karnataka	291638	414945	465388	637157	833642	2642770
Kerala	28946	90654	96082	190573	306812	713067
Madhya Pradesh	211229	323440	380323	536181	738510	2189683
Maharashtra	468707	742908	946967	1353156	1846191	5357929
Manipur	-35468	-35503	-35198	-34460	-33865	-174494
Meghalaya	-33813	-33042	-32623	-30090	-27670	-157238
Mizoram	-32278	-32958	-33482	-35105	-33807	-167630
Nagaland	-64432	-67396	-72015	-73404	-76377	-353624
Orissa	-35849	-3643	-27868	14607	67671	14918
Punjab	-28421	596	30201	91834	171608	265818

1	2	3	4	5	6	7
Rajasthan	-95526	-28942	9768	107080	246449	238829
Sikkim	-16970	-17073	-16983	-16644	-16388	-84058
Tamil Nadu	91309	206583	296279	491191	731353	1816715
Tripura	-49329	-49302	-49532	-47605	-45648	-241416
Uttar Pradesh	-102674	71746	181074	447438	774652	1372236
West Bengal	-168972	-103451	-52186	66462	212423	-45724
Aggregate Deficit	-1015376	-720289	-663091	-574491	-562660	-3535907
Aggregate Surplus	1935536	3191288	4050179	6321500	9184146	24682649

10.7 After the devolution of Central tax revenues, some States will still have deficit on non-plan revenue account. We recommend grants-in-aid to be given under article 275(1) of the Constitution, equal to the amount of deficits assessed for each year during the period 2000-05. The amount of the grant for each State, having non-plan deficits is indicated in Table-10.3 for each of the 5 years starting from the financial year 2000-01. In the interim report, we had recommended provisionally grants-in-aid to be given to the States in the year 2000-01 at Rs.11000 crores. We have since completed the reassessment of the States' finances on the basis of the latest data on the States' budgetary position. On the basis of the grants to be given to the States having deficit on non-plan revenue account have been reassessed at Rs.10154 crore.

Table 10.3 : Non-Plan Revenue Grants: 2000-05

(Rs. in lakhs)

State	2000-01	2001-02	2002-03	2003-04	2004-05	Total 2000-05
1	2	3	4	5	6	7
Arunachal Pradesh	24463	24674	24612	24196	24857	122802
Assam	11068					11068
Himachal Pradesh	104947	100218	94653	83923	71185	454926
Jammu & Kashmir	211166	224087	223939	229064	232863	1121119
Manipur	35468	35503	35198	34460	33865	174494
Meghalaya	33813	33042	32623	30090	27670	157238
Mizoram	32278	32958	33482	35105	33807	167630
Nagaland	64432	67396	72015	73404	76377	353624
Orissa	35849	3643	27868			67360
Punjab	28421					28421
Rajasthan	95526	28942				124468
Sikkim	16970	17073	16983	16644	16388	84058
Tripura	49329	49302	49532	47605	45648	241416
Uttar Pradesh	102674					102674
West Bengal	168972	103451	52186			324609
Total	**1015376**	**720289**	**663091**	**574491**	**562660**	**3535907**

10.8 It would be observed that a substantial amount from the grants-in-aid recommended by us will go to the special category States. In fact during the fourth and fifth year, only the special category States will get the grants-in-aid to meet the deficit on non-plan revenue account. Since we are taking the entire requirement of these special category States on non-plan revenue account, the practice of diverting a part of plan grants to meet the non-plan revenue expenditure should be discontinued so that the plan evolved by the Planning Commission for each one of these States is directed towards development especially for development of infrastructure. This would create the base, which has been lacking, for an accelerated economic development in years to come. This also makes the budgetary position of the States more transparent and helps in focusing expenditure in desired areas.

10.9 The dependence of the States in the grants-in-aid gets reduced by the terminal year i.e. 2004-05. As against fifteen States getting non-plan revenue deficit grants in the first year i.e. 2000-01, only nine States will be entitled to these grants. These are all Special Category States. Higher amount of grants for meeting the non-plan revenue deficit has become necessary because of the discontinuance of the allocation of a percentage of excise duty for meeting the requirement of the deficit States alone as was done by Eighth, Ninth and Tenth Finance Commissions. This has made the revenue budgets of some of the chronically deficit States more transparent, and the Central assistance more explicit. We have given the position of the non-plan revenue accounts emerging after the devolution of Central taxes and duties and revenue deficit grants in Table 10.4.

Table 10.4 : Non-Plan Revenue Accounts of States after devolution of Taxes & Duties and non-plan deficit grants

(Rs. in lakhs)

State	2000-01	2001-02	2002-03	2003-04	2004-05	Total 2000-05
1	2	3	4	5	6	7
Andhra Pradesh	347070	523330	601743	853875	1150289	3476307
Arunachal Pradesh	0	0	0	0	0	0
Assam	0	13076	53669	95810	146075	308630
Bihar	145569	246521	301813	441194	594479	1729576
Goa	4415	10427	13676	22658	33610	84786
Gujarat	256850	399217	477856	688488	937258	2759669
Haryana	89803	147845	195340	283796	393124	1109908
Himachal Pradesh	0	0	0	0	0	0
Jammu & Kashmir	0	0	0	0	0	0
Karnataka	291638	414945	465388	637157	833642	2642770
Kerala	28946	90654	96082	190573	306812	713067
Madhya Pradesh	211229	323440	380323	536181	738510	2189683
Maharashtra	468707	742908	946967	1353156	1846191	5357929
Manipur	0	0	0	0	0	0
Meghalaya	0	0	0	0	0	0
Mizoram	0	0	0	0	0	0
Nagaland	0	0	0	0	0	0
Orissa	0	0	0	14607	67671	82278
Punjab	0	596	30201	91834	171608	294239
Rajasthan	0	0	9768	107080	246449	363297
Sikkim	0	0	0	0	0	0
Tamil Nadu	91309	206583	296279	491191	731353	1816715
Tripura	0	0	0	0	0	0
Uttar Pradesh	0	71746	181074	447438	774652	1474910
West Bengal	0	0	0	66462	212423	278885
Total: All States	**1935536**	**3191288**	**4050179**	**6321500**	**9184146**	**24682649**

10.10 We have also made recommendations for upgradation of standards of administration and for special problems, and for local bodies. We have also provided separately for the contribution of the Central Government towards the Calamity Relief funds of the States which would also accrue to the States as grants. The position of total transfers made to each State during the period 2000-05 on the basis of our recommendations is given in Table 10.5.

Table 10.5 : Total Transfer to States : 2000-05

(Rs.in lakhs)

State	Share in Central Taxes & Duties	**Grants-in-aid**						**Total**
		Non-Plan Revenue Deficit	Upgradation and Special Problems	**Local Bodies**		Relief Expen-ditutrue	Total (Col.3 to Col.7)	Transfer (Col. 2+ 8)
				Panchayats	Munici-lities			
1	2	3	4	5	6	7	8	9
Andhra Pradesh	2898025	0	28523	76024	16466	82080	203093	3101118
Arunachal Pradesh	91822	122802	9059	2784	68	4983	139696	231518
Assam	1236205	11068	13254	23345	2154	42060	91881	1328086
Bihar	5493490	0	40160	78504	9390	51246	179300	5672790
Goa	77522	0	2728	927	464	515	4634	82156
Gujarat	1061593	0	23485	34804	13252	66888	138429	1200022
Haryana	355244	0	13265	14709	3664	33695	65333	420577
Himachal Pradesh	257025	454926	9116	6567	389	18020	489018	746043
Jammu & Kashmir	485450	1121119	12782	7441	1566	14464	1157372	1642822
Karnataka	1855248	0	31153	39412	12482	30903	113950	1969198
Kerala	1150404	0	12914	32963	7525	27866	81268	1231672
Madhya Pradesh	3325898	0	49452	71547	15601	37340	173940	3499838
Maharashtra	1743105	0	33197	65673	31625	65149	195644	1938749
Manipur	137732	174494	5859	1877	440	1189	183859	321591
Meghalaya	128701	157238	5739	2561	270	1632	167440	296141

1	2	3	4	5	6	7	8	9
Mizoram	74511	167630	8984	786	384	1232	179016	253527
Nagaland	82790	353624	6284	1287	179	812	362186	444976
Orissa	1902664	67360	21505	34559	3996	45366	172786	2075450
Punjab	431637	28421	11001	15464	5473	50857	111216	542853
Rajasthan	2059588	124468	29985	49095	9942	85785	299275	2358863
Sikkim	69243	84058	6678	529	21	2863	94149	163392
Tamil Nadu	2026472	0	25186	46612	19337	42536	133671	2160143
Tripura	183267	241416	6018	2846	402	2155	252837	436104
Uttar Pradesh	7450156	102674	66991	131913	25163	74033	400774	7850930
West Bengal	3054009	324609	23945	57773	19749	41900	467976	3521985
Total All States	**37631801**	**3535907**	**497263**	**800000**	**200000**	**825569**	**5858739**	**43490540**

Dr. A. Bagchi, Member, has given a note on the "Need to Strengthen the Equalising Role of Fiscal Transfers", which is appended at the end of the Report.

Chapter XI

Debt Position of the States and Corrective Measures

Introduction

11.1 The Commission is required, under paragraph 9 of the Terms of Reference, to (i) make an assessment of the debt position of the States as on 31st March, 1999, and (ii) suggest such corrective measures as are deemed necessary, keeping in view the long term sustainability of debt for both the Centre and the States. For the first time, a reference has been made to 'long term sustainability of debt' for the Centre as well as the States. This was also a critical consideration in the context of 'restructuring of public finances' which we have already dealt with in an earlier Chapter. Our concern here is with the relevant corrective measures. While considering these measures, we have to keep in mind the question of the long-term sustainability of debt of the States as well as of the Centre.

11.2 In the context of sustainability of debt, previous Commissions had also expressed concern over the growing debt and had emphasised the need to consider the cost of debt, the use and the productivity of the borrowed funds, and the arrangements for the amortisation of debt while resorting to borrowings. For example, the Ninth Finance Commission had observed that "ultimately, the solution to the government debt problem lies in borrowed funds (a) not being used for financing revenue expenditure; and (b) being used efficiently and productively for capital expenditure so as to earn returns and/or increase productivity of the economy resulting in increased governmental revenues". The Tenth Finance Commission also drew attention to three disturbing features of the debt profile of the States and its management as being "(i) diversion of borrowed funds for meeting revenue expenditure; (ii) use of loans in unproductive enterprises, or enterprises which were potentially productive but were beset by poor performance and currently yielding low or even negative returns; and (iii) non-provision for depreciation or amortisation funds in respect of government owned assets, leading to repayments out of fresh borrowings."

11.3 Accumulation of debt reflects the outcome of the fiscal operations of Centre/States on the revenue and expenditure sides of their budgets. If expenditure, whether committed or discretionary, exceed revenues, tax and non-tax, the excess can only be financed through fresh borrowing. If the mismatch in the growth of revenues and expenditure is of a temporary nature, borrowing provides a mechanism by which the adjustment is smoothened out. However, if the mismatch persists over a long period of time and grows in volume, debt tends to become unsustainable, and one has to look at the structural causes of persistent and growing fiscal deficits, i.e., requirement of fresh borrowing.

11.4 We have already discussed the basic structural deficiencies and the underlying causes that have driven the finances of States on to a course of mounting debt, deficits and debt-servicing burden. Bearing those considerations in mind, we propose to suggest prudent corrective measures here. However, as required, first we make an assessment of the existing position of debt of the States.

Debt Position of States

11.5 Total debt of the States including short-term debt is estimated to have risen from Rs. 4,00,754 crore as on 31st March, 1999 to Rs.4,73,677 crore as on 31st March, 2000. The stock of debt and its composition at the end of these two years is shown at Annexures XI.1 & XI.2 respectively. Loans from the Central government accounted for about 50 per cent of the outstanding debt at the end of financial years 1998-99 and 1999-2000. The share of market loans (including loans from banks and ways and means advances), and of provident funds etc. came to 19.5 and 15.8 per cent at the end of 1998-99, and 20.1 and 16.0 per cent at the end of 1999-00 of the total outstanding debt, respectively.

11.6. In assessing the overall debt position of the States, the previous Finance Commissions followed the practice of excluding the short-term component of debt. In keeping with this practice and for purposes of comparison, the profile of estimated debt of State governments, excluding Ways and Means advances, and Reserve Funds and Deposits is shown in Table 11.1.

Table 11.1: Total Outstanding Long Term Debt of State Governments

(Rs. in crores)

	End of March	1995		1999		2000	
		Amount	% of total debt	Amount	% of total debt	Amount	% of total debt
1)	Internal Debt						
a)	Market Loans	31200	17.06	61593	18.40	71720	17.86
b)	Loans from Banks etc.	3458	1.89	10661	3.19	17294	4.31
2)	Loans from Centre	115238	63.01	199007	59.46	236696	58.94
3)	Provident Funds etc.	32991	18.04	63405	18.95	75860	18.89
	Total	**182887**	**100.00**	**334666**	**100.00**	**401570**	**100.00**

11.7 The share of Central loans in the total debt of States has been steadily declining as may be seen at Annexure XI.3. In 1984, the share of Central loans was 72.34 per cent of the total long-term debt of the States. By 1995, this share had declined to about 63 per cent and is estimated to have declined to about 59 per cent at the end of March, 2000. The decline in the share of Central loans is reflected in the increasing share of internal debt and provident funds during this period. However, Central loans still continue to be the single largest component of the total debt of the States. On the whole, the long-term debt of States has been gradually shifting to relatively costlier sources.

11.8 Central loans due for repayment by the States during the period 2000-05 is shown in Table 11.2 below:

Table 11.2: Instalment of Central Loans* due for Repayment by States during 2000-05

Items	(Rs. in crores)
1. Plan Loans	**30947**
(a) State Plan	30085
(b) Drought Loans	13
(c) Others	15
(d) Central Sector	177
(e) Centrally Sponsored Schemes	657
2. Non Plan Loans	**20422**
(a) Small Savings Loans	19915
(b) Modernisation of Police	46
(c) Housing for All India Services	50
(d) Others	411
Grand Total (1+2)	**51369**

**Pertains to Central loans outstanding as on March 31, 1999.*

The State-wise position of repayment due during the period 2000-05 is given at Annexure XI.4.

11.9 Aggregate debt of States as percentage to Gross State Domestic Product (GSDP new series) has gone up from 20.71 per cent in 1996-97 to 22.98 per cent in 1998-99. The State-wise position in this regard for the year 1998-99 is indicated in Table 11.3 below. Corresponding figures for earlier years are given in Annexure XI.5.

Table 11.3: Debt as Percentage to GSDP

(Per cent)

State	1998-99	State	1998-99
Andhra Pradesh	20.29	Manipur	44.66
Arunachal Pradesh	40.23	Meghalaya	23.35
Assam	23.23	Mizoram	58.39
Bihar	33.14	Nagaland	50.92
Goa	34.21	Orissa	37.79
Gujarat	18.13	Punjab	34.58
Haryana	21.14	Rajasthan	28.85
Himachal Pradesh	55.87	Sikkim	64.24
Jammu & Kashmir	47.98	Tamilnadu	16.41
Karnataka	17.48	Tripura	37.18
Kerala	27.13	Uttar Pradesh	27.97
Madhya Pradesh	18.63	West Bengal	26.19
Maharashtra	13.08	All States	22.98

Note: *Debt includes internal debt (including ways and means advances outstanding at the end of the year), loans and advances from the Central government, small savings, provident funds, and other accounts, excluding reserve funds and deposits.*

11.10 State-wise share of debt to total debt of all States as on 31st March for the years 1993 to 2000 is indicated in Annexure XI.6. Rates of interest on Central loans (other than small savings loans) and those on small savings loans to

States are indicated in Annexures XI.7 & XI.8. These show that the burden of debt servicing has increased substantially due to gradual and steady increase in interest rates, among other things.

Sustainability

11.11 In our discussion on restructuring we have considered various aspects of the issue of debt sustainability. To recapitulate, we need to consider an answer to the following two questions: (i) at what level should debt be stabilised as a percentage of GDP in the case of the Centre, and as a percentage of respective GSDPs in the case of the States; and, (ii) given these debt-GDP/debt-GSDP ratios, what are the conditions under which these can be sustained by the respective governments. In our view the answers to these questions depend critically upon the rate of growth of (nominal) GDP/ GSDP, the effective interest rate on borrowing by the concerned governments (Centre/States), the rate of growth of revenue receipts and the proportion of primary expenditure (expenditure other than interest payments) relative to GDP/ GSDP that may be considered desirable. Given other things, a State which has a higher growth rate relative to interest rate, can sustain debt at a higher level relative to GSDP. This issue has been discussed in Chapter III.

11.12 Since the question of desirable level of debt-GSDP ratio can be addressed in terms of the current burden of interest payment as percentage of revenue receipts, we first look at the relative position of States in terms of interest payment to revenue receipts. The revenue receipts here include the State's share of Central taxes and grants. The relevant information is given at Annexure XI.9. It is observed that in the case of some States the ratio of interest payment to revenue receipts is very high. For example the average ratio of payment of interest to revenue receipts (1996-97 to 1998-99) has been more than 25 per cent in the case of Punjab, Orissa, Uttar Pradesh and West Bengal. The position of States is summarised in Table 11.4.

Table 11.4: Interest Payment as percentage of Revenue Receipts

Above 25 per cent	Punjab, Orissa, Uttar Pradesh, West Bengal
20 - 25 per cent	Bihar, Rajasthan
15 - 20 per cent	Haryana, Kerala, Himachal Pradesh, Gujarat, Andhra Pradesh, Goa
10 - 15 per cent	Madhya Pradesh, Maharashtra, Assam, Tamil Nadu, Karnataka, Jammu & Kashmir, Nagaland, Tripura, Sikkim
Below 10 per cent	Mizoram, Meghalaya, Arunachal Pradesh, Manipur.

11.13 Our terms of reference indicate that it is not only the sustainability of debt of the States that should be considered but also the sustainability of debt of the Centre as well as Centre and the States considered together. We have discussed the issue of sustainability of debt and deficit in Chapter III.

11.14 An important issue that needs consideration in this context is the manner in which the debt burden of the States can be brought down over a period of time. This indeed is a difficult question. In our view, the ability of a State to service its debt including the interest burden, depends on its ability to raise the revenue receipts to meet the incremental expenditure on interest payments and the primary expenditure. Three steps are desirable for reducing the debt burden of the States:

(i) the incremental revenue receipts should meet the incremental interest burden and the incremental primary expenditure.

(ii) a surplus may be generated on revenue account to meet future repayment obligation. This surplus should be credited in a sinking fund for this purpose.

(iii) the State should have and maintain a balance in its revenue account.

Debt Relief: An Incentive Scheme

11.15 Previous Commissions have considered the matter of giving debt relief to States and have used a number of ways for providing relief. Alternative ways of providing debt relief include waiving of repayment and/or interest payment due, altering the terms of repayment, reducing interest rates and consolidation of loans.

11.16 In its memorandum to the Commission, the Centre has requested the Commission to suggest a plan for bringing down the ratio of States' debt to GDP during the period 2000-05. The Centre has urged that States' debt to the Centre should not be written off or rescheduled, as the Centre is no longer in a position to bear any additional burden on this account. It has been further contended that debt relief should be conditional and linked to quantifiable improvement in fiscal performance.

11.17 In their memoranda, Bihar, Gujarat and Orissa have desired that the general debt relief scheme linked to fiscal performance should be continued with certain modifications. Arunachal Pradesh favours a scheme of general debt relief.

11.18 In proposing a scheme of debt relief we are guided by the objective of initiating corrective measures leading to sustainability of debt. We are of the opinion that this can come about only when State governments make persistent effort to put their finances on a sound footing by additional revenue effort, expenditure compression and reprioritization in line with the restructuring plans that we have discussed earlier. An immediate focus of the fiscal reforms should be on achieving revenue balance or at least reducing revenue imbalance to the minimum. In this context, the performance linked debt relief scheme introduced by the Tenth Finance Commission can be more effective if some modifications are introduced.

11.19 The Tenth Finance Commission had recommended a scheme of general debt relief for all States linked to fiscal performance. Improvement of fiscal management was measured by comparing the ratio of revenue receipts (including devolution and grants from the Centre) to total revenue expenditure in a given year with the average of corresponding ratios in the three immediately preceding years. The performance of each State was measured against its own past performance. Twice the excess of the ratio over the average ratio of fiscal improvement during the preceding three years was recommended for relief on loans contracted during the period 1989-95 and falling due for repayment after 31st March, 1995. The relief was admissible only to the extent of ten per cent of the amount due for repayment from these loans in any year.

11.20 Estimated relief during the period 1995-2000 under the scheme of general debt relief for all States linked to fiscal performance works out to about Rs.212 crore for various States. The statement at Annexure XI.10 shows State-wise picture. During 1996-97 to 1999-2000, twenty States have been able to avail of debt - relief by showing improvement on their revenue balance account. While the scheme has been able to record improvement in revenue balance, the relief provided was of a limited amount. Under another scheme proposed by TFC viz., the scheme for encouraging retirement of debt from the proceeds of disinvestment of equity holding of State Governments, not much headway could be made during the period 1995-00 as only Tamil Nadu could avail of relief of about Rs. 10 crore under this scheme. We propose to discontinue the schemes of debt relief based on disinvestment and fiscal stress, and focus only on debt relief linked to improvement in revenue balance. However, since these two schemes are proposed to be discontinued, we intend to increase the extent of potential relief in the fiscal performance linked scheme.

11.21 The scheme of general debt relief linked to fiscal performance with respect to Central loans relates to improvement in the ratio of revenue receipts of a State to its total revenue expenditure. In our view, the incentive needs to be strengthened for two reasons. One, we are discontinuing the other Schemes of debt relief recommended by the Tenth Finance Commission and therefore the States should get an opportunity to get a higher quantum relief by improving their fiscal performance. And two, a higher relief would itself act as an incentive for encouraging better performance. For determining the quantum of relief a factor of 2 was used by the Tenth Finance commission on the extent of improvement. We therefore propose to enhance this factor to 5. For the same reasons, we also recommend that the maximum magnitude of the stipulated relief under the general incentive scheme be enhanced from 10 per cent to 25 per cent. In the calculation of revenue receipts the revenue deficit grant under Article 275 recommended by us should not be included. We are excluding it as the Tenth Finance Commission did not recommend revenue deficit grants for 1999-2000 for any State. The grants recommended by us will suddenly improve the revenue balance of the recipient States, which will not be due to any reform action taken on their part. Similarly, the revenue deficit grants recommended by us fall in magnitude over time. This will lead to a lowering of revenue receipts relative to past years, which may not be attributable to any deterioration in the tax and non-tax receipts. Only those repayments as pertain to fresh Central loans to the States during 1995-00 and as outstanding on 31st March, 2000 will qualify for this relief.

11.22 The profile of amounts of fresh loans received from the Centre during 1994-99 outstanding as on 31.3.99 is at Annexure XI.11 and repayments of these fresh loans (1994-99) during 2000-05 is at Annexure XI.12. The details of the scheme have been given in Appendix XI.1. This scheme may be called the generalised debt relief scheme as recommended by Tenth Finance Commission. However, the following main modifications in the scheme outlined by them may be noted:

- (i) instead of a factor of 2, a factor of 5 is to be applied on the index of improvement on revenue balance;
- (ii) the ceiling of stipulated relief is to be set at 25 per cent of repayment due in any one year instead of 10 per cent, and
- (iii) in the calculation of revenue receipts the revenue deficit grants recommended by us under article 275 should not be included.

It is difficult to indicate in advance the quantum of relief that would be available to each State, or the total burden on the Centre on account of the debt relief as it would ultimately depend on the fiscal improvements that may be effected during this period by the States. However, going by past performance, it may ultimately work out to around Rs.600 to Rs.700 crore during the entire period.

Relief on Special Term Loans to Punjab

11.23 The Government of Punjab in their memorandum to the Eleventh Finance Commission has, *inter alia*, stated that out of the Special Term Loans of Rs. 5799.92 crore from the Centre, the instalments of repayment of principal (Rs. 1256.68 crore including debt relief of Rs. 495.22 crore provided as a follow up of TFC recommendations) and interest (Rs. 2156.43 crore) falling due during the years 1995-96 to 1999-00 has been waived by the Government of India. The State has indicated that after having availed of the relief/waiver, the outstanding Special Term Loan as on 31st March, 2000 would be Rs.3772 crore. It has been further stated that regarding repayment /waiver for the year 2000-01 and beyond, as per the record of the discussions of the meeting between the then Prime Minister and Chief Minister of Punjab on 8th September, 1997, it was decided that " the decisions of Government of India to waive the Special Term Loan granted to

Punjab during the period 1984-94 for combating insurgency and militancy in the State shall be suitably conveyed to the Eleventh Finance Commission for making appropriate recommendations regarding debt relief to Punjab". The details of relief provided to the State during 1995-2000 are given in Table 11.5.

Table 11.5: Relief Provided to the State during 1995-2000

(Rs. in crores)

Year	Relief Provided		
	Principal	Interest	Total
1995-96	176.14	627.09	803.23
1997-98	123.29	460.86	584.15
1998-99	220.58	550.58	771.16
1999-2000	241.45	517.90	759.35
Debt relief as per the recommendations of the TFC	495.22	-	495.22
Total	**1256.68**	**2156.43**	**3413.11**

11.24 Consequently, the Government of India, Ministry of Finance, Department of Expenditure conveyed to the Commission the decision of Government of India for making suitable recommendations regarding debt relief to Punjab. The State has requested that the Special Term Loan of the order of Rs. 3772 crore outstanding as on 31st March 2000 and payment of interest thereon be waived in tune with the decision of the Central Government.

11.25 It may be recalled that the Ninth Finance Commission had granted a moratorium of two years (1990-92) on repayment of principal and payment of interest in respect of special term loans given to Punjab during 1984-89. The Tenth Finance Commission had recommended that one third of the repayment of principal amounting to Rs. 490.63 crore falling due during 1995-00 on special term loans advanced to the State of Punjab to fight militancy and insurgency be waived in view of the special circumstances prevailing when these loans were advanced, and also keeping in view the need for the State to reinvigorate its development efforts.

11.26 Andhra Pradesh, Assam and Jammu & Kashmir have also made request for giving relief on the lines similar to Punjab as they have also been affected by insurgency. We had sought information from the Ministry of Home Affairs on the security-related expenditure incurred by the States affected by insurgency and left wing extremism. The Ministry of Home Affairs have informed us that they have a number of schemes under which the security-related expenditure are reimbursed to the States affected by terrorism, insurgency and left wing extremists. Among the States, which have been reimbursed this expenditure are: Jammu & Kashmir, Himachal Pradesh, Assam, Nagaland, Manipur, Tripura, Andhra Pradesh, Madhya Pradesh, Maharashtra, Orissa and Bihar. The security related expenditure is being reimbursed to Jammu & Kashmir from the year 1990-91 while in the case of other States, the scheme has been in operation for the last four to five years.

11.27 We also sought information from the Planning Commission and the Ministry of Finance to find out whether any loans have been specifically given to these States to meet the expenditure on terrorism/insurgency. We have been informed that no Central loans have been given to any State specifically for this purpose. In the absence of any specific information, it is difficult to determine the extent of debt burden which has arisen on account of security-related expenditure. We find that the Ministry of Home Affairs which is basically concerned with this issue is the best agency to take a view on this. As there are schemes in operation to share and reimburse the security-related expenditure, we do not find any justification for giving any debt relief on this account.

11.28 The State Governments of Punjab and Jammu & Kashmir have repeatedly emphasised the need for giving them relief on repayment of instalments of debt and interest as they had suffered a lot due to terrorism and insurgency. In fact the State of Jammu & Kashmir continues to be affected by terrorism and insurgency. We notice that the security-related expenditure is being reimbursed to this State with effect from 1990-91 regularly. However, we have no information about the expenditure incurred on security prior to 1991. We recommend that the expenditure incurred on security by the State of J&K prior to 1991 may be assessed by the Ministry of Home Affairs and the Ministry of Finance in consultation with the State Government and debt relief to the extent of expenditure incurred on security may be provided to the State. In regard to Punjab, we find from the information furnished by the Ministry of Home Affairs that there has been no reimbursement to the State on account of security related expenditure under any scheme. We, therefore, recommend that a moratorium on the payment of instalments of debt and interest on the Special Term loan due for repayment may be given to the State of Punjab during the period 2000-05 so that the State is able to build its economy and be in a better position to repay the loan and the interest accruing thereon in subsequent years. This would not extend to other loans and would be limited to total amount of Rs.3,396.15 crores (Rs.1810.84 crores on account of principal and Rs.1585.31 crores on account of interest). The year-wise schedule of repayment of principal and interest on these special term loans is given in Annexure XI.13. We also recommend that the expenditure incurred on security be worked out by the Ministry of Home Affairs in consultation with the State Government of Punjab and the Ministry of Finance and, to the extent that the State is entitled to reimbursement on account of security-related expenditure, the relief on the debt may be given to the State after the period of moratorium is over, and after taking into account the waiver already given.

Loans against Small Saving Collections

11.29 In regard to loans on account of small savings, States, in their respective memoranda, have asked for:

(i) treating small savings loans as loans in perpetuity;

(ii) lowering of interest rate on these loans;

(iii) increasing the share of States.

Some other specific requests have also been made. For example, Orissa wants that all small savings loans outstanding at the end of 1999-2000 be written off, and that such savings be passed on to the States as interest free loans.

11.30 West Bengal has urged that, in a particular year, if there is a positive surplus after making deductions on account of disbursements of interest payments as well as management expenses, 75 per cent of the surplus be advanced to the concerned States as grant; further, that interest on such past loans be either totally waived or substantially reduced and the principal be allowed to be paid back in equal annual instalments spread over a period of 30 years. It was also suggested that, if the advance from the Centre to the States on account of net small savings was treated as grants out of shared surplus, then a corpus may appropriately be created outside the Union budget.

11.31 The Central Government had constituted a committee under the Chairmanship of Shri R.V. Gupta, former Deputy Governor of Reserve Bank of India to review the scheme of on lending of the net collections of small saving schemes to the States. This Committee had recommended the establishment of National Small Savings Fund (NSSF) in the Public Account of India.

11.32 The 1999-2000 Budget brought about a salient change in the extant system by delinking small savings from Centre’s fiscal deficit by creating a National Small Savings Fund [NSSF]. The amount of the States'/UTs' share has been enhanced from 75 per cent to 80 per cent from 15.01.2000. The amount released to States and UTs out of net small savings and Public Provident Fund (PPF) collections with effect from 01.04.1999 is treated as investment in the special securities of the respective States and booked under investments of NSSF. Further, interest at the rate of 12.5 per cent is payable from 15.01.2000 and these securities are to be redeemed from the 6th year over a period of 20 years. The remaining part of the net small savings and PPF collections forming part of Centre's share are treated as investment in the special securities of the Central Government. Similarly, the outstanding balances at the close of the last financial year i.e. 1998-99 under various small saving schemes and PPF would also be treated as investment of NSSF in the special securities of the Central Government.

11.33 In essence, under the new accounting system, small saving collections are credited to the NSSF. All withdrawals of small savings by the depositors are made out of the accumulation in the fund. The balance in the NSSF is invested in the Central and State Government securities. The income of the NSSF consists of the interest earned from the government securities while the servicing cost and the cost of management of small savings constitute the expenditure to be incurred from the fund. All investments in Central Government securities out of the fund would form a part of internal debt of the Centre from 1999-00.

11.34 The issue of treating borrowing of the States based on small saving as loans in perpetuity has been considered by earlier Commissions also. No Finance Commission except the Seventh had agreed to this idea. Although the Seventh Commission favoured it, the Central Government did not accept it. Loans in perpetuity imply continuing interest payments, on a debt of high cost, leaving smaller amounts from current revenues for essential expenditure. The R.V. Gupta Committee, after considering the views of the States, observed that the net collections under the small savings cannot be disbursed as loans in perpetuity or grant for the reason that these are not revenue receipts of the Government of India but are borrowings which are to be repaid to the subscribers. We also do not consider conversion of these loans into perpetuity as desirable or viable.

11.35 We are unable to favour the scheme suggested by West Bengal, which provides for giving 75 per cent of the surplus generated from the collections of small savings after meeting the expenditure on account of repayment, payment of interest and management expenses as grants to the States. This surplus is in fact the excess of current borrowing over the debt servicing requirements on past borrowing. The larger is current borrowing based on small savings, the larger would be this excess. Larger current borrowings create larger liabilities for the future, and cannot be converted into a grant as the debt has to be repaid.

11.36 The reduction in the interest rates on small savings with effect from 15.01.2000 to make them consistent with lower interest rates prevailing in public sector banks is in line with the demands made by the States in their memoranda submitted to the Commission. The interest rates of National Saving Schemes 1992, National Saving Certificates VIII Issue, Post Office Monthly Income Scheme and Kisan Vikas Patra and Post Office Time and Recurring Deposits except Post Office Saving Accounts were also reduced by margins of 0.5 to 1.0 percentage points with effect from 15.01.2000. Similarly, the interest rate on Public Provident Fund was reduced from 12 per cent to 11 per cent. With the decision to reduce the interest rate on special securities of the States/UTs issued against small savings collections by one percentage point, i.e. from 13.5 per cent to 12.5 per cent from 15.01.2000 the States' demand has been met to some extent. The increase in the share of the States in the net collections under small saving schemes from 75 per cent to 80 per cent with effect from 15.01.2000 would also meet the long pending demand of the States, as the last revision in this share was done in 1987. However, it may be further examined if certain economies in cost of collection and management of these savings can be secured by introducing modern technology and other improvements. If so, corresponding reduction in the rate of interest may be made.

Assistance for Externally Aided Projects

11.37 External assistance is passed on to the concerned States as Additional Central Assistance [ACA]. In this process, the original terms and conditions of external assistance are recast. ACA is given to the States on the same terms and conditions as Central Plan assistance. This means that irrespective of the original terms and conditions of external assistance, it is passed on to the States as 70 per cent loan and 30 per cent grant in the case of general States and 10 per cent loan and 90 per cent grant in the case of special category States. The rate of interest on the loan component has varied in line with the interest rate on State Plan loans. At present, it is 12.5 per cent per annum. For 50 per cent of the loan component a grace period of 5 years is given and thereafter the loans are to be repaid in 20 years.

11.38 Several States, e.g., Andhra Pradesh, Kerala, Rajasthan, Uttar Pradesh and West Bengal have suggested that the external assistance should be passed on to the States on the same terms and conditions as agreed to by the lending agency subject to the Centre collecting an amount from the States to cover the risk borne by it due to exchange rate fluctuation. The modalities of the scheme could be worked out in consultation with the States. Karnataka has further requested that the grants portion of the external assistance for various projects implemented by the States should be passed on to them as grants.

11.39 The arguments in favour of putting all external assistance into a pool and passing them on to the States on uniform terms and conditions have been based on the premise that: (i) this enables all States to participate on an equal footing in the concessional external assistance; and (ii) this protects the States against exchange rate depreciation (exchange risk).

11.40 Until now external assistance has come to a limited number of States only. Important among these are: Maharashtra, Andhra Pradesh, Tamil Nadu, Karnataka and Gujarat. Among the low per capita income States, Uttar Pradesh and Rajasthan appear to have got some assistance. Very few of the special category States [for example Assam] have got any externally assisted projects. A large number of States have not benefited from the external assistance programme at all. If external assistance were passed on to the States on original terms and conditions, it would imply that the States would get it as 100 per cent grant in all cases of external assistance received in the form of grants and in all other cases it would imply debt-servicing burden in terms of repayment of principal and payment of interest. External assistance from some sources and for some projects is highly concessional while in other cases it may be costly. In the process of pooling and fixing of a uniform interest rate in rupee terms, cross-subsidization takes places at two levels: between Centre and all-States, and among the States. In the case of cross-subsidisation between the Centre and the States, the gain/loss to one side vis-à-vis another depends on the rate of depreciation of the Indian rupee against major foreign currencies. In the case of States, the cross-subsidisation takes place when States having a relatively larger share of grants and soft loans (which may offer relief to social welfare and long gestation low return type of projects) in their assistance portfolio are required to pay a higher rate of interest to help sustain the relatively larger share of high cost loans which may often relate to commercial projects, used by some States.

11.41 A related issue is the guarantee required to be given for the loans negotiated directly by the external agencies. The external agencies insist for a sovereign guarantee from the Central Government. In the case of some lenders, e.g. Asian Development Bank, World Bank and a few countries, a commitment charge or a service charge is also required to be paid. The Central Government may provide the guarantee, in such cases, as it does to Central Government undertakings on payment of a guarantee fee.

11.42 The guarantee fees may bear a relationship associated with the risk of default. Since Government of India releases loans to States after first deducting the debt servicing at source the chances of the States defaulting to Centre are limited and guarantee fees need not be considered at the same level as for the PSUs.

11.43 In regard to foreign exchange risk implicit in the long term depreciation in the external value of rupee various alternatives can be considered which may include the setting up of an Exchange Risk Fund, or charging a higher interest rate to cover the expected depreciation of the rupee. It should be possible to evolve and work out an arrangement in which the States can be made to bear the risk in this area, and in our view this should not act as a factor inhibiting the switch over to the alternative system of the State's getting the benefit or the liability associated with a particular type of external assistance.

11.44 In an era of transparency and responsible fiscal behaviour, it would also help in informing the public about the real cost of debt and ensure better utilisation of the funds through timely implementation of the externally aided projects. The present system of intermediation and cross-subsidisation does not permit it. We recommend that the issue of passing on external assistance on terms and conditions different from original terms and conditions be examined in detail, and the system recast to meet the requirements of equity, efficiency and transparency.

Contingent Liabilities

11.45 Apart from the explicit borrowings and liabilities of the States, there has also been considerable growth of contingent liabilities arising out of guarantees given by the State governments from time to time. Guarantees are not immediate liabilities, but liabilities contingent on default by the borrower for whom the guarantee has been extended. In many cases, the State governments have given guarantees for their Public Sector Enterprises. Sometimes, the Public Sector Enterprises are used as instruments or indirect agent for borrowing by the State government itself. Since many State level public enterprises are running in losses, the risk of default is also quite high. States are not alone in giving guarantees; Centre has also given guarantees and counter guarantees for the debts contracted by various agencies, and thus has increased its burden on this account. Based on the Finance Accounts data, the Reserve Bank of India in its Report on Currency and Finance for the year 1998-99, has estimated that the outstanding guarantee obligations of the Central and State governments together account for 9.4 per cent of GDP (at 1993-94 prices), with, Centre and States sharing responsibility in equal measure (4.7 per cent of GDP each). In our view, contingent liabilities form an indirect burden on the State's and Centre's finances as these have to be discharged in the event of the borrower failing to honour its obligation to the funding agency. We feel that there is a need to fix a limit on the giving of such guarantees by enacting suitable legislation and such limit should form part of the overall limits of borrowing under articles 292 and 293.

Debt Sustainability and Constitutional Provisions

11.46 The term "corrective measures" need not be taken to mean just schemes of debt relief. In particular, other measures to keep a check on the growth of debt are relevant. Articles 292 and 293 refer, respectively, to borrowings by the Government of India and borrowings by the States. In article 292, a limit on the borrowing as well as on guarantees to be given by the Union government can be fixed by Parliament by law. Similarly article 293 provides that the legislature of a State can fix limits on borrowing by a State as well as limits on guarantees to be given by it. Further, under this article the Central government may make loans to States provided the limit on Central government borrowing under article 292 is not exceeded. It may also give guarantees in respect of loans raised by any State. Clause 3 of article 293 provides that if any Central loan is outstanding with a State, or a loan in respect of which a guarantee given by the Central government is outstanding, then a State may not raise any loan without the consent of the Government of India. A time has come when, as a part of the overall thrust towards fiscal responsibility, concrete steps are taken under the provisions of articles 292 and 293. In particular, Parliament and respective State Legislatures may consider fixing limits on total borrowing as well as on guarantees to be given by them. This limit should also include the borrowings by the Governments from Public account and other sources, which are not borne on the security of the Consolidated Fund of the Central Government and the State Governments, respectively. Any statutory or constitutional amendment, if required in this regard, may also be considered. This issue has been discussed earlier in Chapter III.

Amortisation and other Funds

11.47 A few States like Rajasthan, Goa, Nagaland and Gujarat have suggested the need for creating a `Fund' for meeting the debt repayment liabilities. Goa, in its memorandum to the Commission, has stated that in order to even out existing repayment burden equally across a time horizon of say 10 years, total outstanding debt should be equally apportioned for repayment to each of the years over a 10 year span. If the apportioned amount exceeds the amount scheduled for repayment, the surplus should be credited in the sinking fund constituted for the purpose. If the scheduled repayment exceeds the apportioned amount, the shortfall would be made good by withdrawal from the sinking fund. Gujarat has stated that to meet obligations on account of guarantees given by the State, it has been decided to set up a risk fund for meeting obligations of the order of Rs. 200 – 250 crore per annum. Nagaland has asked the Commission to consider creation of reserve funds for meeting financial requirements of backward States like Nagaland in times of financial crisis. Rajasthan has stated that the Commission may recommend the implementation of the scheme of redemption fund prepared by the RBI, and the Centre may contribute a token amount of, say, one per cent of the outstanding amount of market loans at the beginning of every year to the redemption fund created by the States.

11.48 The Ninth Finance Commission had observed that in order that the capital stock of the country might be maintained intact, there should be adequate provision for depreciation and loan should be repaid out of amortisation/ sinking funds. The Tenth Finance Commission had recommended the establishment of sinking funds as desirable for overall fiscal discipline. We would also like to emphasise the need for setting up a sinking fund in each State for the amortisation of debt.

Chapter XII

General Observations

12.1 In the preceding chapters, we have addressed the tasks entrusted to us under our terms of reference and put forward our recommendations on the various terms except the additional term referred to us on April 28, 2000. Our recommendations on the additional term of reference will be submitted as per the time schedule indicated in the Presidential Order dated June 19, 2000.

12.2 The terms of reference (ToR) of our Commission were considerably wider as compared to those given to the earlier Commissions. We were required to make recommendations not only on the sharing of resources between the Centre and the States but also to suggest measures for the restructuring of public finances of the Union and the States jointly and severally in order to restore budgetary balance and maintain macro economic stability. In addition, the Commission was required to suggest the measures required to augment the Consolidated Funds of the States to supplement the resources of the panchayats and the municipalities.

12.3 Many of the special category States especially from the North East have suggested that the Finance Commission should consider favourably the pre-1989-90 financing pattern of their plan and accordingly provide sufficient grant to meet their non-plan revenue expenditure. We have examined the finances of all States including special category States and have adequately provided resources to meet their non-plan revenue expenditure. We feel, therefore, that the plan revenue grants provided to the States especially special category States should be fully utilised for plan purposes only and diversion to non-plan revenue expenditure should be avoided.

12.4 Jammu and Kashmir and Assam have represented that the Central assistance provided to these States in the ratio of 90 per cent grants and 10 per cent loans should be given effect from 1969-70 instead of 1990-91. This is a part of the Gadgil formula which was adopted by the National Development Council and implemented by the Planning Commission. We understand that grant-loan ratio was adopted by the Planning Commission, taking note of the specific budgetary situation of special category States. These issues concern the Planning Commission and, therefore, it would be appropriate that the concerned States address the matter to the Planning Commission.

12.5 The Ministry of Health and Family Welfare suggested that the cost of maintenance of infrastructure under the Family Welfare Programme may be transferred to the State Budget. Under this programme, a large infrastructure has been created at the district and sub district levels over successive plan periods and the cost of maintenance of these centres is met through plan expenditure of the Central Government. The Ministry has pointed out that in the absence of adequate budgetary support it has not been possible to fully reimburse the expenditure incurred by the States on maintenance of these centres in time. We have examined this proposal in consultation with the Planning Commission and the Ministry of Finance. The Planning Commission has forwarded the proposal for transfer of maintenance expenditure to the States under non-plan. Ministry of Finance was of the view that such a transfer might weaken the resources of the States which are already poor and there would be no guarantee that the transferred funds would be used for Family Welfare Programme as the fund would no longer be earmarked. We feel that in order to strengthen family welfare programme aiming at control of growth of population, it would get better attention if the status quo is maintained and expenditure is not transferred to the non-plan expenditure of the States.

12.6 The Ministry of Social Justice & Empowerment has referred to one of the recommendations of the National Commission for Scheduled Castes (SCs) and Scheduled Tribes (STs) contained in the Fourth report for the period 1996-97 and 1997-98. They have referred to this Commission the recommendation that the States should get their full requirements of their non-plan funds for post matric scholarship and pre-matric scholarship to children of those engaged in unclean occupations as a part of Finance Commission's award. If the States are not able to meet the requirements from the non-plan side, the Central Government may continue to release funds under these schemes to protect the interest of SCs and STs for their educational development. This was examined in consultation with Ministry of Finance. They have pointed out that post-matric scholarship and pre-matric scholarship to the children of those engaged in unclean occupations are already under operation and continued in the Ninth Plan. As for non-plan component after the end of the Ninth Plan , funds have been provided from 2002-03 on an aggregate basis.

12.7 Sikkim has represented that 1991 Census population may be considered as the base year for Sikkim instead of 1971. They have argued that in view of the fact that the State became part of the Union in 1975 only and from then on there has been a tremendous rise in population due to influx of people from other parts of India. As the figures have drastically risen, it would be fair to a small State like Sikkim if the figures of 1991 are considered by the Finance Commission. As per the terms of reference, we are required, while making our recommendations, to adopt the population figures of 1971 in all cases where population is regarded as a factor for determination of devolution of taxes and duties and grants-in-aid. We feel that there is merit in the argument that the latest available population figures should be taken into consideration while taking them as a factor for determining the share of the States in taxes and grants. In response to representation of Sikkim, the Ministry of Finance has pointed out that this has been put as a part of the ToR consciously taking note of the resolution in the Parliament on population policy. However, the 1971 population basis makes substantial difference to many States as it gives less per capita revenue resources and assistance to a large section of people. We do feel that it is better to avoid a conditionality like this in the ToR and a decision on such matters should be left to the best judgement of the Finance Commission. In the case of Sikkim, we would like to point out that a change in the base year population from 1971 to 1991 may not make any difference to the flow of resources to the States during the period 2000-05 as any additional amount that the State would get from the Centre by adopting 1991 population figures would be negated through reduced grants-in-aid to fill the non-plan revenue deficit.

12.8 Another matter which has a significant bearing on the plans of the State Governments and also the working of the Finance Commission is the issue of synchronisation of the period of Five Year Plans and the period of the Finance Commission. In the absence of such synchronisation, there are practical difficulties in the estimation of committed liabilities of plan schemes, provision for maintenance of assets, estimation of plan revenue expenditure for the forecast period and so on. A related issue is the close coordination between the working of the Finance Commission and the Planning Commission. These issues have to be kept at the time of the constitution of the next Finance Commission.

12.9 Since Finance Commissions are required to be constituted at the expiry of every five years or earlier under article 280(3) of the Constitution, and since they cease to exist after the submission of the report, the difficulties faced in making the new Commission operational are increasing every time. The Government accommodation is generally not available, private accommodation is difficult to get to house the staff and the Chairman and members under one roof. In our view, the Commission should now have a permanent headquarter with either a building of its own conveniently located or a few floor exclusively given to it on a permanent basis from the existing available accommodation. Till this is organised the present accommodation be retained.

12.10 Previous Finance Commissions have been recommending the creation of a permanent secretariat for the Finance Commission to facilitate collection of data and information. A Finance Commission Division is presently working under the Department of Expenditure in the Ministry of Finance. Its sole job is to monitor the expenditure and release of upgradation grants to the States. It has not devoted itself to building a data base on Central/State finances or a conduit for research in specified areas. It has been only keeping the record left by the previous Finance Commissions, without any proper referencing. The Commission, when constituted, has to recruit fresh staff, as far as possible, from the Central Ministries and train them on the job during the stipulated period in which the report is given. The work of the Commission is of a highly technical nature and cannot be performed by normal secretariat functionaries nor can it be done by research staff which does not have any orientation in public finance. There is a need to have a permanent secretariat with a core research staff placed under an officer of the level of Additional Secretary to the Government of India. This would facilitate coordination with the Ministries/Departments of the Government of India, as also with the State Governments at appropriate level. This would also ensure an up-to-date building of data base on Central - State finances, and documentation which could be used by the Commission when it is constituted.

12.11 The Finance Commissions require a minimum of two and a half to three years for formulation of recommendations and preparation of report, after the office becomes fully operational. In order to ensure that the Central Government has adequate time for processing its recommendations for including it in their budget, it must have the report at least three months before presentation of the budget for the year from which it has to be implemented. In our view this time schedule may be kept in view at the time of notifying the time frame for submission of the report by the Commission.

12.12 Development of a strong database on public finances is very necessary at the State level. This may start with the recasting of budget documents on the lines of the Central budgets. Separate books on Expenditure Budgets and Receipts Budgets which give volume of information on employment, expenditure on salaries and allowances, subsidies, budgetary support to public sector enterprises, aided institutions, besides a time series on the actuals of the past ten years. The budget documents of the States need to be modelled on these lines so that information on these points is available in the budget documents itself.

12.13 Expenditure on salaries constitutes a very significant percentage of the revenue expenditure of a State. Almost all States have done the revision of pay-scales and allowances after the acceptance of the recommendations of the Fifth Pay Commission by the Central Government. However, surprisingly, information on the number of employees in each pay scale were not readily available in any State. On our insistence, it was collected and sent to us but it took a long time leading to considerable delay in our assessment of the States' expenditure on this account. We suggest that the statistical information on the number of employees in each pay- scale as on 1st April should be collected regularly every year. Similar information should be collected about the employees of local bodies and other aided institutions where State Governments have undertaken the responsibility for reimbursing the full or part expenditure on employees salaries from the Consolidated Funds of the States.

12.14 We have already made reference to the mounting expenditure on pensions. Growth in the expenditure across the States does not bear any pattern. Information on the number of pensioners is not collected and maintained by the Central and State Governments. A data base on pensioners should be developed and updated on a year-to-year basis.

12.15 Lastly, the Finance Commission makes recommendations having financial and non-financial implications. Those which have a direct bearing on the outflow or inflow of funds are generally implemented. The implementation of non-financial recommendations should be given equal weights as these also have an impact on the financial position of the Centre and States.

Chapter XIII
Concluding Observations

13.1 At the time of the setting up of the XI Finance Commission, the fiscal profile of the country was, perhaps, worse than ever before with almost every key fiscal variable sinking into highly disturbing magnitudes and moving in a negative direction. All the States of the country, both special category States and others, had fallen into large revenue deficits as well as fiscal deficits and were showing no signs of improvement. The rate of growth of revenues had slowed down considerably and the rate of increase of expenditure was taking an ugly turn. The shift nearly everywhere in the direction of mounting non-plan revenue expenditure, had become the cause of a decline in developmental and capital expenditure so that the building of infrastructure, so essential to the growth and sustenance of the economy, had become nearly impossible. With a series of huge revenue deficits and all round fiscal deficits, indebtedness of the States as well as the Centre had mounted to undesirable levels and interest payments on the debts and salary payments had become the largest items on the side of expenditure. There was no appreciable sign of containment in subsidies of the merit and non-merit varieties and no sign generally of rationalization of expenditure nor of the downsizing of the secondary and the tertiary activities of the governments. The prevalence of recession in the last three years or so, had compounded the problems on the revenue as well as the expenditure side. The ratio of tax revenues to GDP, at the Central level, and of tax revenues of GSDP, at the State level, was falling disturbingly and, meanwhile, the deficits were getting compounded from the direction of revenues as well as expenditure. Non tax revenues and non-plan expenditure were in a bad shape and no let up was in evidence. Public sector undertakings, both with the Centre and the States, barring a few exceptions, were moving more and more into the red and loss-making had taken the place of profitability quite universally. The electricity boards, the transport corporations and many other public ventures were scenes of stark inefficiency and non-profitability and were making little contribution to the revenue budgets.

13.2 In this disturbing scenario, growing worse and worse over time, it was clear that without major structural reform no improvement was going to be possible. In fact, the Commission was grateful that the President of India gave us the challenging task of suggesting the restructuring of the finances of the Centre as well as the States and the Commission endeavoured its best to meet it. We were clear in our mind that with a mere tinkering with public finance and making minor and routine recommendations, nothing was to be gained and only innovative thinking and breakthrough recommendations, within the realm of possibility and do-ability but with the generation of a strong will for fiscal innovations and vigorous implementation was going to work.

13.3 We hope and trust that the recommendations made by us would be able to reverse the negative trends and change the fiscal variables from a negative to a positive direction thus bringing to an end the era of revenue deficits and unsustainable fiscal deficits and consequent indebtedness. We believe that we have succeeded in making a set of recommendations that would stop the rot and bring to an end the period of negative fiscal finance. We also believe and trust that our recommendations, if implemented with a strong will and imaginativeness, would inaugurate an era of macro economic stability together with the strengthening of the consolidated funds of the Centre and the States as well as an era of stronger and dynamic local governments.

13.4 We have so tailored our recommended structural reform and other fiscal changes that by the end of our period of reference i.e. 2004-05, the State governments at the aggregate level should reach an era of zero revenue deficits and should revert to the healthier situation which once prevailed in this country more than a decade-and-a-half ago. At the Centre too, our recommendations, if implemented, should lead to a relatively minor revenue deficit which ought to be annihilated completely just two or three years beyond the end of our reference period. Towards these ends, we have made strong proposals for the enhancement of revenues through the enlargement of tax base and the expansion of non-tax revenues, in marked contrast with the happenings of the recent past. On the side of expenditure too, we have strong recommendations for a major rationalization of government expenditure, both at the Centre and the States, cutting out the enormous wastage and even recommending some downsizing and abolition of activities which have become irrelevant.

13.5 As mandated under Paragraph 4 of our ToR, after reviewing the finances of the Union and the States, we have worked out a scheme of restructuring designed to restore budgetary balance on a sustainable basis. The scheme envisages reduction of combined fiscal deficit of the Centre and the States from the present level of 9.84 per cent of GDP to 6.5 per cent for 2004-05. Revenue deficit will be reduced to 1 per cent as against 6.77 per cent at present. There will be no revenue deficit at the State level though the Centre may have a revenue deficit of 1 per cent, down from 3.81 per cent in 1999-00. Fiscal deficit of the Centre will decrease from 5.64 per cent to 4.5 per cent and that of the States from 4.71 per cent to 2.5 per cent. Capital expenditure of Centre and States (combined) should go up from 4.17 per cent to 6.6 per cent. Now that the recessionary clouds are lifting, we are anticipating a healthy economic growth in the range of seven to 7.5% per annum with a contained inflation rate around 5% per annum.

13.6 The improvement in fiscal balance will be brought about through an increase in revenue as well as a compression of expenditure. Revenue receipts of the Centre will go up by 1.73 percentage points from 11.54 per cent to 13.27 per cent while revenue expenditure will go down by 1.63 percentage points from 13.1 per cent to 11.47 per cent. Revenue receipts of the States also will go up by 1.65 percentage points of which 1.15 will come from tax revenues and 0.5 per cent from non-tax revenue. Revenue expenditure of the States will decrease from 13.33 per cent to 12.96 per cent.

13.7 We have taken a comprehensive and an overall view of the transfer of revenues from the Centre to the States, even though they take place from several channels. We have set an indicative limit of 37.5% of the Centre's gross revenue receipts for these transfer protecting the interests both of the Centre and the States, and imparting them a measure of certainty. It consists of States' share in Central taxes, grants-in-aid to States, to cover deficits on non-plan revenue account, as per our assessment, up gradation grants, grants meant for local bodies, grants for calamity relief, and plan revenue grants.

13.8 Share of Central taxes – all of which now form the pool of divisible taxes – which will devolve to the States will be 28 per cent *plus* 1.5 per cent on account of additional excise duties levied in lieu of sales tax.

13.9 Our overall scheme of resource transfers is characterized by providing a structure of incentives which is designed to reward fiscal prudence and discourage fiscal profligacy. This is underlined in our scheme of tax devolution through indices of tax effort and fiscal discipline. This is also implicit in our normative assessment of the States' resources and expenditure wherever possible.

13.10 The scheme of debt relief proposed by us is designed to promote improvement in revenue balances without resort to such doubtful methods as writing off of debt, extensive rescheduling and moratorium, barring a few exceptional cases.

13.11 On the side of expenditure, we have given a clear priority to social sectors like elementary education, primary health, water supply and sanitation and have emphasised the building of various infrastructures, both in social and economic services. We believe and recommend that the building of infrastructures is a necessary condition for the sustainability and the growth of the economy especially in the special category States. It also has vast fiscal implications in terms of the expansion of fiscal resource generation. Knowing that the judicial system has huge backlog of cases and that the domestic security system needs to be toned up adequately, we have provided substantial resources for the upgradation of both systems.

13.12 We have suggested that future Pay Commissions may be few and far between and should use, among other things, the norms of paying capacity of governments as well as local conditions and take a comprehensive and coordinated view of the finances of the Centre and the States. We have also suggested autonomous Tariff Commissions which can undertake the task of periodically revising tariffs and user charges bearing in mind the interest of the consumers and the rising costs of inputs which have significant budgetary implications. We have provided linkages between the input costs and corresponding user charges in order that the users and consumers bear a substantial part of the costs without resort to inordinate subsidies.

13.13 This Commission has no bias towards public enterprises nor, indeed, towards private enterprise but has judged the performance of enterprises not on ideological terms but on the criteria of accountability, efficiency and profitability. There is no wholesale recommendation for the closure of public enterprises, nor for enhancing privatization. However, on the other hand, our report contains recommendations for closing, downsizing, encouraging or enhancing the activities of the public sector undertakings in such segments as electricity boards, transport undertakings and many other public sector projects.

13.14 In the important area of calamity relief, we have introduced some substantial innovations by recommending the establishment of a "National Centre for Calamity Management". We have also recommended the creation of National Calamity Contingency Fund, with an initial contribution by the Centre of Rs.500 crore to be replenished by a levy of surcharge on Union taxes and duties for providing assistance to the States at the occurrence of a calamity of rare severity, thus ensuring the participation of the tax paying community throughout the nation in fighting such calamities.

13.15 We have unhesitatingly recommended the reduction, and even abolition of non merit subsidies perhaps not all at once, but in a graduated way which puts our recommendations in the realm of feasibility provided governments develop a strong will towards the correction of false postures which prevailed in the past towards such major structural reforms, as we have recommended.

13.16 Guided by the terms of reference of panchayats and municipalities as well as the 73rd and the 74th amendments to the Constitution, and taking note of the reports of the State Finance Commissions, we have endeavoured to translate these institutions into a third tier of government and have put our faith in the great potential that these institutions have to enhance the quality of life of the people in the towns and villages across the country. We have made strong recommendations for these institutions to raise their own resources, for the States to transfer responsibilities, finances and staff to them and for the Centre to augment the Consolidated Funds of the States in order that they, in turn, augment the resources of the local bodies.

Chapter XIV

Summary of Findings and Recommendations

14.1 Our major findings and recommendations are summarised below:

14.2 In the overall scheme of the transfer, 37.5 per cent of the gross revenue receipts of the Centre is suggested to be transferred to the States. *(Para 2.51)*

14.3 In assessing the revenue gaps of the States, a normative approach has been followed as far as possible. *(Para 2.53)*

14.4 For an enduring solution to the problem of budget deficits, attention needs to be paid to the system of budgeting and budgetary control. The newly constituted Expenditure Reforms Commission is expected to go into the system of budgetary practices and controls and make recommendations for reforms in this direction. *(Para 2.65)*

14.5 The main features of the fiscal profile in 2004-05 under the restructuring programme envisaged are: (i) growth rate of the economy is projected in nominal terms at 13 per cent per annum with inflation component of 5 to 5.5 per cent, (ii) current account deficit below 1.5 per cent of GDP, (iii) revenue account balance is restored in the States, (iv) a revenue deficit of 1 per cent of GDP is left in the Central budget, (v) the combined fiscal deficit is brought down to 6.5 per cent of GDP, (vi) capital expenditure of the Centre and the States taken together will rise to 6.6 per cent of the GDP, (vii) the tax - GDP of the Centre will go up by 1.48 percentage points and that of the States, by 1.15, (viii) non-tax revenue of the Centre will go up by 0.25 percentage points and that of the States, by 0.5. *(Para 3.33)*

14.6 As services are emerging as a fast growing sector of the economy and constituting over 50 per cent of the GDP, they should be brought increasingly under the tax net for improving the buoyancy of indirect taxes. *(Para 3.41)*

14.7 The tax base of the States and the local bodies needs to be widened by better exploitation on land based taxes, better administration of property taxes, and other taxes. *(Para 3.45)*

14.8 Constitution may be amended to empower the Parliament to revise the ceiling on profession tax. (Para 3.46)

14.9 Administration of direct as well as commodity taxes, should be fully computerised to facilitate checking of tax evasion through exchange of information between the Central and the State Governments and among the States. *(Para 3.47)*

14.10 Massive arrears of assessed but uncollected revenues remain on the account books of both Central and State Governments. Effective steps for collecting these arrears in the next few years should be taken. *(Para 3.48)*

14.11 User charges should be index-linked to input costs and the process of periodic revision should become automatic. Autonomous tariff commissions should be appointed to advise the Government on the revision of power tariff, railway tariffs, bus fares and other administered prices so that their link to cost is maintained while protecting the interest of the consumers. *(Para 3.50)*

14.12 There should be regular revision of the royalties on minerals. In case, the process of revision is not completed by the due date, the States should be entitled to compensation. The task of making recommendations on royalty rates should be entrusted to an independent body. *(Paras 3.52, 3.53 and 3.54)*

14.13 Revenues from forests can be augmented even while observing the objectives of the national forest policy. For this, States should expeditiously prepare scientific work plans for management of forests. *(Para 3.55)*

14.14 The composition of government expenditure should be restructured in favour of priority areas like elementary education, primary health care, water supply, sanitation and infrastructure like roads and bridges. Expenditure on salaries, pensions, interest payments and subsidies requires a tight rein. *(Para 3.56)*

14.15 There is no need to appoint Pay Commissions as a routine at the intervals of ten years. As the recommendations of the Central Pay Commission have a bearing on the States, its terms of reference, if and when appointed, should be determined in consultation with the States. The level of salaries and allowances should bear a relationship with the revenue expenditure of the States to be laid down by an Expert Committee. *(Para 3.57 a)*

14.16 Consideration needs to be given to evolving a system under which pensions do not become an unsustainable burden on the States' exchequer. A large share of the pensions goes to the defence sector. A suitable scheme to absorb the retirees from the armed forces in other government departments may be devised. *(Para 3.57 b)*

14.17 The requirements of the States for plan revenue expenditure should be assessed with reference to their deficiencies in the basic minimum needs and not be given on the basis of the *Gadgil formula*. A fresh look needs to be given to this formula itself. *(Para 3.58a.i)*

14.18 Assessment of excess manpower in the government departments and public enterprises may be done expeditiously, and suitable schemes evolved for their redeployment. *(Para 3.60)*

14.19 Government may examine the feasibility of introducing a multi-year budgeting process, and stipulate the time by which the reports of the Comptroller and Auditor General of India should be scrutinised by the Public Accounts Committee and the Parliament or the Legislature, as the case may be. *(Para 3.65)*

14.20 The revenue gaps of the special category States should be met out of the Finance Commission grants. The responsibility for the development of infrastructure of vital importance to the region requiring large investment should be that of the Centre. *(Para 3.77)*

14.21 For maintenance of capital assets, the States should make budgetary provisions each year at least to the recommended levels. The recommendation of the TFC in this regard for monitoring by a high power committee should be actively operationalised. Further, the budgetary provisions for maintenance of capital assets and for committed liabilities on plan schemes may be assessed by the Planning Commission at the time of assessment of the States' resources and estimation of the balance from current revenues. Planning Commission may consider devising a suitable mechanism for this purpose. *(Para 5.57)*

14.22 Levy of surcharge on any Central tax should not be resorted to as a measure to fill the budgetary gaps. It should be for a specific purpose and for a limited period. *(Para 6.14)*

14.23 The share of the States is fixed at 28 per cent of the net proceeds of all shareable Union taxes and duties for each of the five years starting from 2000-01 and ending in 2004-05. The recommendations made in the interim report of the Commission for the sharing of income tax and Union excise duties consequently stand modified. *(Para 6.15)*

14.24 As a consequence of the Constitution (Eightieth) Amendment Act, 2000, the net proceeds of the additional excise duties levied under the Additional Excise Duties (Goods of Special Importance) Act, 1957, cannot now be passed on to the States as article 272 of the Constitution stands deleted. These now form part of the tax revenue receipts of the Central Government and are shareable with the States. In view of these changes, there is a need for review of the existing arrangements. Pending that, 1.5 percent of the net proceeds of all Union taxes and duties be allocated to the States separately. This will bring the share of the States in the net proceeds of Union taxes and duties to 29.5 per cent. *Inter-se* distribution of this additional 1.5 percent of the net proceeds of Union taxes among the States be done in the same manner as for the distribution of 28 per cent of the net proceeds of Union taxes and duties. If any State levies and collects sales tax on sugar, textiles and tobacco, it will not be entitled to any share from this 1.5 per cent. *(Para 6.16)*

14.25 The criteria and relative weights for determining *inter-se* share of States are population (10 per cent), distance (62.5 per cent), area (7.5 per cent), index of infrastructure (7.5 per cent), tax effort (5 per cent) and fiscal discipline (7.5 per cent). *(Para 6.34)*

14.26 The share of each State in the net proceeds of the shareable Central taxes and duties, except the expenditure tax and service tax, in each of the financial years from 2000-01 to 2004-05, is as follows :

States	Share (per cent)
Andhra Pradesh	7.701
Arunachal Pradesh	0.244
Assam	3.285
Bihar	14.597
Goa	0.206
Gujarat	2.821
Haryana	0.944
Himachal Pradesh	0.683
Jammu & Kashmir	1.290
Karnataka	4.930
Kerala	3.057
Madhya Pradesh	8.838
Maharashtra	4.632
Manipur	0.366
Meghalaya	0.342
Mizoram	0.198
Nagaland	0.220
Orissa	5.056
Punjab	1.147
Rajasthan	5.473
Sikkim	0.184
Tamil Nadu	5.385
Tripura	0.487
Uttar Pradesh	19.798
West Bengal	8.116
All States	**100.000**

(Para 6.36)

14.27 Expenditure tax and service tax are presently not leviable in the State of Jammu and Kashmir and, therefore, no share has been assigned to the State from these taxes. The entire proceeds from these two taxes may be distributed among the remaining States by proportionately adjusting their shares. *(Para 6.37)*

14.28 An amount of Rs.4,972.63 crore is recommended for the States towards upgradation of standards in non-developmental and social sectors and special problem grants for the period 2000-05. *(Para 7.7)*

14.29 The power to sanction individual schemes as well as to determine the unit costs in respect of projects to be taken up under the upgradation and special problem grants should vest with the State Level Empowered Committee (SLEC). There is no need for any case to be sent to the Government of India for sanction of a project. Once a project has been sanctioned by the SLEC, a copy of the same indicating the time schedule for various stages of the project and for requirement of funds should be submitted to the Government of India, who should release the funds according to the time schedule indicated in the project. The unutilised grants for a particular year may be carried forward to the next year. However, the grants that remain unutilised as on March 31, 2005 shall lapse. *(Para 7.53)*

14.30 The States should show greater commitment for timely and qualitative implementation of the projects undertaken through the upgradation and special problem grants. The physical and financial monitoring of the projects should be done by the SLEC. The States should send quarterly report to the Ministry of Finance of the Government of India, to facilitate release of grants. *(Para 7.54)*

14.31 Article 243I should be amended to enable the States to set up the State Finance Commissions (SFC) at the expiration of every fifth year or earlier, akin to the provision that already exists under article 280 for constituting the Finance Commission. The synchronisation of availability of the SFC reports may also be ensured through either a Central legislation or an appropriate provision in the Constitution. *(Para 8.11 a)*

14.32 SFC reports may contain specific chapters, as indicated in para (8.11 b), so as to make them more useful to the Finance Commission. *(Para 8.11 b)*

14.33 State Governments should take their decision on the recommendations of the SFC, specially in regard to matters relating to resource transfer, and place the ATRs on the floor of the State Legislature within six months. Amendments to the laws, if necessary, should be made to ensure this at the earliest. *(Para 8.11 c)*

14.34 The words ‘on the basis of the recommendations made by the Finance Commission of the State’, appearing in sub-clauses (bb) & (c) of article 280(3) of the Constitution, may be deleted. *(Para 8.11 d)*

14.35 States should, by legislation, ensure that the chairpersons and members of the SFCs may be drawn from amongst experts in specific disciplines such as economics, law, public administration and public finance. *(Para 8.12)*

14.36 Taxes on land/farm income may be levied in suitable form to strengthen the resource base of the local bodies. The amounts so collected may be passed on to these bodies for improving and strengthening the civic services. Local bodies may also be involved in collection of these taxes. *(Para 8.15 a)*

14.37 Cess on land based taxes and other State taxes/duties may be levied and devolved to the local bodies for augmenting specific civic services. *(Para 8.15 b)*

14.38 States should levy profession tax with a view to supplementing the resources of local bodies, or they should empower the local bodies to levy it. The rates should be suitably revised from time to time. *(Para 8.15 c)*

14.39 Property tax/house tax has not been exploited to its full potential. The relevant tax legislation should be suitably modified to delink this tax from the rent control laws. Where a property has been let out, the property tax should be made recoverable from the occupier. *(Para 8.16 a)*

14.40 Abolition of octroi should invariably be accompanied with its replacement by a suitable tax that is buoyant and can be collected by the local bodies. *(Para 8.16 b)*

14.41 The rate structure of user charges levied by the local bodies should be revised regularly to keep pace with inflation and to recover at least, as far as possible, the full operations and maintenance cost. Local bodies should have the power to fix the rates of taxes and user charges. *(Para 8.16 c)*

14.42 The grants recommended for local bodies in this report should be given to those local bodies which have the primary responsibility for maintenance of civic services. The grant should be untied, but should not be used for payment of salaries and wages. *(Para 8.18)*

14.43 States should review the existing accounting heads under which funds are being transferred to the local bodies. For each major head/sub-major head, six minor heads should be created- three for the panchayati raj institutions and another three for the urban local bodies. This may be done in consultation with Comptroller and Auditor General of India (C&AG) and the Controller General of Accounts, to ensure uniformity among the States. *(Para 8.19 a)*

14.44 The C&AG should be entrusted with the responsibility of exercising control and supervision over the maintenance of accounts and their audit for all the tiers/levels of panchayats and urban local bodies. *(Para 8.19 b)*

14.45 The Director, Local Fund Audit, or any other agency made responsible for the audit of accounts of the local bodies, should work under the technical and administrative supervision of the C&AG. In no case, should be the Director for Panchayats or for Urban Local Bodies be entrusted with this work. The prescribed authority entrusted with the audit and accounts of the local bodies should not have any functional responsibility in regard to these bodies, so as to ensure his independence and accountability. *(Para 8.19 c)*

14.46 The C&AG should prescribe the format for the preparation of budgets and for keeping of accounts by the local bodies, which should be amenable to computerisation. *(Para 8.19 d)*

14.47 Local bodies, which do not have trained accounts staff, may contract out the upkeep of accounts to outside agencies/persons. The C&AG may lay down the qualification and experience required for this purpose. The Director, Local Fund Audit, or his equivalent authority, may do the registration of such agencies/persons. *(Para 8.19 e)*

14.48 Audit of accounts of the local bodies may be entrusted to the C&AG, who may get it done through his own staff, or by engaging outside agencies on payment of remuneration fixed by him. An amount of half per cent of the total expenditure incurred by the local bodies should be placed with the C&AG for this purpose. *(Para 8.19 f)*

14.49 The report of the C&AG, relating to audit of accounts of the panchayats and the municipalities, should be placed before a committee of the State Legislature constituted on the same lines as the Public Accounts Committee. *(Para 8.19 g)*

14.50 An amount of Rs.4,000 per panchayat per annum, on an average, should be adequate to meet the expenditure on maintenance of accounts on contract basis, if the staff/facilities are not available within the panchayat. The amount may be paid from the grants that are recommended for the rural local bodies. Any additional fund required for this purpose should be met from the grants given to the States for the panchayats. Where a panchayat has got staff available for upkeep of accounts, these funds need not be so earmarked. If any municipality does not have a regular staff for this purpose, the grants provided to it may also be so earmarked. *(Para 8.20)*

14.51 A database on the finances of the panchayats and municipalities should be developed at the district, State and Central Government levels and be easily accessible by computerising it and linking it through V-SAT. The Director, Local Fund Audit, or the authority prescribed for conducting the audit of accounts of the local bodies, may be made responsible for this task. The Chief Secretary of the State may do the State level coordination and monitoring. The C&AG should be involved at all stages. *(Para 8.21)*

14.52 A total grant of Rs.1,600 crore for the panchayats and Rs.400 crore for the municipalities is recommended to be given to States for each of the five years starting from the financial year 2000-01. The amounts indicated for maintenance of accounts, audit of accounts and for the development of database, would be the first charge on these grants and would be released by the concerned Ministries of the Government of India, after the arrangements suggested become operational. Shares in respect of the scheduled, tribal and other excluded areas should be made available to the respective States only after the relevant legislative measures are taken extending the provisions of the 73rd and 74th amendments to such areas. *(Para 8.22)*

14.53 *Inter-se* share of States in the grants provided for the panchayats and the municipalities is based on the rural/ urban population of the State (40 per cent), index of decentralisation (20 per cent), distance from the highest per capita income (20 per cent), revenue effort of the local bodies (10 per cent) and geographical area (10 per cent). *(Paras 8.23, 8.24, 8.25 & 8.26)*

14.54 While all the States barring Arunachal Pradesh have either enacted a new Panchayat/Municipal Act or have amended the existing legislation in conformity with the 73rd and 74th amendments, the schemes relating to the subjects included in the Eleventh and Twelfth Schedules have not yet been transferred to these bodies in most of the States as contemplated in articles 243G and 243W. Transfer of functions and schemes to the local bodies should be specifically provided by legislation. *(Para 8.28 a)*

14.55 The roles of the three tiers of the panchayats have generally not been delineated in the State legislations and the matter has usually been left to be decided by way of executive instructions. Legislative arrangements should be made to clearly indicate the role that these bodies have to play in the system of governance in the rural areas of a district. *(Para 8.28 b)*

14.56 The two Union Ministries- the Ministry of Rural Development and the Ministry of Urban Development- have to ensure that the local bodies function as institutions of self-government and all impediments to the realisation of this ideal are removed. These Ministries should take the initiative for transferring the schemes related to their subjects included in the Eleventh and Twelfth Schedules, to the local bodies. *(Para 8.28 c)*

14.57 The three-tier panchayati raj system is very rigid arrangement. States may be provided flexibility to decide whether a two-tier system would operate with greater efficiency and economy or a three-tier structure would be essential. *(Para 8.28 d)*

14.58 For extending the provisions of the 74th amendment to the Fifth Schedule areas, Parliament is yet to enact the enabling legislation. This may be speeded up. *(Para 8.28 e)*

14.59 The Legislatures in the States of Meghalaya, Mizoram and Nagaland should take suitable action for extending the provisions of the 73rd amendment to the non-Sixth Schedule areas. Alternatively, the existing village level institutions in these areas may be recognised as panchayats for the purposes of the 73rd amendment, by appropriate legislative changes. *(Para 8.28 f)*

14.60 Suitable enabling provisions in the Constitution may be introduced so that the hill areas in the State of Manipur and in the district of Darjeeling in West Bengal could get the benefit of the 73rd amendment. *(Para 8.28 g)*

14.61 Administrative reorganisation of panchayats is necessary to ensure their development as viable institutions of self-government. *(Para 8.28 h)*

14.62 The District Planning Committees and the Metropolitan Planning Committees should be constituted and made functional. *(Para 8.28 i)*

14.63 All Government properties of the Centre as well as the States, should be subject to the levy of user charges. It should be regulated by suitable legislation. *(Para 8.32)*

14.64 The existing scheme of providing for contribution of 25 per cent by the States and 75 per cent by the Centre to the Calamity Relief Fund (CRF), may be continued. *(Para 9.7)*

14.65 The amount of CRF for 2000-05 has been worked out at Rs.11,007.59 crore. This includes the Centre's share of Rs.8,255.69 crore and the States' share of Rs.2,751.90 crore. *(Para 9. 8)*

14.66 Only the natural calamities of cyclone, drought, earthquake, fire, flood and hailstorm should be eligible for relief expenditure from the CRF. The CRF should not be used for providing relief to the people affected by man-made and other disasters and the concerned units from which a man-made disaster emanated, should be made to pay for it. *(Para 9.10)*

14.67 The CRF should be kept separately outside the Public Account of the State and invested in a manner approved by the Central Government. Where, however, for some reasons, it is not possible to invest it in the manner approved by the Central Government, it should be kept in Public Account, on which the State Government should pay interest at a rate not less than the market rate as indicated by the Reserve Bank of India. *(Para 9.11)*

14.68 The State Government should incur expenditure from the CRF only on items included in the approved list. A committee of experts, having representatives from the States too, may be set up to review the list from time to time. *(Para 9.12)*

14.69 Regarding the amounts to be incurred from the CRF on the approved items of expenditure, the arrangements recommended by the TFC may be continued. In case any State Government exceeds the amount prescribed, the excess expenditure should be borne from the normal budget of the State Government and not from the CRF. *(Para 9.13)*

14.70 There is a need for devising medium as well as long term strategies in every part of the country to reduce the frequency of occurrences of the natural calamities and their impact on the area and population. The Planning Commission, in consultation with the concerned State Governments and Ministries of the Government of India, may identify works of capital nature to prevent the recurrence of specific calamities. These works may be financed under the plan. *(Para 9.14)*

14.71 The expenditure on restoration of damaged capital works should ordinarily be met from the normal budgetary heads, except when it is to be incurred as part of providing immediate relief such as restoration of drinking water sources, provision of shelters, or restoration of communication links for facilitating relief operations. The expenditure from the CRF should be incurred only for providing immediate relief to the affected population, and should be of short duration. *(Para 9.15)*

14.72 The National Fund for Calamity Relief (NFCR) may be discontinued in its present form. *(Para 9.21)*

14.73 A National Centre for Calamity Management (NCCM) should be established under the Ministry of Agriculture. This centre should be empowered to make recommendations regarding eligibility of a State for assistance from the Central Government. *(Para 9.22)*

14.74 Any assistance provided by the Centre to the States for calamity relief should be financed by the levy of a special surcharge on the Central taxes for a limited period. Collections from such surcharge should be kept in a separate fund to be known as National Calamity Contingency Fund (NCCF) created in the Public Account of the Government of India. The Government of India should contribute an initial core amount of Rs.500 crore to this fund, to be replenished by the levy of the special surcharge as and when any drawals are made from it. In order to ensure that there is no delay in the flow of funds to the States for administration of relief, a legislation enabling the Central Government to levy such surcharge may be enacted. *(Para 9.22)*

14.75 The NCCM should also undertake studies on recurrence of various types of natural calamities, keep in readiness an inventory of materials needed for providing relief, locate the places/centres where these could be kept readily available, provide training to the State cadres identified for deployment for calamity relief duties, besides documentation and evaluation of calamity related matters. *(Para 9.23)*

14.76 The crop insurance scheme should be strengthened, but as a supplementary measure to what is done by the government for providing relief at the time of natural calamity. *(Para 9.26)*

14.77 Every major State needs to have trained manpower to cope with various types of natural calamities. A core multi-disciplinary group of about 200 to 300 persons should be created and trained suitably in each State for being deployed in any place in the country for calamity relief operations. An honorarium, as may be determined by the Government of India from time to time, may be paid to each such person as an incentive to participate in this scheme. The expenditure on their training should be met from the CRF. *(Para 9.27)*

14.78 Every State should be required to prepare and send to the Central Government an annual report on the calamities for which the State had incurred the relief expenditure. Based on the State-specific reports and the evaluation reports of the NCCM, the Ministry of Agriculture should prepare an annual report by the 31st December every year. The report should be released to the public. *(Para 9.28)*

14.79 After the devolution of Central tax revenues, some States will still have deficit on non-plan revenue account. Grants-in-aid amounting to Rs.35,359 crore have been provided to such States under article 275(1) of the Constitution, equal to the amount of deficits assessed during the period 2000-05. *(Para 10.7)*

14.80 The scheme of general debt relief linked to fiscal performance, introduced by the TFC, may be continued with certain modifications. *(Para 11.21)*

14.81 Expenditure incurred on security by the State of Jammu & Kashmir prior to 1991 may be assessed by the Ministry of Home Affairs (MHA) and the Ministry of Finance (MoF) in consultation with the State Government and a debt relief to the extent of such expenditure may be provided to the State. In regard to Punjab, a moratorium on the instalments of debt and interest, relating to the special term loan only, due for payment, may be given during the period 2000-05. The expenditure incurred on security may be worked out by the MHA in consultation with the State Government of Punjab and the MoF and, to the extent the State is entitled for reimbursement on account of security related expenditure, the relief on debt may be given to the State after the period of moratorium is over and after adjustment of any waiver earlier given. *(Para 11.27)*

14.82 Treating the borrowings of the States relating to small saving, as loans in perpetuity is neither desirable nor viable. *(Para 11.33)*

14.83 Limits on the guarantees given by the Centre and States may be fixed by suitable legislation and should form part of the overall limits to borrowing under articles 292 and 293, respectively. This limit also should include borrowings from Public Account and other sources. *(Para 11.44 and 11.45)*

14.84 There is a need for setting up of a sinking fund in each State for the amortisation of debt. *(Para 11.46 and 11.47)*

14.85 Since Finance Commission is required to be constituted at the expiration of every five years or earlier under article 280(3) of the Constitution, and since it ceases to exist after the submission of its report, the difficulties faced in making the new Commission operational are increasing every time. The Commission should have a permanent headquarters in a building either of its own, conveniently located, or a few floors be exclusively given to it on a permanent basis from the existing available accommodation. Till this is organised, the present accommodation may be retained. *(Para 12.9)*

14.86 The Finance Commission should have a permanent secretariat with a core research staff placed under an officer of the level of Additional Secretary to the Government of India. *(Para 12.10)*

14.87 The Finance Commission requires a minimum of two and a half to three years for formulation of recommendations and preparation of report. *(Para 12.11)*

14.88 Development of a stronger data base on public finances is very necessary at the State level. This may start with the recasting of budget documents on the lines of the Central budget. *(Para 12.12)*

14.89 Statistical information on the number of employees in each pay-scale as on the 1st April should be collected regularly every year by the States. Similar information should be collected about the employees of local bodies and other aided institutions where the State Government has undertaken the responsibility for reimbursing the full or part of the expenditure on such employees' salaries etc. from the Consolidated Fund of the State. *(Para 12.13)*

14.90 A database on the pensioners should be developed and updated on a year-to-year basis by the Central and State Governments. *(Para 12.14)*

14.91 Finance Commission's recommendations having a direct bearing on the outflow or inflow of funds are generally given effect to promptly. However, implementation of the non-financial recommendations of the Commission should be given equal weight as these too have impact on the financial position of the Centre and the States. *(Para 12.15)*

(A.M. Khusro)
Chairman

(J.C. Jetli)
Member

(N.C. Jain)
Member

(A.Bagchi)
Member

(T.N. Srivastava)
Member-Secretary

New Delhi
June 28, 2000

We would like to place on record our deep appreciation of the help, co-operation and contribution received from our Member Secretary, Shri T.N. Srivastava. He organised the work of the Commission in all its depth and breadth, provided leadership to the Secretariat and himself did considerable basic work painstakingly. His vast experience in public administration, both at the Centre and the State, was of great benefit in the completion of this stupendous task.

(A.M. Khusro)
Chairman

(J.C. Jetli)
Member

(N.C. Jain)
Member

(A.Bagchi)
Member

New Delhi
June 28, 2000

Note of Shri N.C. Jain on Restructuring: Suggestions for some Constitutional and Legal Changes
(Para 3.76)

1. I am raising some basic and constitutional issues delineating scope of Articles 280/282/275 calling for making some suitable legal and Constitutional amendments.

Co-operative Federalism

2. Indian federal structure is a pleasant admixture of the unity of India on one part and States' autonomy on the other and, therefore, to deal with the fiscal problems, Part XII was enacted in the Constitution. To iron out the creases of inequalities, a system of distribution and devolution of taxes was retained more or less in consonance with the Government of India Act,1935. To add flavour of non-favouratism in such devolution, an independent body like the Finance Commission was contemplated which was enjoined the Constitutional duty not only to distribute the taxes but also to settle the principles which should govern grants-in-aid to such States that may be in need of assistance. Beyond this, any other matter could also be referred to it in the interests of sound finance. Later, it was also given powers to suggest measures for supplementing resources of the local bodies by way of augmenting the Consolidated Funds of the States. The founding fathers of the Constitution further contemplated that despite all these arrangements, there may arise cases of emergency whereby immediate grants for public purposes become necessary and, therefore, a provision to that effect was made under article 282.

Finance Commission- a continuing (permanent) body

3. Article 280 provides for constituting a Finance Commission at the expiration of every fifth year or at such earlier time, as the President of India considers necessary. Even after accepting the necessary principles of interpretation of the statute, it cannot mean that a particular Commission would be given a *short tenure* of 1½ or 2 years for delineating certain fixed principles for 5 years in advance. A look at the articles 109, 110 and 112 and similar articles in respect to the State Assemblies may be necessary to have a complete grasp of the matter. (Similar provisions for States may be treated as included). Article 110 defines the Money Bills, which includes within itself the imposition, abolition, remission, alteration or regulation of any tax etc. Thus a Money Bill has to be introduced *each year* whereby a tax may be abolished or altered or imposed which is bound to make an essential difference in the financial status of the Centre or the State as the case may be. As per article 112, the Annual Financial Statement is to be laid in both the Houses containing a statement of the estimated receipts and expenditure of the Governments, which may also vary *each year* as per the circumstances. Thus, the legislatures in their wisdom have been given exclusive powers to add to the revenue or expenditure as per the circumstances prevailing in each year. Besides this, supplementary, additional or excess grants may also be made in view of article 115 in *each financial year.* The practical effect of this may be that the forecasts of the Finance Commission as gathered from the States' or the Union's representations may get substantially disturbed as per the circumstances prevailing in a particular year. Article 275 speaks of sums to be charged on Consolidated Fund of India in *each year* for the purpose of grants-in-aid to the States in need thereof. The question that arises then is, year by year tax and non-tax revenues of the States may not remain static or normatively progressive and may be *illusory.* Constitutional provisions have been made to solve *practical problems* and not *illusions or hypothetical and astrological calculations,* since imaginary and not real needs have been considered. For a long time all the Finance Commissions had been dwindling between "gap filling" approach and "normative" approach. In fact, and for real benefit to the States, there should be a realistic approach which needs to be adopted by the Finance Commission which can only be ascertained *every year* and not estimated futuristically for a period of 5 years. Thus the words "every fifth year" appearing in article 280 can only be interpreted to mean that after every fifth Year the Finance Commission should be reconstituted but it has to be a continuing body sometimes also termed as a Permanent body. The words "at such earlier time" in article 280 would only mean that if in case of large vacancies occurring earlier by resignation or otherwise, before the 5 years' tenure, the President feels the need for earlier constitution of the Commission, he has been empowered to do so. This has to be the ratio of the concerned provisions of the Constitution. The practice of Finance Commissions being of a tenure of 1½ years or 2 years, may be a historical fact but has nowhere been forwarded in the Constitution nor does it fulfil the aspirations as conveyed by the letter and spirit of that sacred law. It should be treated as a continuing body and its personnel may change every fifth year.

4. There is one more interesting feature in the provisions of the Constitution. Under article 280(3) (a), the Constitutional duty of the Finance Commission is to make recommendations for actual distribution between Union and the States of net proceeds of the taxes. This provision has to be read with article 270(2) which says that such percentage of the net proceeds in *any financial year* of any such tax shall be assigned to the States and distributed amongst them as may be prescribed by the Finance Commission. The words, *"in any financial year"*, are very important to be ignored consideration. The latest (80th) amendment also speaks of taxes leviable *in that year.* All this would only mean that the powers of distribution under article 280(3)(a) have to be exercised in respect to the net proceeds in any financial year and distribution thereof. It may be repeated that the words *"in each year"* appearing under article 275 also add stress to this contention. Hence in *each financial year,* a Finance Commission should exist for this purpose of factual distribution of taxes and evolution of principles regarding grants if it has to be a meaningful Finance Commission to deliver real goods in the system of cooperative federalism. In case a short-tenured Finance Commission is constituted after a gap of 5 years or so,

it shall be left to do a lip service only on guess-work calculations or normative approach (as scientifically called) without faithfully performing its duty. Time constraint, short time for study, lesser time for State interactions and hypothetical calculations may be some of the main obstacles.

5. There are four important words appearing in sub Art. 280(3); one is ‘distribution’, another is ‘principles’, the third is ‘measures’ and the last one is ‘matter’. All these words have got different connotation and their distinction has got to be kept in mind while interpreting the provisions of article 280. Apparently enough, the mention of the words “5 years” in article 280 was contemplated by the founding fathers on the belief that both Lok Sabha and Assemblies would continue for full 5 years tenure. But due to political upheavals, their hope and belief have been belied. This change of circumstances cannot be ignored from consideration. Thus the true intention of the Constitution is discernible that it wanted the Finance Commission to be a live body for all the 5 years (or earlier under the circumstances stated above) though after every fifth year, a change may be made in personnel. Any other interpretation given to this provision would militate against its letter and spirit.

Planning Commision - Case For According Constitutional Status

6. Several decades back, Planning Commission was constituted which is a continuing (permanent) body and since then the concept of grants-in-aid got bifurcated into “plan” and “non-plan” grants. But these apparently, were distortions and digressions. The founding fathers had not contemplated the existence of Planning Commission at the time of drafting and passing the Constitution and it was under executive resolution that the Planning Commission was set up, probably with the aid of article 73, which envisages that the executive powers of the Union shall extend to the matters with respect to which Parliament has powers to make laws. Thus it has a legal status though the Constitutional status was never given to it. Contrary to the provisions of the Constitution, Planning Commission started dealing with devolution of huge funds for investment of a capital nature while Finance Commission concentrated in the fields of revenue expenditure with of course, some over-lappings. The new terms of “plan grants” and “non-plan grants” were then got introduced with no provision much less indications therefor in the Constitution of India. In my humble view, the economy of the Nation must be looked as a whole. *Following the example of human eyes, one can deduce a principle that there must be convergence of vision in an unified manner to have a clear and complete picture of a sight to be seen. One need not hypothetically attempt that left eye may be directed to see the left landscape only and the right eye, the right one. One can safely say that any such attempt shall give a distorted vision.* For this reason, my suggestion in paras below is that both the Finance and Planning Commissions be merged into one Commission under article 280 by making necessary Constitutional amendments to have a full view of both plan and non-plan sides of the economy. For study purposes, they may have to arrange for having two separate cells within itself. This would also amount to accepting the arguments of some economists that multiplicity of channels/agencies through which resources are transferred to the States should be drastically reduced.

7. Then, with the present structure, there is one more difficulty that after the completion of a Plan, the maintenance part thereto becomes “non-plan”.

8. This raises the question of the maintenance of the capital assets which more often than not gets neglected due to paucity of funds. States have, therefore, started making demands from the Finance Commission for upgradation and special problems, some of which were for adding capital assets and others for their maintenance. Thus dichotomy got set in against the provisions of article 275, clause (1) which reads as under: -

> “275. Grants from the Union to certain States - (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:”

9. This has to be read with the provision of sub-clause 2 that till the Parliament does not exercise those powers, they shall be exercised by the President and if the Finance Commission has been constituted by that time, its recommendations will be considered by the President. Thus article 275 speaks of grants-in-aid as a complete entity without its sub-categorization as plan and non-plan grants. Ouster of the jurisdiction of the Finance Commission from considering the plan grants, both revenue and capital, is not warranted under the Constitution but the system has remained prevalent for nearly half a century. Appreciating the role of Planning Commission, Justice Sarkaria says in his Report:

> “Planning Commission is a dynamic process and as such its continuous appraisal and adjustments are essential. A static five-year frame would not meet the requirements of planning. The Planning Commission reviews annually the resources and plan needs of the States and recommends plan assistance. In a dynamic situation, net resources available for transfer from Union to the States towards plan assistance will also be known only on a yearly basis.”

10. I have absolutely no dispute with this proposition but I am simply wondering as to why the Planning Commission was not given a Constitutional status even by now. I agree that its role is dynamic but the role of the Finance Commission is no less dynamic. And its static 5 years‘ frame does not faithfully work to the betterment of nation’s economy. If the economy of the nation remains divided into two water-tight compartments like plan and non-plan, the whole concept of the economy cannot be fully envisioned which is necessary for the betterment of the Union as also the States. I, therefore, propose that an appropriate Constitutional amendment be made in article 280 of the Constitution of India for giving Planning Commission, a Constitutional status by merging it with the Finance Commission with powers to look into the

distribution of taxes and devolution of grants both on plan and non-plan sides. By this method, several goals may be reached:-

(1) Article 275 speaks of grants-in-aid as a whole without dividing it into plan and non-plan. Its letter and spirit will then be truthfully followed without distortions and breach thereof.

(2) The Finance Commission itself may divide its working between two cells about the capital assets and revenue side and ultimately take the decision as a whole with its vision fully set on the economy of the nation, for both capital and revenue side.

(3) The Finance Commission would become a continuing, or call it a permanent, Commission in the sense that the term of members would be 5 years after which the personnel would stand changed but the Commission would continue. This would also get an added advantage that at present the studies which are got conducted by the Finance Commission and the library thereof would be available at a proper place without disruptions. This is not the current position. This difficulty was envisaged by the 7th Finance Commission when it said that a new Commission that is appointed has to start on a clean slate, collect the required material and then initiate such studies and analyse as it prefers. The Eighth Finance Commission did not venture on the question of a Commission being a permanent one stating that it was beyond their terms of reference. In the Ninth Finance Commission Report, Justice A.S. Qureshi did opine in favour of the Finance Commission having a tenure of 5 years. The Tenth Finance Commission also agreed with the contention of Ninth Finance Commission on this point but added that in order to ensure an advance preparation, a permanent Finance Commission Division may be created in the Ministry of Finance with an officer-oriented composition.

11. According to me, even this recommendation substantiates my point because Tenth Finance Commission felt the absence of continuity and advance preparation. My contention is that advance preparation has to be made by the Commission and not Finance Commission Division or a Cell. Several legal luminaries have also opined in favour of Finance Commission being a 'permanent' one with a tenure of 5 years. I also hold the same view because as a Member of 11th Finance Commission, I feel that the short term given to it was not sufficient for truthfully and fruitfully making its recommendations. Time constraint and lack of availability of material was faced by us.

12. The Finance Commission cannot be treated as one constituted under the Commission of Inquiries Act wherein the terms of reference are required to be given. The basic duty of Finance Commission is spelt out from article 280. Only the provisions under sub clause 3 (d) says that the President may refer to the Finance Commission "any matter ... in the interest of sound finance." The rest of the matter of distribution of taxes, devolution of grants and measures for local bodies, are part of its duty even without reference. The words "grants-in-aid of the revenues of the States" has a compact meaning and its artificial bifurcation, whether for historical reasons or otherwise, does not go hand-in-hand with the Constitutional provisions either in letter or in spirit.

13. If my recommendations given at the end are accepted, the dynamism, continuity, coordination, advance preparation and all other factors for which the current improvements were suggested by different Finance Commissions and even by Justice Sarkaria Commission will get ensured. The added advantage would be that the Planning Commission would be given the Constitutional status which, looking to its role, has not been given to it so far. Further gain would be that multiplicity of the authority of devolution would be lessened.

THE SCOPE OF ARTICLE 282

14. At the end, I would like to say that I read article 282 as a residuary clause for making any grant for public purpose. Democracy is one of the basic features of the Constitution. It means that the rule of law and Parliament are supreme and, thus, if a provision is made giving the Government or any other institution a right to make grants, notwithstanding that the purpose is not one with respect to which Parliament or legislature of the State may make laws, it essentially means that it was in relation to certain emergent grants for urgent use and thus it has only to serve a purpose of providing room for some flexibility like "play in the joints". It was never contemplated as an alternative scheme for devolution of large parts of grants, as has presently been the aberrations.

15. The above suggestions would serve as a remedy for this malady.

RECOMMENDATIONS

16. I, therefore, recommend the following as re-structuring programme -

1. For giving Planning Commission the Constitutional status, Finance Commission and Planning Commission be merged into one unit and, if need be, the membership envisaged under article 280 be raised to 6.
2. This Finance Commission be made a continuing or a permanent body which should be reconstituted every fifth year or prior to it if exigencies of circumstances so desired.
3. This Finance Commission shall be entitled to recommend the grants-in-aid of revenue of the States, both on plan and non-plan side. For study purposes, it may have two separate cells.

Sd./-
(N.C. Jain)
Member (EFC)
26.6.2000

A Note of Observations by Dr. Amaresh Bagchi, Member

(Para 10.10)

On the Need to Strengthen the Equalising Role of Fiscal Transfers

1. As noted at the outset in chapter II, the two basic objectives of fiscal transfers in a federation are, one, to bridge the vertical gap that is common in federations and two, to redress the horizontal imbalances that also prevail in most federations in varying degrees. The instruments used principally for these purposes are, sharing of federal revenues and grants. The transfer of Union government's revenues through revenue sharing and grants in our system are also meant to meet the vertical imbalances as well as the horizontal disparities among the States arising from variations in their revenue base. As far as possible, the design of fiscal transfers should be such as can serve the objectives of closing the vertical gap and reducing, if not removing, the horizontal disparities simultaneously so that all States can provide basic public services to their people at reasonably comparable levels. It may be possible to meet the vertical gap without addressing the horizontal imbalances adequately, as for example, when the vertical gap is met by sharing the central revenues only on the basis of realisation or collection. However, such a system would not help to reduce the horizontal imbalances, rather may accentuate them. Hence, the emphasis has been in established federations like Canada and Australia to base the transfers on the principle of equalisation.

2. Equalisation in a federation is done primarily by equalising the revenue capacity of the States. For this purpose the revenue capacity of each State is worked out on a normative basis using some standard statistical technique like the "representative tax system" method. States whose per capita revenue capacity as determined normatively with reference to its tax base is deficient, that is, below the average or the stipulated standard, are given grants to make up for their deficiencies. Since the States may also face variations in unit cost of providing services because of factors like demographic composition or terrain or any other factor beyond their control, the revenue equalisation grants are supplemented with grants to take account of the cost disabilities as well. The approach adopted by this Commission also seeks to follow normative principles and while meeting the vertical gaps has tried to bring about some equality in the revenue capacity across the States as well. However, for reasons mentioned in chapter V, it has not been possible for the Commission to apply the normative principle fully. The implication is that the level of services which the States can provide to their people currently as reflected in their per capita non-Plan revenue expenditures (NPRE) varies widely across States.

3. From the assessment of the revenues and expenditures and the States made by the Commission, it is noticed that in several States (mainly in the low income group) the per capita NPRE (excluding interest and pensions) is far below the national average. For instance, in Bihar the per capita NPRE for the year 2000-01 works out to less than 60 per cent of the average of the general category States. Similar is the case with a few other low income States. Even with the State's share in Central taxes recommended by the Commission, the per capita revenue capacity of Bihar remains at well below the group average for the year 2000-01. Paradoxically, Bihar does not get any non-Plan revenue deficit grant although its revenue capacity even after it is augmented by statutory transfers, that is to say its revenue availability in the non-plan account falls significantly below the average. This is because, with tax devolution, the non-plan revenue account of the State goes into a surplus.

4. The reasons for this paradox are three-fold. One, the dominance of tax devolution in the package of statutory transfers and its downward inflexibility; two, the limitations of the normative approach adopted by us in assessing the States' revenue expenditure; and three, the flow of Central funds through other channels that may not necessarily conform to the principle of equalisation of revenue capacity. For various reasons, partly historical, the proportion of revenues flowing to the States through tax devolution in the statutory transfers has been in the range of 80 to 90 per cent and in recent years, is hovering around 90 per cent. Tax devolution now is based on a formula in which collection or realisation is given no weight and the attempt of the successive Finance Commissions has been to make the devolution formula more and more progressive and this Commission also has tried to move further in that direction while keeping the considerations of efficiency also in view. But there is a point beyond which progressivity cannot be pushed through tax devolution. Since all States are entitled to a share in Centre's taxes – again, this is to be expected given the vertical imbalance – with tax devolution, even if relatively small in their case, States with relatively strong revenue bases are able to generate handsome surpluses in their non-Plan revenue budget. The burden of revenue capacity equalisation therefore falls heavily on the grants-in-aid. Although in determining the requirements of grants-in-aid of different States the revenue and expenditure of each State has been assessed by the Commission on the basis of some normative principles, the starting point for the normative exercises remains largely the actuals of the past. Strictly speaking, the normative assessment should correct these deficiencies, but in order not to cause any severe disruption, strict norms could not be imposed in the base year estimates of expenditure. This constitutes an impediment to equalisation. The picture would have been different if the fiscal needs of the States could be determined on the basis of the average per capita expenditure (or a standard level of expenditure), allowing for appropriate cost differentials as well, multiplied by their population, and the gap between the requirements of revenue to meet the needs so determined and what the States could be expected to raise as revenue by making average effort, could be provided as grant. But as indicated above, our transfer scheme, despite our effort to go by the normative principle, falls short of such equalisation.

5. Another factor that hinders the process of equalisation is the flow of funds through channels where equalisation is not used as a criterion (e.g. with assistance for Centrally Sponsored Schemes and for externally aided projects). If the equalisation principle is to be implemented in a full-fledged manner, the transfers for purposes of equalisation would have to be determined as a whole and not in the form of tax devolution and grants alone. This is what "the general revenue recurrent grants" in Australia seek to achieve. These are supplemented by specific purpose grants and some grants through the States to be passed on to the local governments. But the general recurrent revenue grants are given on a normative assessment of revenue capacity and expenditure needs based on the relativities of the States in the matter[1]. It is relevant to note that in Australia the general revenue recurrent grants have come to replace the tax reimbursement grants which were in vogue earlier to compensate the States for the loss of tax powers to the federal government.

6. In our system, tax devolution i.e., tax sharing has come to occupy a central role in fiscal transfers. This is partly because of the general feeling that tax devolution constitutes a source of transfers which is guaranteed by the Constitution and since it is dispensed by the Finance Commission, it has the merit of certainty and impartiality. In fact there is a persistent demand for raising further the proportion of Union taxes that goes via tax devolution to the States. With the recent amendment of the Constitution and pooling of all Central taxes for sharing with the States, the fraction of the Centre's revenues to be devolved to the States has now become almost inflexible, at least downward, and with tax devolution constituting 90 per cent of the statutory transfers the room for equalisation through grants-in-aid to meet the non-Plan revenue deficits has become quite narrow. In fact, the normative exercises to determine the non-Plan revenue gap lose much of their significance when the share of grants-in-aid remains so small.

7. In this situation, if equalisation has to be carried to its logical end, there is a need either to reduce the share of tax devolution in the total statutory transfers to allow more room for the deficit grants or to supplement the revenue deficit grants through equalisation grants to narrow the gaps in the revenue capacity of the States in providing at least some of the basic public services like elementary education, primary health, water supply and sanitation. The Commission has made some recommendations for upgradation of general administration and social sectors in the States. But these transfers are only marginal and do not go far to reduce the disparities in revenue capacities of the States to the extent necessary to enable them to provide these services at an average level. Given the reality, namely that it may not be possible to lower the proportion of tax devolution in the statutory transfers in the near future, I feel that some equalisation grants need serious consideration if the disparities in the revenue capacity of the States are to be reduced. If it is not possible to meet the gaps fully in one or two years, the equalisation grants can be staggered over a number of years. This, I feel, is needed so that the Central transfers can play a more positive role in equalising the capacities of the States to provide the basic services. The weakening of the equalisation role of the statutory transfers should also be kept in view before any increase in the proportion of Union taxes to be passed to the States through tax devolution is considered.

(A. Bagchi)
Member

Annexure I.1
(Para 1.3)

THE GAZETTE OF INDIA
EXTRAORDINARY PART II-Section 3-Sub-section (ii)

PUBLISHED BY AUTHORITY

MINISTRY OF FINANCE
(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 28th December, 1999

S.O.No.1299(E).– The following Order made by the President is published for general information:

ORDER

In pursuance of the provisions of article 280 of the Constitution read with sections 6 and 8 of the Finance Commission (Miscellaneous Provisions) Act, 1951 (33 of 1951), the President hereby directs that in the Order dated the 3rd July, 1998 published in the notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) SO No.557(E), dated the 3rd July,1998-

(a) in paragraph 2, for the words, figures and letters " the 31st day of, December, 1999", the words, figures and letters "the 30th day of June, 2000" shall be substituted;

(b) for paragraph 11, the following paragraph shall be substituted, namely:-

"11. The Commission shall make-

(a) an Interim Report available by the 15th January, 2000 for enabling provisional arrangements to be made for devolution of share in the Central taxes and other grants-in-aid to the States during the year commencing on the Ist day of April, 2000; and

(b) the Final Report available by the 30th June, 2000 on each of the matters aforesaid covering a period of five years commencing on and from the Ist day of April, 2000."

Sd/-
(K.R.NARAYANAN)
PRESIDENT OF INDIA

20th December,1999

[No.10(12)-B(S)/99]

J.S.MATHUR
Addl.Secy. (Budget)

Annexure I.IA
(Para 1.20)

THE GAZETTE OF INDIA

EXTRAORDINARY PART II-Section 3-Sub-section (ii)

PUBLISHED BY AUTHORITY

MINISTRY OF FINANCE
(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 28th April, 2000

S.O.No.425(E)– The following Order made by the President is published for general information:

ORDER

In pursuance of the provisions of article 280 of the Constitution read with sections 6 and 8 of the Finance Commission (Miscellaneous Provisions) Act, 1951 (33 of 1951), the President hereby directs that in the Order dated the 3rd July, 1998 published in the Notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) No. S.O. 557(E), dated the 3rd July, 1998, in paragraph 4, the following shall be added at the end, namely:-

"In particular, the Commission shall draw a monitorable fiscal reforms programme aimed at reduction of revenue deficit of the State and recommend the manner in which the grants to States to cover the assessed deficit in their Non-Plan Revenue account may be linked to progress in implementing the programme".

Sd/-

28th April, 2000

(K.R.NARAYANAN)
PRESIDENT OF INDIA

[No.10(12)-B(S)/99]

D. SWARUP
Jt. Secy. (Budget)

Annexure I.1B
(Para 1.22)

THE GAZETTE OF INDIA

EXTRAORDINARY PART II-Section 3-Sub-section (ii)

PUBLISHED BY AUTHORITY

MINISTRY OF FINANCE
(Department of Economic Affairs)

ORDER

New Delhi, the 21st June, 2000

S.O.592(E)– The following Order made by the President is published for general information:

ORDER

In pursuance of the provisions of article 280 of the Constitution read with sections 6 and 8 of the Finance Commission (Miscellaneous Provisions) Act, 1951 (33 of 1951), the President hereby directs that in the Order dated the 3rd July, 1998 published vide notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) No. S.O. 557(E), dated the 3rd July, 1998, as amended vide Order dated 20th December, 1999 published vide notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) No.S.O. 1299(E), dated 28th December, 1999-

(i) in paragraph 2, for the words, figures and letters "30th day of June, 2000", the words, figures and letters "31st day of August, 2000" shall be substituted;

(ii) paragraph 7 shall be omitted;

(iii) for sub-paragraph 11(b), the following sub-paragraphs shall be substituted, namely:-

"(b) a Report by 30th June, 2000 on each of the terms of reference contained in the Order dated 3rd July, 1998 published vide notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) No. S.O. 557(E), dated 3rd July, 1998 (excluding paragraph 7 thereof) covering a period of five years commencing on and from the 1st day of April, 2000;

(c) a Report by 31st August, 2000 on the term of reference as notified in the Order dated 28th April, 2000 published vide notification of the Government of India in the Ministry of Finance (Department of Economic Affairs) No. S.O. 425(E), dated 1st May, 2000".

Sd/-
19th June, 2000 **(K.R.NARAYANAN)**
President"

New Delhi.

[No.10(12)-B(S)/99]

D. SWARUP
Jt. Secy. (Budget)

Annexure I.2
(Para 1.4)

Memoranda submitted to the Commission during the visit to the States

Andhra Pradesh

- The Andhra Pradesh State Panchayat Sarpanches Association
- Chairman, Zilla Parishad, Krishna District, AP
- Panchayati Raj & Rural Development Department
- All India Manufacturers' Organisation, Andhra Pradesh State Board
- Confederation of Indian Industry
- Communist Party of India (Marxist)
- The Federation of Andhra Pradesh Chambers of Commerce and Industry
- Department of Economics, Osmania University

Arunachal Pradesh

- Memorandum submitted by Accountant General, Arunachal Pradesh

Assam

- Janata Dal
- Assam Pradesh Congress (I) Committee
- Guwahati University
- Indian Tea Association
- Federation of Industries of North Eastern Region (FINER)
- Assam Sectt. & Head of Deptt. Government Grade-IV Employees' Association
- Assam State Workers & Employees Sanmilan (ASWES)
- Coordination Committee (of 28 Officers' Associations)
- Heads of the Department Ministerial Officers' Association
- Sadou Assam Zila Prasashan Karmachari Sansthan
- Sadou Asom Karmachari Parishad
- Sadou Asom Mahila Karmachari Sansthan
- All Assam Small Scale Industries Association
- Devcrop Employees' Association
- Assam Civil Services Association
- All Assam Assistant Engineers' Association
- Assam State Employees' Federation
- Rabha Hasong Autonomous Council
- Mising Autonomous Council
- Lalung (Tiwa) Autonomous Council
- The North Cachar Hills Autonomous Council
- Rural Multi Media-Publicity & Promotion (NGO)

Bihar

- Note on the issues before the EFC prepared by the Asian Development Research Institute, Patna
- Memorandum submitted by the Bihar Industries Association
- Memorandum submitted by the Bihar Chambers of Commerce
- Memorandum submitted by the Bihar Pradesh Congress Committee
- Memorandum submitted by the Rashtriya Janata Dal, Bihar
- Memorandum submitted by the Bihar Pradesh Samata Party

Goa

- Goa Small Industries Association
- Goa Chambers of Commerce and Industry
- Goa Mineral Ore Exporters Association
- General Secretary, Communist Party of India
- President, Maharashtravadi Gomantak Party

Gujarat

- Ahmedabad Municipal Corporation
- Surat Municipal Corporation
- Gujarat Chambers of Commerce and Industry
- Rashtriya Janta Party

Haryana

- Perspective Plan for Haryana Police (2000-05), Home Department

Himachal Pradesh

- Memorandum submitted by PHD Chamber of Commerce and Industry
- Memorandum submitted by Confederation of Indian Industry
- Memorandum submitted by Communist Party of India (M), HP State Committee
- Memorandum submitted by Congress Legislature Party and Members of the CLP, HP
- Memorandum submitted by HP Fruit & Vegetables Growers Association Shimla
- Memorandum submitted by Rajya Panchayat Parishad - HP
- Memorandum submitted by Vice Chancellor, Himachal Pradesh University
- Memorandum Submitted by Accountant General, Himachal Pradesh
- Memorandum submitted by Himachal Pradesh Non-Gazetted Service Federation

Jammu & Kashmir

- Memorandum submitted by Federation Chamber of Industries, Kashmir
- Memorandum submitted by Chambers of Commerce and Industry, Jammu
- Memorandum submitted by Kashmir Traders and Manufacturers Federation
- Memorandum submitted by Kashmir Chambers of Commerce and Industry, Kashmir
- Memorandum Submitted by Accountant General, Jammu & Kashmir
- Memorandum submitted by Jammu & Kashmir Employees Joint Action Committee (J&K Civil Secretariat Non- Gazetted Employees Union)
- Memorandum submitted by TASK, House Boat Owners Association, Hotel Association and Traders Association (submitted during Field Visit)

Karnataka

- The Greater Mysore Chamber of Industry
- Federation of Karnataka Chambers of Commerce and Industry
- MLC, Bellary District

Kerala

- Communist Party of India (Marxist)
- Kerala Pradesh Congress Committee
- Kerala Congress (Jacob)
- Kerala Secretariat Employees Association
- The Ernakulam Chamber of Commerce
- The All Kerala Private College Teachers Association
- Dr. M. Kunhaman, Member, University Grants Commission
- Kerala Research Programme on Local Level Development, Centre for Development Sudies
- Kerala State Road Transport Corporation

Madhya Pradesh

- Note submitted by Accountant General, Madhya Pradesh
- Hard-prints of slides of presentation made by officers of Finance Department before the Commission
- Memorandum submitted by Devi Ahilya Vishwavidyalaya, Indore
- Hand-outs of presentation regarding Education Guarantee Scheme

Maharashtra

- Dr. Ratnakar Mahajan (Ex-President, State Planning Board, Government of Maharashtra)
- Bombay Chambers of Commerce and Industry
- Indian Merchant's Chamber

Manipur

- Memorandum submitted by All Manipur College Teachers Association
- Memorandum submitted by United Voluntary Youth Council
- Memorandum submitted by Council for Social Awareness and Development, Heibongpokpi
- Memorandum submitted by Joint Administrative Council (JAC) of All Manipur Trade Union Council and All Manipur Government Employees Organisation
- Memorandum submitted by Autonomous Hill District Council of Manipur
- Memorandum submitted by the Public of Hill Districts of Manipur
- Memorandum submitted by the Cultural Research & Analysis Wing Manipur
- Memorandum submitted by Manipur University
- Memorandum submitted by All Manipur Aided Secondary Schools' Headmasters Association
- Memorandum submitted by Federal Party of Manipur
- Memorandum submitted by Manipur People's party
- Memorandum submitted by CPI (M)
- Memorandum submitted by Minor Irrigation Contractors' Association (Hill) Manipur
- Memorandum submitted by Manipur State Women's Development Corporation Ltd.

Meghalaya

- The Khasi Hills Autonomous District Councils
- The Jaintia Hills Autonomous District Councils
- The MSEB
- The NEC
- The Meghalaya Chambers of Commerce
- The Meghalaya Government Employees Federation
- The North-Eastern Hill University
- By Shri Hopingstone Lyngdoh, MLA, Opposition Member

Mizoram

- Memorandum submitted by Mizoram Peoples' Conference Party
- Memorandum submitted by Tangrual Pawl
- Memorandum submitted by Sh Dunglena, Consultant Engineer, (Rtd Secretary, PWD, P&E, PHED, Aizwal
- Memorandum submitted by President, FMGE&W
- Memorandum submitted by Leaders of Chakma Autonomous District Council
- A copy of D.O. Letter No. D.O. No. DYCM.4/P/99/MOM dated 19.4.99 of Deputy Chief Minister, Mizoram, Aizawl
- A copy of brief of Chief Secretary address
- Memorandum submitted by existing MLAs
- Memorandum submitted by General Secretary, MPCC, Aizawl
- Memorandum submitted by Mizoram Engineering Service Association

Nagaland

- Memorandum submitted by Town Committees of Nagaland
- Memorandum submitted by Village Development Boards
- Memorandum submitted by Kohima Chamber of Commerce
- Memorandum submitted by Nagaland Police
- Memorandum submitted by Village Development Board of Tuophema Village, Chiephobozou Block, Kohima District
- Memorandum submitted by the President, Kewhimla for VDB Women Members of Nagaland

Orissa

- Assessment Report on the Financial Management of the State of Orissa for the years from 1993-94 to 1997-98, by PAG, Orissa
- A Note on Power Sector Reforms, submitted by Government of Orissa
- Memorandum by OSRTC
- Speech delivered by Chief Minister of Orissa on 10.2.1999
- Additional memorandum submitted to EFC for the demands of Law Department
- A note on transfer of functions and powers after 74^{th} Amendment of the Constitution submitted by the Government of Orissa
- Memorandum on upgradation of standards of administration and special problems submitted by Co-operation Department, Government of Orissa

- A note on Restructuring of Public Enterprises in Orissa, by Government of Orissa
- A note on Bio-diversity project submitted by Chilika Development Authority
- Memorandum submitted by Utkal Chamber of Commerce and Industry, Cuttack
- Memorandum by Shri Biswa Bhusan Harichandan, MLA, Leader, BJP Legislative Party, Orissa and others
- Memorandum by Dr. Debendra Nath Mansingh, Government Chief Whip and Shri Ganeswar Behera, Secretary, Congress Legislature Party
- Memorandum by Sarbashree Ramakrushna Patnaik and Satchidananda Dalal, on behalf of Biju Janata Dal
- Memorandum by Janata Dal, Orissa
- Memorandum by Shri Bhakta Charan Das, General Secretary, Convenor, KBK Sangram Cell, Orissa Pradesh Congress Committee
- Memorandum by Bhubaneshwar Municipal Corporation
- Memorandum by Chairperson, Jeypore Municipality
- Memorandum by All Orissa Panchayat Parishad
- Memorandum by Shri Pradeep Kumar Sahu, Chairperson, Bolangir Municipality
- Memorandum by Shri Brundaban Mahji, President Zilla Parishad, Sambalpur
- Memorandum by Shri Digambar Kar, Vice President, Z.P. Jajpur

Punjab

- Punjab Pradesh Congress Committee, Chandigarh
- Communist Party of India (Marxist)
- Bharatiya Janata Party, Punjab
- Punjab Chambers of Commerce and Industry
- Confederation of Indian Industry

Rajasthan

- Note titled ‘Material for the XI Finance Commission’, sent by the Accountant General, Rajasthan
- Speech of the Finance Minister, Rajasthan
- Memorandum submitted by Shri B.L. Pangariya
- Memorandum submitted by Shri Om Prakash, former Vice-Chancellor and Editor, Indian Journal of Economics
- Memorandum submitted by Prof. Narain Sinha, Associate Professor, Department of Economics, University of Rajasthan
- Memorandum submitted by Prof. Surjit Singh, Institute of Development Studies, Jaipur
- Memorandum submitted by Shri L.M. Nathuramka, retired Reader in Economics, University of Rajasthan, Jaipur
- Memorandum submitted by Dr. S.N. Acharaya, Director, Institute of Development Studies, Jaipur
- Memorandum submitted by the Rajasthan Chambers of Commerce and Industry

Sikkim

- Memorandum submitted by Sikkim Sangram Parishad
- Memorandum submitted by Sikkim Democratic Front
- Memorandum submitted by AG, Sikkim, Gangtok
- Memorandum submitted by Sikkim Chamber of Commerce
- Memorandum submitted by Time Corporation Limited

Tamil Nadu

- MDMK party
- AIADMK party
- The Madras Chambers of Commerce and Industry
- The Southern India Chambers of Commerce and Industry
- Hindustan Chamber of Commerce
- Confederation of Indian Industry (Southern Region)
- Confederation of Indian Industry (Tamil Nadu State Council)
- DMK Party
- Tamil Nadu State Committee of the CPI (M)
- CPI Party
- Madras Institute of Development Studies
- Representatives of urban local bodies

Tripura

- Tripura Tribal Areas Autonomous District Council
- Government Pensioners Association
- Panchayati Raj Institutions, Tripura
- Agartala Municipal Council
- Tripura Government Employees’ Association
- Shri Samir Ranjan Barman, Leader of the Opposition, Tripura Legislative Assembly
- Tripura Upajati Juba Samity
- Janata Dal
- Tripura Employees Co-ordination Committee (HB Road)
- Indira Gandhi Memorial Hospital, Agartala
- Tripura Pradesh Congress Committee
- Tripura Left Front Committee
- Tripura Chambers of Commerce and Industry
- Prof. A. Saha, Subhas Basu Professor of Economics, Tripura University

Uttar Pradesh

- Supplementary Memorandum of the State Government on the requirements of Uttaranchal Region
- Memorandum submitted by Shri A.K. Singh, Giri Institute of Development Studies, Lucknow
- Joint Memorandum submitted by Prof. A.K. Sengupta and Prof. A.K. Tiwari, Institute of Development Studies, University of Lucknow
- Memorandum submitted by Prof. R.K. Sinha, MJP Rohilkhand University, Bareilly
- Joint Memorandum submitted by Prof. S.N. Chaturvedi and Dr. A.K. Srivastava, DDU Gorakhpur University
- Memorandum submitted by ASSOCHAM of UP
- Memorandum submitted by PHD Chamber of Commerce and Industry
- Memorandum submitted by Confederation of Indian Industry
- Memorandum submitted by Indian Industries’ Association

West Bengal

- Bengal National Chambers of Commerce and Industry
- Bhartiya Janta Party
- Indian National Congress
- Communist Party of India (Marxist)
- Socialist Unity Centre of India
- Communist Party of India, West Bengal State Council

Annexure I.2A
(Para 1.4)

Memorandum received from Individuals/Organisations

Shri Ramesh Kumar Gandhie,
156/26, Solapur Road,
Hadapsar
Pune – 411 028

Shri S.K. Kumaran,
National Fellow,
UGC, New Delhi – 1
SG Lecturer in English
AM Jain College, Meenambakkam
Chennai – 600 114

Shri Sujit Sikandar,
Professor,
Post Graduate Deptt of Commerce
Guwahati University
Gopinath Bardoloi Nagar,
Guwahati – 781 014
Assam

Shri B.R. Gupta,
G-12, Dilshad Garden Colony,
Shahadra
Delhi – 110 032

Shri Ravi K Kohli,
C-II/C, Gangotri Enclave
Alaknanda
New Delhi – 110 019

Shri Santhosh Kumar
Yuva Kalyan Sangathan,
(Youth Welfare Organisation),
Katra, Hazipur – 844 101
Bihar

Shri H. Rajesh
'Ushas', TC 6/430-5,
Mulamoodu Lane
Vattiyoorkaru PO
Thiruvananthapuram – 695 013
Kerala

Shri Trilochan Kanungo,
New Rausa Patna,
Cuttack – 753 001

Shri C.B. Ranbhor,
B/2-11, Yogayog Housing Society,
Bibervadi
Pune – 411 037

Western India Forum for Panchayati Raj,
Ahmedabad Study Action Group,
Dalal Building,
Ahmedbad

All India Council of Mayors,
8, Bhai Veer Singh Marg,
Gole Market,
New Delhi – 110 001

Dr. K. Venkataraman,
Public Expenditure Round Table (PERT),
37, Main Road, Dr Radhakrishna Nagar,
Chennai - 600 041

Shri Sukomal Sen,
General Secretary,
All-India State Government Employees' Federation,
Karmachari Bhavan,
10A, Shankharitola Street,
Calcutta - 700 143

Dr. R.K. Mishra,
Professor & Dean,
Institute of Public Enterprises,
Osmania University Campus,
Hyderabad - 500 007

Dr. A.A. Dange,
Reader in Public Finance,
Department of Economics,
Shivaji University,
Kolhapur - 416 004

Prof. V. Suguna,
Head, Department of Economics,
Osmania University,
Hyderabad

Shri G. Giridhar Prabhu,
190, Industrial Area,
Baikampady,
Mangalore - 575 001

Shri Pradeep Rawat, (MP),
'Trimurti' 484/93,
Mitramandal Colony,
Pune - 411 009

Shri Pradeep B. Chinai,
President,
Indian Merchants Chamber,
Indian Merchant Chamber Marg,
Church Gate,
Mumbai - 400 020

Annexure I.3
(Para 1.7)

List of the eminent economists who met the Commission on 26th August, 1998 and 4th December, 1998

26th August, 1998

1. Dr. C.H. Hanumantha Rao
2. Dr. Raja J. Chelliah
3. Prof. Mihir Rakshit
4. Dr. B.S. Minhas, Indian Statistical Institute
5. Dr. Ashok Lahiri, Director, NIPFP

4th December, 1998

6. Dr. A. Vaidyanathan, Professor, Madras Institute of Development Studies
7. Shri S. Venkitaramanan, Former Governor, RBI
8. Dr. G. Thimmaiah, Institute for Social & Economic Change
9. Dr. M.S. Ahluwalia, Member, Planning Commission
10. Dr. D.R. Mehta, Chairman, SEBI
11. Dr. Y. Venugopal Reddy, Deputy Governor, RBI
12. Dr. Rakesh Mohan, Director General, NCAER

Annexure I.3A
(Para 1.8)

Meetings with the Planning Commission

27th September, 1999

1. Shri K.C. Pant, Deputy Chairman
2. Dr. M.S. Ahluwalia, Member
3. Dr. S.P. Gupta, Member
4. Dr. N.C. Saxena, Secretary
5. Dr. N.J. Kurian, Adviser (FR)
6. Dr. Pronab Sen, Adviser (PPD & IE)
7. Shri P.M. Rangasamy, Additional Adviser (FR)

14th December, 1999

1. Shri K.C. Pant, Deputy Chairman
2. Shri Som Pal, Member
3. Dr. S.R. Hashim, Member
4. Shri Venkata Subramaniam, Member
5. Dr. N.C. Saxena, Secretary
6. Dr. Pronab Sen, Adviser (PPD)
7. Dr. N.J. Kurian, Adviser (FR)
8. Shri Pradeep Kumar, Adviser & JS (SP)
9. Shri J.S. Kochher, Deputy Adviser (FR)
10. Shri M.R. Anand, Deputy Adviser (FR)
11. Shri Dinesh Kapila, R.O. (FR)

22nd December, 1999

1. Shri N.C. Saxena, Secretary
2. Dr. Pronab Sen, Adviser (PPD)
3. Dr. N.J. Kurian, Adviser (FR)
4. Dr. Joseph Abraham, Joint Adviser (FR)

Annexure I.4
(Para 1.10)

Details of Studies Commissioned

Name of the Study	Name of the Institute
Study on State Road Transport Corporations	Dr. S. Sriraman, University of Mumbai
Study on Performance of State Electricity Boards	Prof. Jyoti Parikh & Dr. Anjana Das, Indira Gandhi Institute of Development Research, Mumbai
Study on Budgetary Policy & Macro Economic Stability and Debt Burden of the States and Centre	Dr. B.B. Bhattacharya, Institute ofEconomic Growth, Delhi
Study on Inter-State Differentials in Infrastructure	Prof.K.L. Krishna, Shri R.K. Das, Shri T.C. Anant, Prof. Uma Dutta, Centre for Economic Development, Delhi
Study on Functional and Financial Devolution on Panchayati Raj Institutions	National Institute of Rural Development, Hyderabad
Study on Municipalities	National Institute of Public Finance and Policy, New Delhi
Study on Tax Performance and Taxable capacity - Analysis and Projection for Selected States	Indian Statistical Institute, Calcutta
Study on Measuring Expenditure needs of the States	Institute for Social and Economic Change, Bangalore
Study on Defence Expenditure	Forum for Strategic and Security Studies, New Delhi
Study on Tax Revenue Forecasts of Centre & States	National Institute of Public Finance and Policy, New Delhi

Annexure I.5
(Para 1.11)

List of the Members of the Group on Panchayats

1. Shri B. N. Yugandhar,
Retd. Secretary to the
Government of India,
Hyderabad

2. Prof. Indira Rajaraman,
National Institute of Public
Finance and Policy,
New Delhi

3. Prof. Abhijit Datta,
Institute of Social Sciences,
New Delhi

4. Prof. M.A. Oommen,
Institute of Social Sciences,
New Delhi

5. Shri R.C. Choudhury,
Director General,
National Institute of Rural Development,
Hyderabad

6. Prof. Atul Goswami,
Director,
Omeo Kumar Das Institute of
Social Change and Development,
Guwahati

7. Mrs. Vasanthi Pai,
Chairperson,
Bharatiya Vikasa Trust,
Udupi,
Karnataka

8. Shri B. Nayak,
Director,
Finance Commission
and Convenor

Annexure I.6
(Para 1.11)

List of the Members of the Group on Municipalities

1. Prof. O.P. Mathur,
Senior Adviser,
National Institute of
Public Finance and Policy,
New Delhi

2. Shri Jannat Hussain,
Secretary, Department of
Agriculture, & Former Municipal
Commissioner, Hyderabad,
Government of Andhra Pradesh,
Hyderabad

3. Shri S.G. Kale,
Ex- Commissioner,
Greater Mumbai Municipal Corporation,
Mumbai

4. Shri Tapan Banerjee,
Institute of Local Government
and Urban Studies,
Calcutta

5. Prof. Vinod K. Tiwari,
Director,
National Institute of Urban Affairs,
New Delhi

6. Smt. Kiran Wadhwa,
Economic Adviser,
Housing and Urban
Development Corporation,
New Delhi

7. Shri Ramaswamy,
Swabhimana Initiative, Malleswaram,
Bangalore

8. Shri B. Nayak,
Director,
Finance Commission
and Convenor

Annexure I.7
(Para 1.11)

List of the Members of the Group on Defence

1. Shri A.K. Ghosh,
Controller of Finance and Accounts,
India International Centre,
New Delhi

2. Air Marshal S.R. Deshpande (Retd.),
M-274, Sector – 25, Jalavayu Vihar,
NOIDA (U.P.)

3. Major General Afsir Karim (Retd.),
1728, Sector – 29,
NOIDA (U.P.)

4. Vice Admiral K.K. Nayyar (Retd.),
Chairman, Forum for Strategic & Security Studies,
Res: L-1/4, Hauz Khas Enclave,
New Delhi

5. Lieutenant General S.S. Sethi (Retd.),
Former Deputy Chief of the Army Staff,
B-5/133, Safdarjang Enclave,
New Delhi

6. Air Commodore Jasjit Singh (Retd.),
Director, Institute of Defence Studies & Analyses,
Old JNU Campus,
New Delhi

7. Shri K. Subrahmanyam,
Defence Analyst and Former Director,
Institute of Defence Studies & Analyses,
New Delhi

8. Shri Sudhir Krishna,
Joint Secretary,
Finance Commission
and Convenor

Annexure I.8
(Para 1.12)

Dates of discussions with State Governments at State Headquarters/Field Visits

Sl.No.	Name of the State	Dates of visit
1.	Goa	January 13 to 15, 1999
2.	Gujarat	January 28 to 30, 1999
3.	Orissa	February 9 to 12, 1999
4.	Madhya Pradesh (Jabalpur)	March 5 to 8, 1999
5.	Assam	March 14 to 16, 1999
6.	Meghalaya	March 17 to 19, 1999
7.	West Bengal	April 5 and 6, 1999
8.	Mizoram	April 14 and 15, 1999
9.	Tripura	April 16 and 17, 1999
10.	Madhya Pradesh	April 21 to 24, 1999
11.	Sikkim	May 2 and 3, 1999
12.	Nagaland	May 15 to 17, 1999
13.	Manipur	May 18 and 19, 1999
14.	Karnataka	May 28 to 30, 1999
15.	Himachal Pradesh	June 14 and 15, 1999
16.	Andhra Pradesh	June 24 to 27, 1999
17.	Bihar	July 5 and 6, 1999
18.	Kerala	October 22 to 24, 1999
19.	Tamil Nadu	November 1 to 3, 1999
20.	Punjab	November 16 and 17, 1999
21.	Haryana	November 18 and 19, 1999
22.	Rajasthan	November 29 to December 1, 1999
23.	Uttar Pradesh	January 11 and 12, 2000
24.	Maharashtra	January 20 and 21, 2000
25.	Arunachal Pradesh	April 5 and 6, 2000
26.	Jammu & Kashmir	May 15 and 16, 2000

Annexure I.9A
(Para 1.12)

List of Participants who attended the discussions with Principal Accountants General during the visits of the Finance Commission

Andhra Pradesh
Shri Surendra Pal, Principal Accountant General
Shri A. Srinivasa Kumar, Accountant General
Smt.Subhashini Srinivasan, Accountant General

Assam
Shri D.J. Bhadra, Accountant General
Shri N. Basu, Deputy Accountant General (AU)
Shri D. Chakravarty, Senior Accounts Officer (A&E)
Shri Promoth Das, Assistant Accounts Officer (A&E)

Arunachal Pradesh
Shri Rochila Saiawi, Accountant General (Audit)
Shri E.R. Solomon, Accountant General (A&E)
Shri Shibaji Choudhury, Assistant Audit Officer

Bihar
Shri H.P. Das, Principal Accountant General
Shri A.K. Singh, Accountant General (A&E)II
Shri K.K. Srivastava , Accountant General(Audit)II
Shri Nandlal, Accountant General (A/c)I

Goa
Shri B.R. Mandal, Accountant General
Shri P.G.N. Nair, Senior Deputy Accountant General

Gujarat
Shri B.M. Oza, Principal Accountant General
Shri Dhiren Mathur, Deputy Accountant General (Commercial Audit)

Haryana
Smt. Mouha Chatterjee, Principal Accountant General
Ms. Rita Mitra, Accountant General (Accounts)
Shri A.K. Kaushik, Deputy Accountant General
Ms. Varsha Verma, Deputy Accountant General
Shri P.P. Kaushik, Senior Accounts Officer
Shri R.K. Pathak,, Senior Accounts Officer
Shri S.K. Sabharwal, Accounts Officer
Shri Rambir Singh, Assistant Accounts Officer
Shri S.R. Narang, Assistant Accounts Officer

Himachal Pradesh
Smt. Revathi Bedi, Accountant General
Smt. Rashmi Aggarwal, Deputy Accountant General
Shri Manmohan Kumar, Deputy Accountant General
Shri Ram Nath, Senior Deputy General (A&E)
Shri Bipan Vyas, Senior Audit Officer
Shri G.N.Sharma, Senior Audit Officer
Shri H.R.Gupta, Senior Accounts Officer
Shri Khem Sharma, Senior Audit Officer
Shri T.C.Chopra, Senior Audit Officer
Shri Om Parkash, Assistant Accounts Officer

Jammu & Kashmir
Shri H. Pradeep Rao, Accountant General
Shri L.A.C. Singh, Senior Deputy Accountant General
Shri R.L. Koul, Senior Deputy Accountant General
Shri V.K. Dhar, Senior Audit Officer
Shri V.K. Chaloo, Audit Officer
Shri B.K. Koul, Senior Accounts Officer

Karnataka
Ms. A.L.Ganapathi, Principal Accountant General
Shri S. Nagal Samy, Accountant General (Audit)-I
Shri R. Naresh, Deputy Accountant General (Accounts)
Shri V. Narasimhan Rao, Accountant General (Audit)-II
Shri T.N. Nagarajan, Senior Accounts Officer
Shri Gururaja Rao, Senior Accounts Officer (Audit)II
Shri B.C. Adiga, Senior Accounts Officer (Reports)
Shri C. Vinod, Audit Officer (Commercial)
Shri R. Shridhara, Audit Officer
Shri S. Gopal, Assistant Accounts Officer (Commercial)

Kerala
Dr. A.K.Banerjee, Principal Accountant General
Shri R.K.Verma, Accountant General (Audit)
Ms. Sujatha Jayaraj, Senior Deputy Accountant General
Shri Rajesh Singh, Senior Deputy Accountant General (A&E)

Madhya Pradesh
Shri B.R. Khairnar, Accountant General
Shri S.G. Gupta, Deputy Accountant General (Accounts)
Shri G.P. Singh, Deputy Accountant General (Audit-II)
Shri S.S. Ranawadkar, Deputy Accountant General (Works)
Shri P.K. Khandelwal, Senior Deputy Accountant General (Commercial)

Maharashtra
Shri Dhirendra Swarup, Principal Accountant General (Audit-I)
Shri Jayanta Chatterjee, Accountant General (A&E-I)
Shri Murugrah, Accountant General (A&E-II)
Ms. Mridula Sapru, Accountant General (Commercial)
Ms. Nivedita Raju, Deputy Accountant General (A&E)
Ms. Archana Shivsat, Deputy Accountant General (Audit)

Manipur
Shri Kaihau Vaiphei, Accountant General
Shri Athikho Chalai, Deputy Accountant General
Shri Y. Manoobi Singh, Senior Accounts Officer

Meghalaya
Shri Rochila Saiawi, Accountant General (Audit)
Shri Sword Vashom, Accountant General (A&E)
Shri N. S. Purkayastha, Senior Audit Officer
Shri D. Dev Choudhury, Senior Audit Officer
Shri Biresh Deb, Senior Accounts Officer

Mizoram
Shri Rochila Saiawi, Accountant General (Audit)
Arunachal Pradesh, Meghalaya and Mizoram

Nagaland
Shri E.R. Solomon, Accountant General (Audit)
Shri E.M. Patton, Deputy Accountant General (A&E)
Shri S. Deb Roy, Account Officer (A/E)
Shri P.C. Das, Senior Account Officer (Report)

Orissa
Shri D.C. Sahoo, Principal Accountant General
Shri R.K. Ghose, Accountant General (Audit – I)
Shri S.K. Mishra, Accountant General (Audit – II)

Punjab
Smt. M. Chatterjee, Principal Accountant General
Shri Amrik Singh Bhatia, Senior Deputy Accountant General
Shri Daulat Ram, Senior Deputy Accountant General
Shri P.K. Verma, Deputy Accountant General
Shri Balwinder Singh, Accountant General
Shri R.D. Chaudhry, Assistant Accounts Officer
Shri Khushwant Singh, Assistant Accounts Officer

Rajasthan
Smt. Sushma Dabak, Accountant General (Audit – I) and (A&E)
Shri Sunil Chander, Accountant General (Audit-II)
Shri R.K. Goel, Deputy Accountant General
Shri K.S. Ramotra, Deputy Accountant General (State Receipt Audit)
Shri V.K. Mohan, Deputy Accountant General (Accounts)
Shri Promod Kumar, Deputy Accountant General (Inspection Civil)
Shri S.S. Pandit, Senior Accounts Officer (Report)

Sikkim
Shri A.W.K. Langstieh, Accountant General (Audit)

Tamil Nadu
Shri C.V. Avadhani, Principal Accountant General (Audit)
Shri Narendra Singh, Accountant General (A&E)
Shri T. Theethan, Accountant General (Audit)-II
Ms. Kestur Kavita, Senior Deputy Accountant General

Tripura
Shri J.C. Sarkar, Senior Deputy Accountant General
Shri Niranjan Baidya, Deputy Accountant General (Audit)
Shri Dilip Kumar Chaudhuri, Audit Officer
Shri Dilip Ranjan Chakraborty, Supervisor

Uttar Pradesh
Shri Y.C. Satyavadi, Principal Accountant General
Shri Ashwini Attri, Accountant General (Audit-I)
Shri P. Mukherjee, Accountant General (Audit-II)
Shri R.S. Singh, Senior Deputy Accountant General, AG(A)-II
Smt. A.G. Mathew, Senior Deputy Accountant General, AG)A)-II
Shri Ram Dihal, Senior Deputy Accountant General, AG(A)-II
Shri Abhishek Gupta, Deputy Accountant General, AG(A)-II

West Bengal
Smt. Bharti Prasad, Principal Accountant General
Smt. H. Narayanan, Accountant General
Shri Navin Kumar, Accountant General (Audit) II

Annexure I.9B
(Para 1.12)

List of Chief Ministers/Ministers/State Government Officials who met the Commission during visits

Andhra Pradesh

Shri N. Chandrababu Naidu, Chief Minister
Shri P. Ashok Gajapathi Raju, Minister of Finance
Shri A. Madhava Reddy, Minister of Home
Dr. K. Sivaprasada Rao, Minister, Panchayati Raj
Shri V. Ananda Rau, Chief Secretary
Shri P.V. Rao, Special Chief Secretary & Commissioner Land Revenue
Shri N.S. Hariharan, Principal Secretary, Municipal Admninistration & Urban Development Department
Shri J. Rambabu, Principal Secretary, Revenue Department
Shri V.P.B. Nair, Principal Secretary, Home Department
Shri S.K. Arora, Principal Secretary, Finance & Planning (FW) Department
Shri S.P.K. Naidu, Principal Secretary, Finance & Planning (FW) Department
Shri V. Sampath, Principal Secretary, Energy Department
Shri P.P. Williams, Principal Secretary & Commissioner, Public Enterprises Management Board (PEMB)
Shri V.P. Jauhari, Principal Secretary, Environment, Forest, Science & Technology Department
Smt. Sheela Bhide, Principal Secretary, Industries & Commerce Department
Shri P.K. Aggarwal, Principal Secretary, Irrigation & Command Area Development Department
Shri P.K. Rastogi, Secretary, Finance & Planning (W&P) Department
Shri M. Sahoo, Secretary, Finance & Planning (FW) Department
Shri K. Pradeep Chandra, Secretary, Finance & Planning (FW) Secretary
Shri G.R. Reddy, Special Secretary, Finance
Shri A.K. Parida, Secretary, Finance & Planning (FW) Department
Smt.Chaya Ratan, Secretary, Education Department
Shri S. Bhale Rao, Secretary, Transport, Roads & Buildings Department
Shri P. Bhaskar Prasad, Special Commissioner (Relief), Revenue Department
Shri P.V.R.K. Prasad, Director General, Human Resource Development Institute of Andhra Pradesh
Shri R.P. Singh, Commissioner, Commercial Taxes
Shri M.V.P.C. Sastry, Commissioner, Excise
Shri Malayadri, Additional Commissioner, Transport
Shri H.J. Dora, Director General of Police
Shri J. Satyanarayana, Inspector General, Registration Stamps
Shri A.K. Kutty, Chairman, Transmission Corporation (TRANSCO)
Shri V. Appa Rao, Vice Chairman & Managing Director, Andhra Pradesh State Road Transport Corporation (APSRTC)
Shri T.V. Chowdhary, Director, Mines and Geology
Shri Ajoyendra Pyal, Director, Municipal Administration
Shri G. Sudhir, Secretary to Government, Revenue Department
Shri D. Prabhakar Rao, Director (Finance), Transmission Corporation (TRANSCO), Vidut Soudha,
Shri Dinesh Kumar, Secretary to Government, Irrigation and Command Area Development Department
Shri K. Jaganmohan Rao, Special Secretary, Environment, Forest, Science and Technology Department
Shri G. Somashekar Rao, Financial Advisor, Andhra Pradesh State Road Transport Corporation (APSRTC)
Shri D. Giridhar Reddy, Deputy Chief Administrative Officer, APSRTC
Shri M.V. Subrahmanyam, Registrar (Management), High Court of Andhra Pradesh
Shri P.V. Rama Raju, Engineer-in-Chief, (R & B)

Arunachal Pradesh

Shri Mukut Mithi, Chief Minister
Shri Taxo Dabi, Agriculture Minister
Shri Techi Teli, Revenue Excise & Urban Development Minister
Shri Dera Natung, Education Minister
Shri Chowna Mein, Public Health & Works Minister
Shri T. Gyusme, Industry, Textile and Handicraft Minister
Shri T. Sanjay, Information Minister
Shri K. Borang, Cooperation Minister
Shri P.M. Nair, Chief Secretary
Shri T. Barn, Commissioner, Public Works Department & Home
Shri J.M. Tangu, Commissioner, Personnel
Smt. Naini Jayaseelan, Commissioner, Finance
Shri G.S. Patnaik, Commissioner to Chief Minister
Shri S.R. Mehta, Secretary, Forest & PCCF
Shri S.R. Chakravarty, Chief Engineer, Power
Shri T. Taloh, Secretary, Panchayat, RD & RR
Shri S.R. Dey, Superintending Engineer, PHED
Shri S.J. Sinha, Consultant, Finance
Shri D.Y. Perme, Secretary, Cultural Affairs
Shri G. Koyer, Secretary, Industry & Social Welfare
Shri H. Khoda, Secretary, Agriculture
Shri R.I. Jayprakash, CEO
Shri T. Norbu, Chief Engineer, EZ/PWD
Shri B. Megu, Chief Engineer, PWD/WZ
Shri S.L. Shengha, Secretary, Education
Shri A. Arya, Deputy Inspector General of Police
Shri R.K. Bhattacharjee, Director, Planning
Shri K.A.P. Rao, Secretary, Law
Shri K.D. Singh, Special Secretary to Chief Minister
Shri Jitendra Narain, Secretary to the Governor
Shri P. Shyam, Chief Engineer, RWD
Shri T. Bagra, Secretary, GA
Smt. B. Deori, Special Secretary, Finance

Assam

Shri P.K. Mahanta, Chief Minister
Shri T. Boro, Minister Education
Shri G. Hazarika, Minister Industries

Shri N. Sarma, Minister, Public Works Department (PWD)
Shri S.A. Choudhury, Minister, Panchayat & Rural Development
Shri A. Rabha, Minister, Soil Conservation
Shri H.N. Goswami, Minister, Power, HAD
Shri R.N. Kalita, Minister, Sericulture
Shri A. Jabbar, Minister, Minorities
Shri B. Goala, Minister, Relief & Rehabilitation
Dr. K. Kalita, Minister, Health
Smt. R.R. Das, Boro Minister, Welfare
Shri J. Toppo, Minister of State
Shri Aminul Islam, Minister, Forest
Shri Babul Das, Minister, Fisheries
Shri Hiranya Konwar, Minister, Veterinary
Shri P.K. Bora, Chief Secretary
Shri P.K. Dutta, Chairman, Assam State Electricity Board
Shri P.V. Sumant, Director General of Police
Shri M.S. Pangtey, Additional Chief Secretary
Shri S.C. Das, Commissioner & Secretary, Finance Department
Shri O.P. Agarwal, Commissioner & Secretary, Transport Department
Shri C.K. Das, Commissioner & Secretary, Revenue Department
Shri A. Jain, Commissioner & Secretary, Forest Department
Shri L. Rynjah, Agricultural Production Commissioner
Shri P.C. Sarma, Commissioner & Secretary, Municipal Administration Department
Shri H.S. Das, Commissioner & Secretary, Planning & Development Department
Shri K.K. Mittal, Commissioner & Secretary, Panchayat & Rural Development Department
Smt. E. Chowdhary, Commissioner & Secretary, Hill Areas Department
Shri V.B. Pyarelal, Commissioner & Secretary, Health & Education Department
Shri P.K. Chowdhary, Commissioner & Secretary, Power Department
Shri J.P. Meena, Commissioner & Secretary, Industries & Commerce Department
Shri P.P. Varma, Commissioner & Secretary, Excise Department
Shri D.C. Borah, Commissioner & Special Secretary, Public Works Department
Shri R.K. Bora, Secretary, Finance Department
Shri P.Neog, Secretary, Irrigation Department
Shri S. Sarma, Secretary, Flood Control Department
Shri M.K Barooah, Secretary, Home Department
Shri D.C. Barman, Secretary, Education Department
Dr. P. Saran Secretary, A. R. Training Department
Shri P.K. Duarah, Secretary, P.H.E. Department
Dr. B.K.Gohain, Secretary, General Administration Department
Shri C.K. Sharma, Secretary, Public Enterprise Department
Shri S. Prasad, Secretary to the Governor
Shri R.N. Mathur, Inspector General of Police (Admn.) Assam
Shri T.R. Dey, Commissioner of Taxes
Shri P. Dutta, Commissioner, Transport
Shri H.N. Borah, Inspector General, Prisons
Shri K. K. Jakharia, Commissioner, Assam State Housing Board
Shri K.K. Hazarika, Commissioner, Guwahati Municipal Corporation
Shri R.S. Prasad Director, Panchayat & Rural Development Department
Shri K.N. Chetia, Managing Director, Assam State Transport Corporation
Shri P.K. Barua Director, Agriculture Department
Shri M.M. Sagar, Chairman & Managing Director, Assam Police Housing Corpn. Ltd
Shri B.C. Thakur, Chief Accounts Officer, Assam State Electricity Board
Shri K.D. Phukan, Joint Secretary, Judicial Department
Shri J. Barua, Managing Director, Assam Industrial Development Corporation
Shri S. Barua Director, Sports & Youth Welfare Department
Shri B.B. Hagjer, Director, Industries Department
Shri J. Mipun, Director, Fire Services
Shri P.M. Dastidar, Director, Police (Communication)
Dr. K. Goswami, Director, Forensic Science Laboratory
Shri P.K. Das, Managing Director, AMTRON
Shri M.C. Lekharu, Director of Accounts & Treasuries
Dr. S.K. Choudhury, Director, Non-Formal & Adult Education
Shri S.R. Saikia, Chief Engineer, PHE,
Shri S. Thiek, Secretary, Karbi Anglong Autonomous Council
Shri D. Saikia, Director of Training
Dr. G.N. Talukdar Director, Secondary & Higher Education
Shri H.C. Das Director, State Council for Education Research & Training
Shri B.B. Goswami, Chief Engineer, Irrigation Department
Shri K.C. Sarma, Chief Engineer, Flood Control Department
Shri I.Dutta, Director, Soil Conservation Department
Shri A. Rahman, Chief Engineer P.W.D. (Roads)
Shri P.K. Saikia, Chief Engineer P.W.D. (Building)
Shri R.K. Barooah, Chief Electrical Inspector cum Adviser
Shri A.C. Thakur, Director, Town & Country Planning Department
Smt. N. Dewri Dutta, Deputy Secretary, Tourism Department
Dr. H.N. Kakaty, Director, AM & Vet. Department
Dr. R.N. Baruah, Director, Dairy Development Department
Shri N.C. Dhekial Phukan, Director, Economics & Statistics Department
Shri M.C. Malakar, Chief Conservator of Forests (Territorial)
Shri S.K. Sen, Conservator of Forests (HQ)
Shri B. Bhattacharjee, Director, Geology & Mining Department
Shri A.K. Varma, Director, Public Enterprises Department
Shri S. Thadou, Director, Fisheries,
Shri N. Haque, Director, Municipal Administration Department
Shri A.K. Baruah, Director, Financial Inspections
Shri A.N. Borah, Director, Employment & Craftsman Training
Shri N.M. Hussain, Director, Handloom & Textiles
Shri H.Ali, Registrar of Co-operative Societies
Shri U.N. Bora, Additional Registrar, Co-operative Societies
Shri H.P.Das, Officer on Special Duty, Finance Department
Shri R.R. Hazarika, Senior Research Officer, Finance (E.A.) Department
Shri H.N. Sarma, Senior Research Officer, Finance (E.A.) Department
Shri J. Choudhury, Research Officer, Finance (E.A) Department
Shri G.C. Hazarika, D.C.T. (Statistics)

Bihar

Smt. Rabri Devi, Chief Minister, Bihar
Shri Shankar Prasad Tekriwal, Finance Minister
Shri Jagdanand Singh, Minister for Water Resources
Shri Upendra Prasad Verma, Minister for Commercial Taxes
Shri Tulsi Das Mehta, Minister for Forest & Environment
Shri Aklu Ram Mahatva, Minister for 20 Point Programme
Shri Ram Naresh Prasad, Minister for Registration
Shri S.N. Biswas, Chief Secretary
Shri Mukund Prasad, Principal Secretary to the Chief Minister
Shri G. Krishnan, Development Commissioner
Shri Pratyush Sinha, Finance Commissioner
Shri Bhanu Pratap Sharma, Additional Finance Commissioner, Expenditure
Dr. A.K. Pandey, Additional Finance Commissioner, Resources
Dr. K.N. Tewari, Retired Director, Statistics & Evaluation Directorate, Planning Department
Shri Tilak Raj Gauri, Under Secretary, Finance Commission Division, Finance Department
Shri P.K. Basu, Secretary, Commercial Taxes
Shri S.P. Keshav, Secretary, Transport
Shri R.R. Prasad, Managing Director, Bihar State Road Transport Corporation
Shri Jayant Das Gupta, Excise Commissioner
Smt. Radha Singh, Secretary, Water Resources
Shri S.P. Seth, Mines Commissioner
Shri D.P. Maheshwari, Commissioner, Land Reforms
Shri K.D. Sinha, Commissioner, Forests
Shri B.B. Shrivastava, Secretary, Energy
Shri Shivendu Kumar, Secretary, Bihar State Electricity Board
Shri Anil Kumar, Secretary, Planning & Development
Shri S.K. Sharma, Commissioner, Urban Development
Shri K.S. Subrahmanyan, Commissioner, Rural Development
Shri Gopal Shanker Prasad, Director, Panchayati Raj-cum-Secretary, State Finance Commission

Goa

Shri D.G. Narvekar, Dy.Chief Minister/Finance Minister
Dr. Wilfred Mesquita, Power Minister
Shri S.D. Zuvarkar, Minister for Transport
Shri S.R. Sharma, Chief Secretary
Shri Rakesh Mehta, Development Commissioner
Shri Vivek Rae, Secretary, Finance
Shri Kewal Sharma, Secretary, Urban Development
Shri B.S. Subana, Secretary, Law
Shri Pukh Raj Bumb, Secretary, General Administration
Dr. K.R.V.S. Chalam, Director of Planning, Statistics and Evaluation
Shri S. Rajagopalan, Chief Engineer, Public Works Department
Shri S. M. Nadkarni, Chief Engineer, Irrigation
Shri R.A. Ghali, Chief Electrical Engineer
Shri P.R.S. Brar, Inspector General of Police
Shri G.G. Kambli, Director, Panchayats
Shri N. S.S. Nair, Director of Municipalities
Dr. P.K. John, Director, Emergency & Fire Services
Smt. Suman Pednekar, Director of School Education
Dr. A.V. Salelkar, Director of Health Services
Shri P.S. Reddy, Director of Transport
Shri N.M. Nadkarni, Director of Accounts
Smt.Rinku Dhugga, Commissioner of Sales Tax
Shri Sanjeev Khirwar, Commissioner of Excise
Shri J.B. Singh, Managing Director, KTC
Shri U.D. Kamat, Director of Tourism
Shri R.N. Ray, Chief Town Planner
Shri K.V. Prabhugaonkar, Director of Information & Publicity
Shri S.V. Elekar, Joint Secretary, Finance (Expenditure)
Shri Rajiv Misra, Joint Secretary, Finance (Budget)
Shri Rajib K. Sen, Joint Secretary, Finance Commission
Shri Kewal Sharma, Secretary, Transport
Shri R.A. Ghali, Chief Electrical Engineer
Shri Pal, Managing Director, Goa Housing Finance and Construction Corporation
Shri R.G. Prabhudesan, Accounts Officer, Directorate of Transport

Gujarat

Shri Keshu Bhai Patel, Chief Minister
Shri Vaju Bhai Vala, Minister, Finance
Shri Suresh Mehta, Deputy Chief Minister & Minister, Industries
Shri Ashok Bhatt, Minister, Roads/Health
Shri Narottam Patel, Minister, Water Supply
Shri Bimal Shah, Minister, Water Supply
Shri Kaushik Patel, Minister, Transport
Shri S.K. Shelat, Advisor to Chief Minister
Shri L.N.S. Mukundan, Chief Secretary
Shri R. Ramabadran, Principal Secretary, Education
Shri Rama Rakhiani, Principal Secretary, Agriculture
Shri Swaminathan, Head of Technical Education
Shri K.V. Bhanujan, Additional Chief Secretary, Finance
Dr. V.V. Rama Subbarao, Additional Chief Secretary, Home
Shri P.K. Mishra, Additional Chief Secretary, Revenue
Shri P.K. Lehri, Personal Secretary to Chief Minister & Additional Chief Secretary (Information)
Dr. Manjula Subramaniam, Additional Chief Secretary, Urban Development
Shri Ashok Koshy, Additional Chief Secretary, Transport
Shri G. Subba Rao, Additional Chief Secretary, Energy
Shri Ashok Narayan, Additional Chief Secretary, Rural Development
Shri P.N. Roy Chowdhury, Secretary (Economic Affairs), Finance
Shri R.K. Tripathi, Secretary, Water Supply
Shri H.P. Jamdar, Secretary, Roads/Buildings
Shri A.K. Joti, Secretary, Industries
Shri Rajesh Kishore, Commissioner of Sales Tax
Shri Nalin Bhatt, Chairman, Gujarat State Electricity Board
Shri J.S. Rana, Member, Finance
Shri Sanjay Gupta, Joint Secretary, Energy
Shri Pramod Kumar Mishra, Managing Director, Gujarat State Electricity Board
Shri Varesh Sinha, Managing Director, State Road Transport Corporation

Haryana

Shri Om Prakash Chautala, Chief Minister
Shri Sampat Singh, Finance Minister
Shri Dhir Paul Singh, Town & Country Planning Minister
Shri R.S. Chaudhry, Deputy Chairman, Planning Board

Shri R.S. Varma, Chief Secretary
Shri Vishnu Bhagwan, Principal Secretary to Chief Minister
Shri L.M. Jain, Financial Commissioner, Revenue
Shri L.M. Goyal, Financial Commissioner, PWD (Buildings &Roads)
Shri A.N. Mathur, Financial Commissioner
Shri M.K. Miglani, Financial Commissioner, Local Government
Shri Virender Nath, Financial Commissioner, Transport
Shri G. Madhavan, Financial Commissioner, Health and Medical Education
Smt. Komal Anand, Financial Commissioner, Public Health Department
Smt. Meenaxi Anand Chaudhary, Financial Commissioner, Power & Social Welfare
Shri B.D. Dhalia, Financial Commissioner, Home
Smt. Asha Sharma, Financial Commissioner Development & Panchayats
Shri Prem Prashant, Financial Commissioner, Education & languages
Shri S.P.S. Rathore, Director General of Police, Haryana
Shri S.Y. Qureshi, Commissioner, Irrigation
Smt. Deepa Jain Singh, Commissioner, Prohibition, Excise & Taxation
Shri Naseem Ahmad, Commissioner, Agricutlure
Shri S.C. Chaudhary, Commissioner Town & Country Planning
Shri Pius Panderwani, Commissioner & Special Secretary, Finance
Smt. Anita Chaudhary, Commissioner and Special Secretary, Finance
Shri Sanjay Kothari, Commissioner, Coordination
Shri P.K. Chaudhary, Commissioner, Industries
Shri Krishan Mohan, Registrar, Co-operative Societies
Shri Sanjeev Kaushal, Director, Public Relations & Additional Principal Secretary to C.M

Himachal Pradesh

Shri P.K. Dhumal, Chief Minister
Shri Kishori Lal Vaidya, Industries Minister
Shri Mohinder Singh, Public Works Department Minister
Shri J.P.Nadda, Health Minister
Shri Kishan Kapoor, Transport Minister
Shri Ramesh Chand, Irrigation and Public Health Minister
Shri Roop Singh Thakur, Forest Minister
Shri Vidya Sagar, Agriculture Minister
Shri Prakash Chaudhary, Minister of State
Shri Karan Singh, Minister of State
Shri Narinder Bragta, Minister of State
Shri R.D.Kashyap, Minister of State
Shri Rikhi Ram Kaundal, Minister of State
Shri Rajan Sushant, Minister of State
Shri Ravinder Singh Ravi, Minister of State
Shri Hari Narain Singh, Minister of State
Shri Ram Lal Markanda, Minister of State
Shri A.K.Goswami, Chief Secretary
Shri Harsh Gupta, Additional Chief Secretary
Shri Arvind Kaul, Financial Commissioner, Transport
Shri Shamsher Singh, Financial Commissioner, Welfare/ Coop
Ms. Sarita Prashad, Financial Commissioner (IPH)
Shri Dev Swarup, Financial Commissioner, Agriculture/ Horticulture
Shri Ajay Prasad, Financial Commissioner, Tourism
Shri S.S. Parmar, Financial Commissioner, Animal Husbandry
Shri Ravi Dhingra, Financial Commissioner, Food & Supplies/Urban Development
Shri S.S. Negi, Financial Commissioner, Revenue
Ms. Asha Swarup, Financial Commissioner, Health & Family welfare
Shri Yogesh Khanna, Financial Commissioner, Finance & Planning
Shri D.K. Sharma, Principal Advisor Planning
Shri C. Balakrishanan, Secretary, Education
Shri Rajwant Sandhu, Secretary, Forest/Rural Development
Shri S. Behuria, Secretary, Public Works Department
Ms. Harinder Hira, Secretary, Labour, Employment & Printing
Shri S.C. Negi, Secretary, Personnel
Shri V.K. Bhatnagar, Secretary, General Administration Department/Secretariat Administration Department
Shri Rajmani Tripathi, Secretary, Administrative Reforms & Training
Shri Deepak Sanan, Secretary, Power/Finance Commission
Shri Ajay Mittal, Secretary, Excise & Taxation
Shri Kamleshwar Sharma, Secretary, Law
Shri K.J.B.V. Subramaniyam, Director, Rural Development
Shri V.P. Gupta, Director, Urban Development
Shri Manoj Kumar, Commissioner, Municipal Corporation, Shimla
Shri O.P. Sharma, Managing Director, Himachal Pradesh State Finance Corporation
Shri R.K. Sharma, Engineer-in-Chief (PWD)
Shri S.K. Malhotra, Superintending Engineer, Irrigation & Public Health
Shri Harinder Thakur, Member (Tech.) Himachal Pradesh State Electricity Board (HPSEB)
Shri Avay Shukla, Member (Finance) HPSEB
Shri K.L. Haunda, Engineer-in-Chief, Irrigation & Public Health
Shri Anil Khachi, Excise and Taxation Commissioner
Shri S.K. Pandey, Principal Chief Conservator of Forest
Shri T.R. Mahajan, Director General of Police
Shri B.S. Thakur, Director General, Home Guards
Shri R.K. Jain, Director Industries
Shri T.G. Negi, Managing Director, HPMC
Shri P.C. Kapoor, Managing Director, Himachal Pradesh Tourism Development Corporation
Shri B.S. Chauhan, Managing Director, Himachal Pradesh Road Transport Corporation
Shri B.K. Sharma, Deputy Secretary, Revenue
Shri S.L. Sharma, Assistant Commissioner, Tribal Development
Shri O.P. Kant, Under Secretary, Finance Commission

Jammu & Kashmir

Dr. Farooq Abdullah, Chief Minister
Shri Gulam Mohi-ud-Din Shah, Minister for Housing & Urban Development
Shri P.L. Handoo, Minister for Law
Shri Mohammad Shafi, Minister for Education
Shri Abdul Rahim Rather, Minister for Finance
Shri Abdul Qayoom, Minister for Revenue

Mian Altaf Ahmad, Minister for Health & Medical Education
Shri Ajay K. Sadhotra, Minister for Food & Supplies
Shri Ashok Jaitley, Chief Secretary
Shri B.R. Singh, Principal Secretary to Hon'ble Chief Minister
Shri J.A. Khan, Principal Secretary, Planning & Development
Ms. S. Choudhary, Principal Secretary, Education
Shri Ajit Kumar, Principal Secretary, Finance Department
Shri K.B. Pillai, Principal Secretary, Power
Shri C. Phunsog, Principal Secretary, Home
Shri B.R. Kundal, Principal Secretary, Works Department
Dr. Mehraj-ud-Din, Director, Sher-I-Kashmir Institution of Medical Sciences
Shri P.L. Raina, Commissioner-cum-Secretary, Health & Medical Sciences
Shri I.S. Malhi, Financial Commissioner, Agriculture & Rural Development
Shri Khursheed Ahmad, Commissioner-cum-Secretary, Law
Shri S.L. Sailova, Principal Secretary, Housing & Urban Development Department
Ms. Naseem Lankar, Director Finance (Reserves), Finance Department
Shri M.L. Lala, Director, Accounts & Treasuries, Finance Department
Shri V.K. Soi, Director (Budget), Finance Department
Shri Ajaz A. Kakroo, Deputy Commissioner, Sales Tax (Administration), Kashmir
Dr. Tara Singh, Principal, Government Dental College, Srinagar
Shri G.M. Bhat, Drugs Controller
Shri G.H. Tantray, Additional Secretary, Law
Shri G.A. Wani, Accounts Officer (Budget) Finance Department
Shri G.M. Khan, Assistant Accounts Officer (Reserves), Finance Department
Shri Hakim Bashir Ahmed, Joint Director, Planning, Health Department
Shri Bashir Ahmed, Special Assistant to Finance Minister
Shri G.N. Sufi, Additional Secretary, Housing Department
Shri A.R. Parray, Commissioner-cum-Secretary, Revenue Department
Shri B.L. Khuchroo, Public Relation Officer to Hon'ble Finance Minister
Shri Wajahat Mehmood, Computor Programmer, Finance Department
Shri Syed Shamim Hamid, Computor Operator, Finance Department

Karnataka

Shri J.H.Patel, Chief Minister
Shri Siddaramaiah, Deputy Chief Minister & Minister for Finance & Planning
Shri Bachhegowda, Minister for Transport
Shri K.N. Nagegowda, Minister for Major & Medium Irrigation
Shri B.L. Shankar, Minister for Large & Medium Scale Industries
Shri C.M. Udasi, Minister for Textiles
Shri Sharanabasappa Darshanapur, Minister of State for Power
Shri Mirajuddin Patel, Minister of State for Municipal Administration
Shri B.K. Bhattacharya, Chief Secretary
Smt. Achala Moulik, Additional Chief Secretary
Shri C. Gopala Reddy, Principal Secretary, Finance Department
Shri Philipose Mathai, Principal Secretary, Urban Development Department
Shri M.B. Prakash, Principal Secretary, Home & Transport
Smt. Renuka Vishwanathan, Principal Secretary, Planning Department
Shri N.Vishwanathan, Principal Secretary, Commerce & Industries Department
Shri A. Sen Gupta, Principal Secretary, Health & Family Welfare Department
Shri L.A. Basavaraju, Secretary, Irrigation Department
Shri Arvind Jadav, Secretary, Energy Department
Shri Ramesh Kumar, Secretary, Minor Irrigation Department
Shri P. Ravikumar, Inspector General of Stamps & Registration
Shri R.K. Bhatia, Director, Karnataka State Bureau of Public Enterprises (KSBPE)
Shri S.C. Khuntia, Secretary (Expenditure), Finance Department
Shri Vivek Kulkarni, Secretary (Resources), Finance Department
Smt.Tara Ajay Singh, Secretary, Transport Department
Shri B.K. Lokare, Secretary, Revenue Department
Shri Sanjay Kaul, Secretary-II, Education Department
Shri M.R. Shrinivasamurthy, Secretary, Rural Development and Panchayati Raj Department
Shri B.V. Changappa, Secretary-II, Forest, Ecology & Environment Department
Shri K. Eswarappa, Secretary, Cooperation Department
Dr. M. Govinda Rao, Director, Institute of Social and Economic Change (ISEC)
Shri V. Madhu, Commissioner for Commercial Taxes
Shri D. Thangaraj, Commissioner for Excise
Shri B. Parthasarathy, Commissioner for Transport
Shri V. Umesh, Additional Secretary, Forest Department
Shri K.P. Krishnan, Additional Secretary, Finance Department
Shri G. Gurucharan, Financial Adviser, Karnataka Electricity Board
Shri Aravind Shrivastav, Deputy Secretary (B&R), Finance Department
Shri M. Lokaraj, Deputy Secretary (Coordination), Finance Department
Dr. Syed Thanvir Ahmed, Deputy Secretary, Finance Department (FC)

Kerala

Shri E.K. Nayanar, Chief Minister
Shri E. Chandrasekharan Nair, Minister for Food, Tourism & Law
Shri P.J. Joseph, Minister for Education & Works
Dr. A. Neelalohithadasan Nadar, Minister for Forests, Transport & Devaaswom
Shri Paloly Muhammed Kutty, Minister for Local Administration
Shri V.P. Ramakrishna Pillai, Minister for Irrigation & Labour
Shri A.C. Chanmukha Das, Minister for Health & Sports
Shri T. Sivadasa Menon, Minister for Finance & Excise
Smt. Suseela Gopalan, Minister for Industries & Social

Welfare
Shri M. Mohankumar, Chief Secretary
Dr. D. Babu Paul, Additional Chief Secretary
Shri P.K. Sivanandan, Agricultural Production Commissioner
Shri Sajan Peter, Secretary, Animal Husbandry Department
Shri Elias George, Secretary, Irrigation, Coastal Shipping & Inland Navigation Department
Shri Kuruvila John, Secretary, Cooperative Department
Shri N.V. Madhavan, Principal Secretary, Cultural Affairs Department
Shri Vinod Rai, Principal Secretary, Finance
Dr. K.M. Abraham, Secretary, Finance Resources
Shri K.K. Vijaykumar, Secretary, General Administration Department
Shri Amitab Kant, Secretary, Tourism
Shri P.K. Mohanthy, Secretary, Public Relations
Shri K. Jayakumar, Secretary, General Education Department
Shri V. Vijayachandran, Principal Secretary, Health & Family Welfare Department
Shri N. Chandrasekharan Nair, Principal Secretary, Higher Education Department
Shri Thomas C.George, Principal Secretary, Higher Education Department
Shri V. Krishna Murthy, Principal Secretary, Home & Vigilance Department
Shri K. Mohandas, Principal Secretary, Industries Department
Shri L. Radhakrishnan, Special Secretary, Industries Department
Smt. Aruna Sundararajan, Secretary, Information Technology Department
Shri C.V. Anandabose, Secretary, Labour & Rehabilitation Department
Shri Elias George, Secretary, Irrigation Department
Shri S.M. Vijayanand, Secretary, Local Administration Departemnt
Shri C.Ramachandran, Principal Secretary, Non-Resident Keralites Affairs Department (Norka)
Shri L. Natarajan, Special Officer & Ex-Officio Secretary (Official Language)
Shri K.N. Kurup, Secretary, Planning & Economic Affairs Department
Shri Sukumar K.Oommen, Principal Secretary, Power Department
Shri Babu Jacob, Principal Secretary, PWD & Housing Department
Shri V.S. Senthil, Special Secretary, Revenue Department
Smt.J. Lalithambika, Principal Secretary, Social Welfare Department
Shri T.G. Rajendran, Secretary, Social Welfare Department
Smt. Nalini Netto, Secretary, Transport Department
Shri K. Gopalakrishnan Unnithan, Secretary, Legislature
Shri B.S. Sasthri, Director General of Police
Shri John Mathai, Commissioner, Commercial Taxes
Dr. Sathyanarana Dash, Commissioner, Excise
Shri K. Mohana Chandran, Chairman, Kerala State Electricity Board (KSEB)
Shri S. Subbiah, Secretary (SC/ST Posts)

Madhya Pradesh

Shri Digvijay Singh, Chief Minister
Shri Ajay Narayan Mushran, Minister for Finance, Planning, Economic & Statistics and 20 Point Programme Implementation
Shri Ajay Singh, Minister for Panchayat & Rural Development Department
Shri S.S. Verma, Minister for Urban Development
Smt. Urmila Singh, Minister of Tribal Development
Shri Ratesh Soloman, Minister of Forests
Shri K.K. Gupta, Minister for Mineral Resources Department
Shri K.S. Sharma, Chief Secretary
Shri Gopal Sharan Shukla, Additional Chief Secretary
Shri Ravindra Sharma, Additional Chief Secretary, Narmada Valley Developmental Department
Shri P.K. Mehrotra, Additional Chief Secretary, Higher Education
Shri A.K. Agarwal, Principal Secretary, Finance Department
Shri V.N. Kaul, Principal Secretary, Home Department
Shri C.S. Chaddha, Principal Secretary, Forest Department
Shri Sudeep Banerjee, Principal Secretary, School Education Department
Shri Badal K. Das, Principal Secretary, Panchayat & Rural Development Department
Shri V.K. Choudhary, Principal Secretary, Department of Public Enterprises
Smt. Anita Das, Principal Secretary, Department of Rural Industry
Shri R.S. Sirohi, Secretary, Department of Planning, Economic and Statistics
Shri Sunil Kumar, Secretary, Department of Panchayat, Rural Development and Social Welfare
Dr. Rajan Katoch, Secretary, Finance Department
Shri G.P. Singhal, Secretary, Finance Department
Shri R. Gopalakrishnan, Secretary to Chief Minister & Co-ordinator, Technology Missions
Shri M.C. Singhi, Economic Adviser, Finance Department
Shri Seva Ram, Additional Secretary (Budget), Finance Department
Shri Vinod Kumar, Dy. Secretary, Finance Department
Dr. M. Vasania, Under Secretary, Finance Department
Smt. Amita Sharma, Mission Director, Rajiv Gandhi Primary Education Mission
Shri Mukesh Kakkar, Secretary, Education
Shri Ajay Tirkey, Collector, Hoshangabad
Shri Mul Chand Bajaj, Superintendent of Police, Hoshangabad

Maharashtra

Shri Vilasrao Deshmukh, Chief Minister
Shri Chhagan Bhujbal, Deputy Chief Minister
Shri Jayant Patel, Minister for Finance
Dr. Padamsinh Bajirao Patil, Irrigation & Power Minister
Shri R.R. Patil, Minister, Rural Development
Shri Ghanpatrao Deshmukh, Minister, Employees Guarantee Scheme & Textiles
Shri Vijaysinh Mohite Patil, Minister, Public Works Department
Shri Vilasa Patil, Minister, Dairy
Shri Ajit Pawar, Minister, Krishna Valley Development Corporation
Dr. Ratnakar Mahajan, Minister & Executive Chairman, State

Planning Board
Smt. Vasudha Deshmukh, Minister of State, Finance
Shri Sunil Dattaray Tatkare, Minister of State, Urban Development
Shri Arun Bongirwar, Chief Secretary
Shri Narayan Valluri, Additional Chief Secretary, General Administration Department
Shri V. Ranganathan, Additional Chief Secretary
Shri Ravi B. Budhiraja, Principal Secretary, Finance
Shri Vidyadhar Kanade, Secretary, Expenditure
Shri J.S. Sahani, Secretary, Accounts & Treasury
Shri Vinay Bansal, Secretary, Planning
Shri S.Y. Shukla, Secretary, Irrigation
Shri A.B. Mahenderkar, Secretary, Irrigation
Shri M.V. Patil, Secretary, Public Works Department
Shri S.S. Gaikwad, Joint Secretary, Finance
Shri Y.K. Chowdhari, Deputy Secretary, Finance

Manipur

Shri W. Nipamacha Singh, Chief Minister
Dr. L. Chandramani Singh, Dy. Chief Minister
Dr. Y. Jiten Singh, Minister, Commerce & Industries
Shri N. Mangi Singh, Minister, Agriculture
Shri N. Songchinkhup, Minister, Transport
Shri H. Lokhon Singh, Minister, Finance
Shri E. Kunjeshwor Singh, Minister, Revenue & Planning
Shri M. Nilachandra, Minister (IFCD)
Shri V. Hangkhanlian, Minister, Minor Irrigation, Tourism, Science & Technology
Shri K. Govindas, Minister, Power
Prof. Gangumei Kamei, Minister, Forest, Environment & Law
Shri N. Biren Singh, Minister, Fisheries, Labour and Employment
Shri M. Kumar Singh, Minister, Higher Education
Shri C. Doungel, MLA
Shri H. Jelshyam, Chief Secretary
Shri P.L. Thanga, Additional Chief Secretary
Shri V. Ramnath, Principal Secretary, Forest & Environment
Shri L. Jugeshwor Singh, Director General of Police
Shri A.N. Jha, Commissioner, Finance
Shri P.B.O. Warjiri, Commissioner (MAHUD)
Shri L. Gangte, Commissioner (T.D. & Hills)
Shri L.P. Gonmei, Commissioner, Horticulture
Shri Ch. Birendra Singh, Commissioner, Revenue & Horticulture & S.C
Shri S.K. Singh, Commissioner, Home
Shri P.C. Lawmkunga, Commissioner, Industries
Shri Henry K. Heni, Secretary, Education-S
Shri A.R. Khan, Secretary, Minor Irrigation, Tourism & Science & Technology
Shri R. Muivah, Secretary, Vet./ A.H
Shri P. Bharat Singh, Secretary, DP & SS/Cabinet
Shri Kh. Mohendro, Secretary, Art & Culture & SW
Shri H. Devasekhar Sharma, Secretary, Rural Development & Panchayati Raj
Shri W.L. Hangshing, Secretary, Higher Education & Cooperation
Shri Ng. Luikham, Secretary, General Administration Department
Shri A. Shamungou Singh, Director, Education-S
Shri A. Sukumar Singh, Joint Secretary, Law
Shri S. Singsit, I/C Principal Chief Conservator of Forest
Dr. H. Hemchandra Singh, Director of Health
Shri Y. Surchandra Singh, Director, Planning
Shri Dhruva Mishra, Inspector General (Prisons)
Shri Th. Manihar Singh, Project Director, Loktak Development Authority
Shri P. Achouba Singh, Director, Art & Culture
Shri P. Kipgen, Chief Engineer, Public Works Department
Shri L. Lakher, Director (YAS)
Shri K. Moses Chalai, Director, Education-U
Shri H. Deleep Singh, Deputy Secretary, Finance
Shri S. Bheigya Singh, Superintendent of Archeology
Shri Vumlunmang Vaulnam, Joint Secretary, Finance

Meghalaya

Shri B.B. Lyngdoh, Chief Minister
Shri D.D. Lapang, Deputy Chief Minister
Shri A.H. Scott, Lyngdoh Minister, Finance
Shri M. Suchiang, Minister, Agriculture etc
Shri C.B. Marak, Minister, Soil Conservation
Shri H.B. Dan, Minister, District Council Affairs
Shri J.D. Rymbai, Minister, Public Works Department
Dr. Donkupar Roy, Minister, Health & Family Welfare
Smt. R.Warjri, Minister, Urban Affairs
Shri D.N. Joshi Minister, Labour and Parliamentary Affairs
Shri F.W. Momin Minister, Education
Shri H.W. T. Syiem, Chief Secretary
Shri J.P. Singh, Chairman Meghalaya State Electricity Board
Shri J. Tayeng, Principal Secretary, Health & Family Welfare
Shri P.J. Bazeley, Principal Secretary, Forest
Shri S.K. Tiwari, Principal Secretary, Arts & Culture
Shri I.T. Longkumer, Director General of Police
Shri S. Chatterjee, Commissioner & Secretary, Transport
Shri J.M. Mauskar, Commissioner & Secretary, Finance
Shri W.M.S. Pariat, Commissioner & Secretary, Planning
Shri G.P. Wahlang, Commissioner & Secretary, Home (P)
Shri H. Chinkethang, Commissioner & Secretary, Printing and Stationery
Shri A.K. Shrivastava, Commissioner & Secretary, Public Health Engineering
Shri Y. Tsering, Commissioner & Secretary, Education
Shri H.K. Mazahari, Commissioner & Secretary, Agriculture
Shri P. Naik, Secretary, Finance
Shri K.V. Eapan, Secretary, General Administration Department
Shri P.W. Ingty, Secretary, Forest
Shri A.K. Roy, Secretary, Sports
Shri P. Kharkongor, Secretary, Home (P)
Smt A. Malngiang, Secretary, Secretariat Administration Department
Shri R. Sarmah, Secretary, Public Works Department
Shri P.C. Chakravarty, Secretary, Co-operation
Shri B. Singh, Principal Chief Conservator of Forest
Shri C.D. Kynjing, Member Secretary, Meghalaya State Electricity Board
Shri P.S. Thangkhiew, Managing Director, MECOFED
Smt R. Suchiang, Secretary, Personnel
Smt W. Lyngdoh, Director, Statistics
Shri H. Marwein, Managing Director, M C C L
Shri A. Som, Director, Information & Public Relations
Smt L. Kharkongor, Commissioner of Taxes

Smt J. Lyngdoh, Commissioner of Excise
Shri O. Basaiawmoit, Director of Mineral Resources
Shri H.L. Pyrtuh, Commissioner of Transport
Shri R. Chyne, Secretary, Transport
Shri H. Nongsteng, Joint Secretary, Finance (EconomicAffairs) Department
Shri H.B. Dkhar, Joint Secretary, Planning Department
Smt P. Nongdhar, Deputy Secretary, Finance (E A) Department

Mizoram

Shri Zoramthanga, Chief Minister
Shri Lalhmingthanga, Dy. Chief Minister, I/C Power
Shri Tawnluai, Minister, Home
Shri F. Malsawma, Minister, School Education
Dr. R. Lalthangliana, Minister, Rural Development
Shri J. Lalthangliana, Minister, Tourism
Shri R. Tlanghmingthanga, Minister, Public Works Department
Shri Lalrinchhana, Minister, Land Revenue
Shri Aichhinga, Minister, Food & Civil Supplies
Shri K.L. Lianchia, Minister, Health
Shri Lalrinzuala, Minister, Transport
Shri B. Lalthlengliana, Minister, Higher & Technical Education
Shri K. Thangzuala, Deputy Chairman, State Planning Board
Shri H. V. Lalringa, Chief Secretary
Shri M. Dawngliana, Chief Engineer, Public Health Engineering
Shri B. Lalringliana, Chief Engineer, Power & Electricity
Ms. Lalengruali Sailo, Director, Trade & Commerce
Shri U.K. Worah, Registrar of Cooperative Societies
Shri Lawmthanga, Deputy Director, Trade & Commerce
Shri Lalremthhanga, Assistant Manager, MAMCO
Shri H. Vanlalhluta, Managing Director, ZIDCO
Shri Ringluia, Director, Industries Department
Shri G. Malsawmdawngliana, Project Manager (Handloom & Handicraft) Indust.Deptt
Shri Lalzarliana Rentlei, Managing Director, MIFCO
Shri C. Thanchhuma, Inspector General (Prison)
Shri O.M. Lukose, Superintendent of Food & Civil Supplies
Shri P. Lungliana, Director, Local Administration Department
Shri F. Lallura, Director, School Education
Shri R. Thansanga, Director, Agriculture
Shri Lalthansanga, Deputy Secretary (B), Finance Department
Shri K. Lalthansanga, Director, Account & Treasuries
Shri Lalbiakthuama, Advisor, Planning
Shri C. Ropianga, Deputy Commissioner, Aizawl District
Shri Rolianthanga, Deputy Director, Land Revenue & Settlement
Shri R. Selthuama, Director, Land Revenue & Settlement
Dr. Thanzuala, For D.H.S
Shri H.P. Sahu, Director, Relief & Rehabilitation
Dr. Lalrinmawia, Director, Higher & Technical Education
Shri R.Vanchhawng, Managing Director, ZOHANCO
Shri P.C. Sangkhuma, General Manager, ZENICS
Lt. Col. Z.S. Zuala (Rtd.), Director, Sainik Welfare & Resettlement
Shri Lalbiakthanga, Officer on Special Duty, Finance Department
Shri Ramhlun Khiangte, Secretary, Public Works Department
Shri P. Chakraborty, Secretary, Law & Judicial & DCA
Shri S.S. Patnaik, Principal Chief Conservator of Forest & Secretary, Environment & Forest
Shri L.R. Laskar, Secretary, General Administration Department
Shri Lalngheta Sailo, Commissioner/Secretary, Health/FCS
Shri C. Rokhama, Commissioner/Secretary, Revenue/Relief & Rehabilitation
Shri Lalhupzauva, Joint Secretary, Finance Department
Shri C. Lalchhuma, Finance Commissioner
Shri Denghnuna, Commissioner, General Administration Department
Shri Vanhela Pachuau, Commissioner, Rural Development, Agriculture & Transport
Shri K. Lalchhunga, Inspector General of Police
Shri J.H. Ramfangzauva, Secretary, Cooperative
Shri R. Bhattacharjee, Additional Secretary, General Administration Department
Shri Lalthangliana Varte, Assistant Commissioner of Taxes

Nagaland

Shri S.C. Jamir, Chief Minister
Shri Neiphiu Rio, Minister of Home
Shri K. Therie, Minister of Power
Shri B. Phongshak, Minister of State (Excise)
Shri T. Tali, Minister of Transport
Shri K.V. Pusa, Minister of Veterinary & Animal Husbandry
Shri Nyamnyei, Minister of Agriculture
Shri T.R. Zeliang, Minister of Forest
Shri Nillo Rengma, Minister of Law
Shri Sethricho, Minister of State (Cooperation & Jails)
Shri W. Wangyuh, Minister of Youth Resources & Sports
Shri T. Sentichuba, Minister of Information & Public Relations
Prof. T. Chuba, Minister of Higher & Technical Education
Shri John Lotha, Minister of Arts & Culture
Shri Tokheho, Minister of Public Health Engineering
Shri I. Imkong, Minister of Roads & Bridges
Shri P. Enyei, Minister of Civil Supply
Shri S.K. Sangtam, Minister of Social Security & Welfare
Shri Zachilhu, Minister of Rural Development
Shri Rokonicha, Minister of State (Local Self Government & Wastelands)
Shri Seyiekuolie, Minister of State (CAWD and Economics & Statistics)
Shri Kakheto, Minister of State (Fishery & Home Guards)
Shri A.M. Gokhale, Chief Secretary
Shri Lalthara, Additional Chief Secretary & Financial Commissioner
Shri P. Talitemjen, Additional Chief Secretary & Commissioner
Shri Lukhei Sema, Director General of Police
Shri Anil Kumar, Commissioner & Secretary, Power
Shri A. Jamir, Special Secretary to C.M
Shri Toshi Aier, Commissioner & Secretary, Rural Development
Shri H.K. Khulu, Commissioner & Secretary, Industries & Commerce
Smt. Banuo Jamir, Commissioner & Secretary, Education
Shri S.C.Deorani, Commissioner & Secretary, Horticulture & Science and Technology
Shri T.N.Mannen, Development Commissioner

Shri R. Kevichusa, Secretary, Agriculture
Shri V. Sakhrie, Secretary, Health & Family Welfare
Smt. L.H. Thangi Mannen, Secretary, Tourism
Shri A.K. Jain, Home Commissioner
Shri A. Dogra, Secretary, Geology & Mining
Shri R.C. Acharjee, Officer on Special Duty, Budget
Shri Zangulie, Secretary, Nagaland Legislative Assembly
Shri Zelre, Secretary, Law
Shri I. Temsu Jamir, Secretary, Vigilance
Shri L. Temsuwati, Secretary, NPSC
Shri Tali Longkumer, Secretary, SSW & P&AR
Shri R. Ezong, Additional Secretary, Vety. & Animal Husbandry
Shri B. Shilu Ao, Additional Secretary, Irrigation & Flood Control
Shri H. Kent, Additional Secretary, Fisheries
Shri C.M. Chang, Additional Secretary, Youth Resources
Shri M. Zhasa, Additional Secretary, Food & Civil Supplies
Shri C. Chakhesang, Additional Secretary, Arts & Culture
Shri Edward Zhimomi, Additional Secretary, Information and Public Relations
Smt. Tovili Sema, Additional Secretary, Labour & Employment
Dr. O.P. Agrawal, Additional Secretary, Geology & Mining
Smt. K. Atoli, Additional Secretary, Excise
Shri L. Meyilemba Ao, Joint Secretary, Transport
Shri W.G. Kenye, Joint Secretary, Soil & Water Conservation
Shri Neihu Sangtam, Joint Secretary, Wasteland Development
Shri Y.L. Jami, Deputy Secretary, Excise
Shri Kamal Sinha, Deputy Secretary, Budget
Shri N.R. Dutta, Officer on Special Duty, FRC
Shri M.R. Dohare, Consultant, Finance
Shri N. Asholi, Under Secretary, Finance
Shri D.K. Dev, Deputy Director (T&A)
Shri Kekhwezo Kepfo, Research Officer, FRC
Shri Selichum Thongtsar, Research Officer, FRC
Shri R. Mingmayang, Under Secretary, Co-operation
Shri E. Ezung, Joint Secretary, Forest
Shri Nochet Aier, Director, Social Security & Welfare
Shri S.W. Yaden, DIG (Wireless)
Shri W. Kithan, Additional Chief Engineer (NST)
Shri O. Longchar, Additional Chief Engineer (Police Engg. Project)
Shri I. Toshitsungba, S. P., Kohima
Shri Vipralhou Kesiezie, Additional Director (SCERT)
Shri K. Linyu, Additional Director, Land Records & Survey
Shri D.A. Shishak, Superintendent Engineer, Power
Shri I. Meren Longchar, Director, Industries
Shri Zhaleo Rio, Director, Youth Resources & Sports
Shri I. Mpanme, Additional Commissioner of Taxes
Shri S.H. Walling, Director, Geology & Mining
Shri A.K.Nath, Chief Engineer (PWD) Housing
Shri T.C. Longchar, Additional Chief Engineer, Mechanical
Shri M. Yaden, Deputy Commandant General, Home Guards
Shri Malin Das, Senior Accounts Officer (PHQ)
Shri A.K. Sengupta, Senior Accounts Officer, Power
Shri P.M. Jami, Senior Accounts Officer, Agriculture
Shri V. Kehie, Registrar of Co-operative Societies
Shri A.M. Toshi, Joint Director, Higher & Technical Education
Shri T. Meren Paul, Additional Transport Commissioner
Shri R.O. Ovung, Commissioner of Taxes
Shri Juba Ao, Joint Director, Arts & Culture
Dr. D. Kapfo, Deputy Director, Health Services
Shri E. Picho Ngullie, Joint Labour Commissioner
Shri K.T. Sukhalu, Director of Food & Civil Supplies
Shri T. Alem Pongener, Director of Tourism
Shri Y. Chuba Ao, Ex-Chief Engineer (PWD)
Dr. K. Tali, Additional Director, Medical
Dr. L.A. Kikon, Director, Medical
Shri K. Angami, Chief Engineer (R&B) PWD
Shri I. Lozhevi Sema, Additional Director, School Education
Shri R.Saleh, Chief Engineer, Public Health Engineering Department
Dr. K. Chuba Ao, Director of Horticulture
Shri Khutubi Sema, Director of Wasteland Development
Shri Temsu Longchar, Director of Sericulture
Shri Vikho Yhoshu, Officer on Special Duty (Geology & Mining) & M.D. (NSMDC)
Dr. S.A. Ahmed, Joint Director, Geology & Mining
Shri K.N.Peseyie, Deputy Commissioner of Excise
Shri T. Kakheto, Director, Rural Development
Shri A.Rongsenwati, Additional Chief Conservator of Forest
Shri M. Heso Mao, Additional Director General of Police
Shri S. Changsang, Director, Information & Public Relations
Shri G.W.Lee, Director of Treasuries & Accounts
Shri S. Longkumer, Officer on Special Duty (Revenue & Taxes) Finance
Shri K. Phesao, Director of Veterinary & Animal Husbandry
Shri Mehozu Mekro, Joint Director, Sericulture
Shri R. Dievilie, Research Officer, Sericulture
Shri S.Yehoto Ayemi, Director, Agriculture
Shri H. Sema, Chief Engineer, Power
Smt. M. Imtila, Additional Registrar of Co-operative Societies
Shri Mezhakrol, Superintendent Engineer, Irrigation & Flood Control
Shri Zaku Angami, Deputy Inspector General of Police (Fire)
Shri V. Angami, Director, Soil & Water Conservation
Shri Deo Nukhu, Director, State Institute of Rural Development

Orissa

Meeting with the Governor of Orissa
Dr. C. Rangarajan, Governor of Orissa
Shri N.C. Vasudevan, Principal Secretary to the Governor
Meeting with the Government of Orissa
Shri J.B. Patnaik, Chief Minister
Shri B.K. Biswal, Deputy Chief Minister
Shri Ulaka Rama Chandra, Minister, Welfare
Shri Kishore Chandra Patel, Minister, Forest and Public Enterprises
Shri Niranjan Patnaik, Minister, Industries and Textiles & Handlooms
Shri Prasanna Kumar Dash, Minister, Environment, Science & Technology
Shri Bhagabat Prasad Mohanty, Minister, Higher Education and Public Grievance & Pension Administration
Shri Bhupinder Singh, Minsiter, Information and Public Relations
Shri Matlub Ali, Minister, Rural Development
Shri Raghunath Patnaik, Minister, Law
Shri Jagannath Patnaik, Minister, Revenue

Shri Amarnath Pradhan, Minister of State, Health and Family Welfare (Independent Charge)
Shri Jagannath Rout, Minister of State, Urban Development (Independent Charge)
Shri Jayadev Jena, Minister of State, School and Mass Education (Independent Charge)
Shri Prakash Chandra Debta, Minister of State, Fisheries and Animal Resources Development (Independent Charge)
Shri Rabindra Kumar Sethi, Minister of State, Co-operation
Shri Ramakant Mishra, Minister of State, Agriculture
Shri Mohan Nag, Minister of State, Food Supplies and Consumer Welfare (Independent Charge.)
Shri Kishor Ch. Patel, Minister, Public Enterprises
Shri Niranjan Pattnaik, Minister, Industries
Shri Rabindra Kumar Sethi, Minister, Co-operation
Shri K.C. Lenka, Minister, Transport
Shri S.B. Mishra, Chief Secretary
Shri S.M. Pattnaik, Development Commissioner
Shri K.B. Verma, Principal Secretary, Finance Department
Shri Kalyan Ray, Principal Secretary, Public Enterprises
Shri M.K. Purkait, Principal Secretary, Rural Development
Shri S. Rath, Principal Secretary, Forests and Environment
Shri S.C. Hota, Principal Secretary, Home
Shri S. Nautiyal, Principal Secretary, Industries
Ms. Meena Gupta, Commissioner-cum-Secretary, Health & Family Welfare
Shri A.K. Samantaray, Commissioner-cum-Secretary, Higher Education
Shri B.K. Pattnaik, Commissioner-cum-Secretary, Agriculture
Shri J.K. Dev, Commissioner-cum-Secretary, Food Supply and Consumer Welfare
Shri H.S. Chahar, Commissioner-cum-Secretary, Housing and Urban Development
Shri R.N. Senapati, Commissioner-cum-Secretary, Water Resources
Shri C. Basu, Commissioner-cum-Secretary, Panchayati Raj
Dr. K.S. Ganesan, Commissioner-cum-Secretary, Co-operation
Shri J.K. Mohapatra, Commissioner-cum-Secretary, Revenue & Excise
Shri G.C. Mohanty, Secretary, Law Department
Shri A.K. Panda, Engineer-in-Chief-cum-Secretary, Works Department
Shri Sahadeva Sahoo, Member, Board of Revenue
Dr. B.B. Panda, Director General of Police
Shri B.C. Mohapatra, Principal Chief Conservator of Forests (General)
Shri S.K. Pattnaik, Chief Conservator of Forests (Wildlife)
Shri R.K. Panda, Special Relief Commissioner
Shri G.C. Pati, Commissioner of Commercial Taxes
Shri Livinus Kindo, Transport Commissioner
Shri J. Mishra, Adviser, Power
Dr. B.P. Das, Adviser, Water Resources
Shri D.N. Padhi, Secretary, Tourism, Culture, Sports & Youth Services
Shri B.C. Swain, Director, Information and Public Relations
Shri S. Mantry, Director, Municipal Administration
Shri G.B. Dhar, Managing Director, Orissa Lift Irrigation Corporation (OLIC)
Shri B.C. Mishra, Additional Secretary, Welfare Department
Shri P.K. Jena, Director of Agriculture
Shri M. Pattnaik, Chief Engineer, Buildings
Shri A.K. Patnaik, Director General, Water
Shri L. Sarangi, Additional Secretary, P&C
Shri Sanjeeb Chopra, Director, Industries
Chairman, Orissa State Handloom Weavers Co-operative Society Ltd
Shri G.P. Mohanty, Registrar, Co-operative Societies
Shri Majoj Ahuja, Director, Textiles
Shri S.M. Tripathy, Managing Director, Orissa State Co-operative Bank
Dr. (Ms.) M. Sharma, Managing Director, Orissa State Co-operative Marketing Federation
Shri Aditya Padhi, Managing Director, Industrial Corporation Promotion and Investment Ltd
Shri B.C. Jena, Chairman and Managing Director, Grid Corporation of Orissa (GRIDCO)
Shri S.P. Swain, Director (F), Orissa Power General Corporation (OPGC)
Shri H. Sahni, Managing Director, Orissa Hydro Power Corporation (OHPC)
Shri Tarun Kanti Mishra, Secretary, Energy
Shri B.S. Murthy, Engineer-in-Chief, Electricity
Shri Jaidev Mishra, Adviser, Power
Shri Promod K. Mishra, Additional Secretary, Energy
Shri P.K. Mishra, Additional Chief Secretary
Smt. Rajalakshmi, Commissioner-cum-Secretary, Transport Department
Shri P.C. Mishra, Chairman-cum-Managing Director, Orissa State Road Transport Corporation
Shri S. Pradhan, Special Secretary, Public Enterprises Department
Shri K.C. Badu, Additional Secretary, Finance Department
Shri Ajit Kumar Pattanayak, Chief Executive, Chilika Development Authority
Shri P.K. Mohapatra, Collector and District Magistrate, Puri

Punjab

Shri Prakash Singh Badal, Chief Minister
Capt. Kanwaljit Singh, Finance Minister
Shri R.S. Mann, Chief Secretary
Shri K.R. Lakhanpal, Principal Secretary, Finance
Shri S.K. Sandhu, Secretary, School Eductation
Shri Mohinder Singh, Secretary, Public Works Department (Buildings &Roads)
Shri K. Sidhu, Secretary, Planning
Shri J.R. Kundal, Secretary, Public Health
Shri S. Mittal, Excise and Taxation Commissioner
Shri B.R. Bajaj, Principal Secretary, Information System & Administrative Reforms
Smt. Satwant Reddy, Principal Secretary, Welfare (SC/BC)
Shri N.S. Rattan, Principal Secretary, Technical Education & Industrial Training
Shri Bikramjit Singh, Principal Secretary, Irrigation & Power
Shri J.S. Kesar, Financial Commissioner Forest
Shri H.R. Megh, Special Secretary, Finance
Shri N.K. Arora, Principal Secretary, Local Government
Shri J.S. Gill, Financial Commissioner Rural Development & Panchayats
Shri Y.S. Ratra, Financial Commissioner Development
Smt. Shyama Mann, Principal Commissioner Revenue

Shri R.I. Singh, Principal Secretary to Chief Minister
Shri S.K. Tuteja, Chairman, Punjab State Electricity Board
Shri G.P.S. Sahi, Principal Secretary, Higher Education
Shri S.S. Gill, Director Transport
Shri Kulbir Singh, State Transport Commissioner
Shri B. Vikram, Managing Director, Punjab Road Transport Corporation

Rajasthan

Shri Ashok Gehlot, Chief Minister
Shri Chandanmal Baid, Finance Minister
Smt. Indira Mayaram, State Minister for Finance
Shri Pardhuman Singh, Home Minister
Shri Chandra Bhan, Energy Minister
Shri Shanti Dhariwal, Minister, UDH & LSG
Shri C.P. Joshi, Panchati Raj and Rural Development Minister
Shri C.R. Bakolia, Transport Minister
Shri B.D. Kalla, Education Minister
Shri Ram Singh Vishnoi, Public Health Engineering Department Minister
Shri Rajendra Chaudhary, State Minister for Medical & Health
Ms. Kamla, Irrigation Minister
Shri Gulab Singh Shaktawat, Relief Minister
Shri Arun Kumar, Chief Secretary
Shri P.N. Bhandari, Additional Chief Secretary
Dr. Adarsh Kishore, Principal Secretary to the Chief Minister
Shri T. Srinivasan, Finance Secretary
Shri Sudhir Varma, Principal Secretary, Training
Shri Ram Narayan Meena, Secretary, Rural Development & Relief
Shri Gurdial Singh Sandhu, Secretary, UDH & LSG
Ms. Alka Kala, Secretary, Food & Civil Supplies
Shri Rajiv Sharma, Secretary, Mines
Smt. Asha Singh, Commissioner, Departmental Enquiry
Shri V.C. Sacheti, Principal Chief Conservator of Forest
Shri A.K. Gupta, Chairman, Indira Gandhi Nahar Project (IGNP)
Smt. Krishna Bhatnagar, Principal Secretary, Agriculture
Shri M.D. Kaurani, Chairman, Rajasthan State Electricity Board (RSEB)
Shri C.S. Rajan, Secretary, Energy
Shri Arvind Mayaram, Secretary, Industries
Shri Ashok Sampatram, Secretary, Planning
Shri V.N. Bahadur, Chairman, Rajasthan State Road Transport Corporation
Shri N.K. Berwa, Principal Secretary, Home
Shri Sunil Kumar Garg, Law Secretary
Shri Parmesh Chandra, Secretary, Education
Shri Gurdev Singh, Secretary, Animal Husbandry
Shri R.K. Meena, Secretary, Transport
Shri Rakesh Verma, Secretary, Public Works Department
Shri Sudhir Bhargava, Secretary, Irrigation
Shri Surendra Kumar, Principal Secretary & Chief Executive Officer
Shri N.R. Bhasin, Principal Secretary, Higher Education
Shri Harish Nayyar, Principal Secretary, AR & C, RPG
Shri A.K. Pande, Secretary, Women & Child Development
Shri Ashish Bahuguna, Secretary, Panchayati Raj
Shri B.L. Meharda, Secretary, Labour and Employment
Shri Lalit K. Panwar, Secretary, Tourism & Public Relations
Shri Mahendra Surana, Director, Public Relations
Shri Pradeep K. Deb, Revenue Secretary
Shri C.K. Mathew, Secretary (I) to Chief Minister
Shri V.S. Singh, Secretary, Command Area Development
Shri D.S. Meena, Principal Secretary, Cooperation
Shri D. Upreti, Managing Director, Rajasthan State Road Transport Corporation
Shri G.S. Sandhu, Commissioner, Commercial Taxes
Shri Ravi Mathur, Secretary, Science & Technology
Shri Govind Sharma, Special Secretary, Finance (R)
Shri V. Srinivas, Deputy Secretary (Taxation Division)
Shri M.P. Jain, Deputy Director (S), Commercial Taxes Department
Ms. Shreya Guha, Deputy Secretary (E&R)
Shri Vipin C. Sharma, Special Secretary, Rural Development & Relief
Shri K.L. Meena, Secretary, Public Health Engineering Department
Shri G.S. Chaudhury, Chief Engineer, Irrigation
Shri S.S. Pamecha, Technical Assistant to Chief Engineer, Rural Public Health Department
Shri S.M. Dharendra, Director, Finance
Shri Vinod Pandya, Deputy Secretary, Finance

Sikkim

Shri Pawan Chamling, Chief Minister
Shri Ram Lepcha, Finance Minister
Shri D.P. Kharel, Health Minister
Shri D.B. Thapa, Transport Minister
Shri T.T. Bhutia, Public Health Engineering Minister
Shri G.M. Gurung, Tourism Minister
Smt. Rinzing Ongmu, Cultural Minister
Shri K.B. Chamling, Parliamentary Affairs Minister
Shri Sonam Wangdi, Chief Secretary
Shri S.W. Tenzing, Additional Chief Secretary
Shri T. Tobden, Secretary, Finance
Shri A.K. Pradhan, Secretary, Women and Child Welfare
Shri T.R. Sharma, Secretary, Forest
Shri B.N. Pradhan, Secretary, Mines & Geology
Shri L. Bhutia, Secretary, Motor Vehicle
Shri T.T. Dorjee, Secretary, Education
Shri D.K. Gazmer, Secretary, Welfare
Shri H.R. Pradhan, Secretary, Horticulture
Shri G.K. Gurung, Secretary, Agriculture
Shri R.S. Basnet, Secretary, Department of Personnel, Administrative Reforms & Training
Shri Sonam Gyamptso, Secretary, Sports and Youth Affairs
Smt. J. Pradhan, Secretary, Food & Civil Supplies
Shri B.K. Rasily, Secretary, Sikkim Housing & Development Board
Ms. C. Cintury, Secretary, Industries
Shri T. Dorjee, Secretary, Economic Affairs
Shri T.D. Rinzing, Secretary, Law & Parliamentary Affairs
Shri G.K. Subba, Secretary, Animal Husbandry & Veterinary Sciences
Shri K.P. Adhikari, Special Secretary Finance
Shri K.N. Sharma, Additional Secretary, Land Revenue
Shri P.T. Gyamtso, Secretary to Chief Minister & Excise Department
Shri A.K. Jain, Additional Secretary, Home

Shri D.R. Kheral, Additional Secretary, Urban Development
Shri B.K. Kheral, Additional Secretary, Income Tax & Sales Tax
Smt. Nalini G. Pradhan, Additional Secretary, Social Welfare
Shri M.K. Pradhan, Additional Secretary, Sikkim Nationalised Transport
Shri K.N. Bhutia, Additional Secretary, Tourism
Shri L.C. Amarnathan, Director General of Police
Shri T.N. Tenzing, Inspector General of Police
Shri C.P. Dewan, Joint Secretary, Income Tax & Sales Tax
Shri M.G. Kiran, Director, Industries
Shri K.P. Bhutia, Director, Fisheries
Shri N.T. Lepcha, Jiont Director (Accounts) Rural Development Department
Shri S. Chand, Divisional Engineer, (Planning) Public Works Department
Shri Tej G. Urung, Additional C.E Irrigation
Shri C. Zawgpo, Divisional Engineer, (Planning) Public Works Department
Shri Kiran Rasally, Additional Chief Engineer, Education Department
Shri Alok Rawat, Resident Commissioner, Sikkim House
Shri A.K. Ganeriwala, Joint Resident Commissioner, Sikkim House
Shri M.T. Sherpa, Income Tax Officer, (Income Tax & Sales Tax)
Shri Partap Pradhan, Assistant Commissioner (Income Tax &Sales Tax)
Shri M. Sharma, Commissioner Excise
Shri G. Goperma, Director, Bureau of Economics & Statistics (B.E.S.)
Smt. Jotsna Subba, Deputy Director, Bureau of Economics & Statistics
Shri Dhan Subba, Additional Chief Engineer, Public Health Engineering Department
Shri N.K. Gurung, Chief Engineer, Rural Development Department
Shri D.D. Pradhan, Chief Engineer, Power Department
Shri O.P. Singhi, Chief Engineer, Power Department
Shri H.T. Basi, Jiont Director, Sports and Youth Affairs
Shri Gopal Basnet, Chief Accounts Officer, Sikkim Nationalised Transport
Shri Hem Chhetri, Programmer, Finance
Shri P.D. Rai, Managing Director, Sikkim Computer (P) Limited
Shri B.D. Alley Managing Director, Sikkim Jewel Limited
Shri S. Tiu, Managing Director, SMC
Shri Taga Khumpa, Managing Director, SITCO

Tamil Nadu

Prof. K. Anbazhagan, Minister for Education
Shri Arcot N. Veerasamy, Minister for Health & Electricity
Shri Duraimurugan, Minister for Public Works
Dr. K. Ponmudy, Minister for Transport
Shri Ko. Si. Mani, Minister for Rural Development & Local Administration
Shri A.P. Muthusamy, Chief Secretary
Shri T.R. Ramasamy, Secretary to Chief Minister
Shri P.V. Rajaraman, Secretary, Finance Department
Shri Sukavaneshvar, OSD and Ex-officio Secretary
Shri K.A. Mathew, Secretary, Commercial Taxes Department
Smt.Yasmin Ahmed, Special Commissioner and Commissioner of Commercial Taxes
Shri Hans Raj Verma, Inspector General of Registration
Shri Debendranath Sarangi, Secretary, Revenue Department
Shri P.S. Pandyan, Principal Commissioner and Commissioner of Revenue Administration
Smt. Shantha Sheela Nair, Secretary, Home Department
Shri M.B.Pranesh, Special Commissioner and Commissioner of Transport
Shri K.Ramalingam, Commissioner of Prohibition and Excise
Shri Lal Rawna Sailo, Secretary, Energy Department
Shri Kulasekaran, Chief Electrical Inspector to Government
Shri A. Nagarajan, Secretary, Transport Department
Shri R. Poornalingam, Chairman, Tamil Nadu Electricity Board
Shri N.P. Gupta, Secretary, Public Works Department
Shri R. Murugaiyan, Chief Engineer, Water Resources Organisation
Shri N. Thangavelu, Chief Engineer, Buildings
Shri P. Balakrishnan, Chief Engineer, Highways
Shri M. Abul Hassan, Secretary, Highways Department
Shri L. Krishnan, Secretary, Finance Department
Shri Shripathy, Secretary, Forest Department
Shri V.R. Chitrapu, Principal Conservater of Forest

Tripura

Shri Manik Sarkar, Chief Minister
Shri Anil Sarkar, Education Minister
Shri Badal Chowdhury, Finance Minister
Shri Keshab Mazumdar, Minister-Health & Family Welfare and Revenue
Shri Aghore Debbarma, T.W.Minister
Shri Narayan Rupini, Forest Minister
Shri Subodh Das, Panchayat Minister
Shri Pabitra Kar, Industry Minister
Shri Sukumar Barman, Fishery & Transport Minister
Shri Sudhir Das, Urban Development Minister
Shri V. Thulasi Das, Chief Secretary
Shri Sudhir Sharma, Principal Secretary, Revenue & Health
Shri Shashi Prakash, Principal Secretary, Finance
Shri C.S. Chuttopadhyaya, Principal Secretary, Urban Development
Shri N.C. Sinha, Additional Secretary, Panchayat & Rural Development Department
Shri R.K. De Chowdhury, Director Panchayats
Shri M. Nagaraju, Chief Executive Officer, Tripura Tribal Area Autonomous District Council (TTAADC)
Shri Manish Kumar, Secretary to Chief Minister
Shri N.C. Sen, Joint Secretary, Finance
Shri R.C.M. Reddy, Additional Secretary, Home Department
Shri A.B. Pal, Secretary, L.R & Law Department
Shri S. Nag, Secretary, PWD Department
Shri Ranjit Lodh, Chief Engineer (Electrical)
Shri A.K. Gupta, Chief Engineer (Power Project)
Shri S.K. Roy, Secretary, Education Department
Ms. S. Banerjee, Secretary, I.C.A.T. Department
Shri Manoj Kumar, D.M & Collector, West Tripura
Shri B.K. Sharma, Secretary, SW & SE and Science & Technology Department
Shri B.K. Debbarma, A.I.G. of Police
Shri B.K. Chakraborty, Secretary, Food Department
Shri D. Chakraborty, Secretary, Transport & ARD Department

Shri A.K. Deb, Secretary, Youth Affairs & Sports
Shri B.P. Singh, Director General of Police
Shri Banamali Sinha, Secretary, S.T. Welfare Department
Shri S.C. Das, Secretary, S.C. Welfare Department
Shri Rakesh Ranjan, Director, Planning Department
Shri Tajinder Singh, Joint Secretary, Finance Department
Shri Amar Das, Joint Director, Horticulture Department
Shri S.K. Debbarma, Director, Agriculture Department

Uttar Pradesh

Shri Ram Prakash Gupta, Chief Minister
Shri Harish Chandra Srivastava, Finance Minister
Shri Hukum Singh, Minister for Parliamentary Affairs & Stamp Registration
Shri Babu Ram M. Kam, Minister for Institutional Finance and Trade Tax
Shri Naresh Aggarwal, Minister for Energy
Shri Suresh Khanna, Minister of State for Planning
Shri Shiv Partap Shukla, Minister for Law
Shri Yogendra Narain, Chief Secretary
Shri A.P. Verma, Agriculture Production Commissioner and Additional Chief Secretary
Shri Sushil Chandra Tripathi, Principal Secretary, Finance
Shri M. Haleem Khan, Secretary, Finance
Shri Vijay Kumar Sharma, Secretary, Finance
Shri Ajay Vikram Singh, Principal Secretary, Industrial Development
Shri V.K. Dewan, Principal Secretary, Medical & Health
Shri S.P. Gowd, Secretary, Secretary, Excise
Shri S.P. Arya, Principal Secretary, Transport
Shri Dhananjay Prasad, Principal Secretary, Irrigation
Shri Harish Chandra Gupta, Principal Secretary, Forests
Shri T. George Joseph, Principal Secretary, Institutional Finance
Shri R. Ramani, Principal Secretary, Basic & Adult Education
Shri Naresh Dayal, Principal Secretary (Chief Minister, Protocol and Information)
Shri N.C. Bajpai, Principal Secretary, Planning
Shri Nripsingh Naypalchal, Secretary, Polytechnic Education
Shri Pritam Singh, Secretary, Public Enterprises
Shri Atul Chaturvedi, Secretary, Energy
Shri P.C. Sharma, Principal Secretary, Jails
Shri S.N. Shukal, Principal Secretary, Revenue
Shri V.K. Mitta, Principal Secretary, Home & Police
Shri Lakshmi Chandra, Principal Secretary, Public Works
Shri Madhukar Gupta, Principal Secretary, Uttranchal
Shri N.K. Mehrotra, Principal Secretary, Law
Shri Jai Shankar Mishra, Secretary, Urban Development
Shri R. Chandra, Secretary, Secondary Education
Dr. Om Parkash, Secretary, Panchayati Raj
Shri Rajendra Bhonwal, Secretary, Rural Development
Shri Sriram Arun, Director General of Police
Shri Vijay Shanker, Additional Director General of Police (Headquarters)
Shri Indu Kumar Pandey, Internal Financial Advisor
Shri R.M. Srivastava, Internal Financial Advisor
Shri Manjeet Singh, Internal Financial Advisor
Shri Pankaj Aggarwal, Secretary, Planning
Shri K.N. Prasad, Special Secretary, Forests
Shri Narinder Kumar, Special Secretary, Public Enterprises
Shri B.K. Bhotia, Chief Engineer, Public Works
Shri M.B. Aggarwal, Chief Engineer, Irrigation
Shri Atul Chaturvedi, Chairman, Uttar Pradesh State Electricity Board
Shri Desh Deepak Verma, Managing Director, Uttar Pradesh State Road Transport Corporation
Shri Mahesh Gupta, Director, Information Department
Shri Rakesh Garg, Commissioner, Trade Tax
Shri B.M. Mishra, Inspector General, Registration
Shri R.S. Shukla, Chief Conservator of Forests
Shri J.P. Vishwakarma, Director, Local Bodies
Shri Shayam Lal Kesarwani, Director, Panchayati Raj
Shri Dinesh Singh, Secretary, Uttrakhand Vikas Vibhag
Dr. B.M. Joshi, Special Secretary, Finance Department

West Bengal

Shri Jyoti Basu, Chief Minister
Dr. Asim Dasgupta, Finance Minister
Dr. Surya Kanta Mishra, Minister for Land Reforms, Panchayat and Rural Development
Shri Naren De, Minister for Agriculture
Shri A. Bhattacharaya, Minister for Municipal Affairs & Urban Development
Dr. Sankar Sen, Minister for Power
Shri Partha De, Minister for Health
Shri Kshoti Goswami, Minister for Public Works
Shri Debabrata Bandhopadhyay, Minister for Irrigation and Waterways
Shri Kanti Biswas, Minister for School Education
Shri Kiranmoy Nanda, Minister for Fisheries
Shri Subash Chakraborty, Minister for Transport
Shri Manish Gupta, Chief Secretary
Shri Asok Gupta, Principal Secretary, Finance
Shri S. Chaudhury, Secretary, Sports
Shri A. Bhattacharaya, Principal Secretary, Transport
Shri N. Chaturvedi, Principal Secretary, Fisheries
Dr. U.K. Ray, Principal Secretary, Public Works Department
Shri A.K. Sarkar, Secretary, Irrigation and Waterways
Shri S.B. Barma, Secretary, Development Planning
Shri S.N. Ghosh, Principal Secretary, Panchayat & Rural Development
Shri D.M. Kanwar, Principal Secretary, Agriculture
Shri A.M. Chakraborty, Secretary, Municipal Affairs
Shri R. Bandhopadhayay, Secretary, Power
Shri N.K.S. Jhala, Principal Secretary, Health & Family Welfare
Shri P.S. Ingty, Principal Secretary, Relief
Shri R.N. De, Principal Secretary, Land Reforms
Shri Alok Ghosh, Chief Engineer, Irrigation and Waterways Department
Shri N. Trivedi, Director, Agriculture
Shri Samar Ghosh, Special Secretary, Finance
Shri D. Mukhopadhayay, Special Secretary, Finance
Shri M.N. Roy, Commissioner, Commercial Tax
Shri S. Gupta, Excise Commissioner

Annexure I.9C
(Para 1.12)

List of Political Parties/Economists and Associations who met the Commission during visits

Andhra Pradesh

Political parties

Congress (I)
Shri K. Roshaiah, (Former M.P)
Shri D.L. Ravindra Reddy, M.L.A

CPI (M)
Shri Paturi Ramaiah, MLA, Floor Leader

NTR TDP (LP)
Smt. N. Lakshmi Parvathi, MLA, Floor Leader, NTR TDP (LP)

Chambers of Commerce
Shri V.K Srinivasan, IAS (Retd), Hon. Director, Indian Institution of Economics
Shri N. Prabhakar, Past President, Federation A P Chambers of Commerce
and Industry
Shri K. Narayana Rao, Secretary, Federation A P Chambers of Commerce
and Industry, Hyderabad
Shri K. Harish, Dy. Director, Confederation of Indian Industry
Shri Veerandra Gupta, Executive Officers, Confederation of Indian Industry
Shri K. S Madhavan, Vice Chairman, Confederation of Indian Industry

Economists/ Experts
Shri T.L.Sankar, Principal, Administrative Staff College of India, Bellavista, Somajiguda,
Hyderabad – 500 049
Shri M. Gopala Krishna, Director, Institute of Public Enterprises, Osmania University Campus, Hyderabad
Prof. G. Nancharaiah, Head, Department of Economics, University of Hyderabad
Gachi Bowli, Hyderabad
Prof. Suguna, Head, Department of Economics, Osmania University, Hyderabad
Prof. R.K.Mishra, Dean, Institute of Public Enterprises and Prof. of Finance
Osmania University, Hyderabad
Prof. B. Brahmaiah, Institute of Public Enterprises, Hyderabad
Shri C. K. Mehrotra, Managing Director, State Bank of Hyderabad, Hyderabad
Shri A. Krishna Murthy, General Manager, Andhra Bank, Hyderabad
Shri P. Dinakar Rao, General Manger, State Bank of Hyderabad, Hyderabad
Shri K. Chakradhara Rao, Prof. and Chairman, Bureau of Statistics, Department of Economics, Osmania University, Hyderabad
Prof. M. Narasimhulu, Department of Economics, Osmania University, Hyderabad
Shri K. Ramakrishna, Chairman, All India Manufacturers Organisation (AIMO), A P State Board, Hyderabad

Arunachal Pradesh

Arunachal University
Shri K.K. Dewedi, Vice Chancellor

R.K. Mission Hospital
Swami Vishwatmananda, Assistant Secretary
Swami Vishashananda

Assam

Political Parties

Congress (I)
Dr. B.C. Lahkar
Shri Prithibi Majhi, MLA, General Secretary

Janata Dal
Shri Ramani Barman
Shri Harendra Dev Goswami

Chambers of Commerce & Industry
Shri Dilip Phukan, President, All Assam SSI Association
Shri Dipak Dowerah, Secretary, NETA/CCPA
Shri Jayant Kumar, Singhania Chairman, NETA/CCPA
Shri D. Chakravorty, Secretary, ITA
Shri Tapash Das Jt. Secretary, ITA
Shri P.K. Bhattacharjee, Secretary, ABITA
Shri Robin Borthakur, Additional Secretary, ABITA
Shri Avijit Barooah, Vice President, FINER
Shri H.P. Agarwal, FINER
Shri P. Das Gupta, North East Chamber of Commerce and Industry
Shri Diwas Phukan, North East Chamber of Commerce and Industry

Vice Chancellor of Guwahati University
Dr. H.L. Duorah, Vice-Chancellor
Shri B.K. Barkakti, Finance Officer

Employees' Associations
Sadou Asom Karmachari Parishad
Shri Charan Deka, General Secretary
Shri Abdul Mannan, President
Shri Bashab Ch.Kalita, Joint Secretary
Shri Mrinal Kalita, Executive Member
Shri Nagen Das, Executive Member
Shri Hemen Sarmah, Executive Member
Shri Ramendra Nath Pathak, Executive Member

Assam State Workers & Employees Sanmilan
Shri Gopal Goswami, Working President
Shri Jatindra Nath Borah, General Secretary
Shri Prabhat Ch. Medhi, Vice President
Shri Md. Babul Ahmed, Office Secretary

Sadou Asom Mahila Karmachari Santha
Smt Kusum Bora Mahanta, President
Smt. Kamalawati Saikia, Vice President
Smt. Syeda Nurjahan, General Secretary

All Assam Assistant Engineers' Association
Shri Kumud Goswami, General Secretary
Shri Preetam Kr. Pathak, Asstt. General Secretary
Shri Bimal Kalita Finance, Secretary
Shri M. Bhuyan, General Secretary

All Assam Heads of the Deptt. Ministerial Officers Association
Shri Suren Bora, President
Shri J.N. Gayan, General Secretary

Assam Sectt. & Heads of Deptt. Govt. Grade IV Employee Association, Dispur
Shri Mahibur Rahman, General Secretary
Shri D. Goswami, President

Assam Civil Service Officers Association
Shri R.R.Mahanta, General Secretary
Shri S.K. Nath

Devcrop Employees' Association Assam Plantation Crops Dev.Corpn. Ltd
Shri A.K. Sarma, President
Shri Dasarath Baishya, General Secretary
Shri Gobinda Rajbangshi

Assam State Employees' Federation H.Q. Guwahati
Shri S.N. Handique, Chairman
Shri Hari Nath, General Secretary

All Assam Small Scale Industries Association
Dr. Dilip Phukan, President

Sadou Asom Zila Prasashan Karmachari Santha
Shri Rabin Kr. Mahanta, President
Shri Atul Das, General Secretary

Co-ordination Committee (of 28 Officers Associations)
Shri K.G.Deb, Krori Advisor
Shri H.C. Bhuyan, Convenor

Bihar

Political Parties

Congress (I)
Shri Radhanandan Jha

Rashtriya Janata Dal
Shri Shakil Ahmed Khan
Shri Pitamber Paswan
Shri Ram Kirpal Yadav
Shri Nihora Prasad Yadav

Janata Dal
Shri Lakshmi Sahu
Shri Bijendra Prasad Yadav

Bharatiya Janata Party
Shri Sushil Kumar Modi
Shri Sarju Rai

Samata Party
Shri P.K. Sinha

Chambers of Commerce & Industry
Shri K.P. Jhunjhunwala, President, Bihar Industries Association
Shri B.N. Choubey, Vice President, Bihar Industries Association
Shri S.P. Sinha, Chairman, CII, Patna
Shri H.K. Modi, Member, CII, Patna
Shri D.P. Lohia, President, Bihar Chamber of Commerce
Shri S. Pandey, Bihar Chamber of Commerce
Shri Nisheeth Gaiswal, Secretary General, Bihar Chamber of Commerce
Shri G.K. Saraff, Vice President, Bihar Chamber of Commerce
Shri R.K.P.N. Singh, Bihar Industries Association
Shri R.N. Prasad, Confederation of Indian Industry
Shri P.K. Prasad, Secretary, Bihar Chamber of Commerce
Shri S.K. Patwari, Treasurer, BIA
Shri D.K. Churiwal, Confederation of Indian Industry

Distinguished Economists/Institutions
Council for Research & Development of Bihar
Shri Kamta Prasad
A.N. Sinha Institute, Patna
Shri D.D. Guru

Asian Development Research Institute (ADRI)
Shri P.P. Ghosh,
Shri Muchkund Dubey
Shri Arvind N. Das
Shri Shaibal Gupta
Shri Ajit Kumar Sinha, B.R. Ambedkar Bihar University, Muzaffarpur
Shri Atmadev Singh, Actional Research Institute for Developmental Studies, Patna

Goa

Political Parties

CPI (Marxist)
Dr. (Smt.) Luisa Pereira, State Committee Member

CPI
Shri Narayan Palekar, General Secretary
Shri Christopher Fonseca, Org. Secretary

BJP
Shri Manohar G.Prabhu Parrikar, M.L.A

MGP
Shri Surendra V.Sirsat, M.L.A. & President

Chambers of Commerce and Industries and other industrial associations

Shri Anil Kher, Vice President, Goa Small Industries Association

Shri Surendra Salgaonkar, Hon. Secretary, Goa Small Industries Association (GSIA)

Shri S.Shridhar, Secretary, Goa Mining Ore Exporters Association

Shri Sunil Gharse, President, Goa Mining Association

Shri D.V.Salgaonkar, President, Goa Chamber of Commerce

Shri O.L.Da Lapa Soarse, Secretary, Goa Chamber of Commerce

Gujarat

Political Parties

Congress (I)

Shri Amarsinh Chaudhary, Leader of Opposition

Rashtriya Janta Party (RJP)

Shri Madhusudhan Mistry, General Secretary

Shri Dilip Bhai Parekh, Ex-Chief Minister

Gujarat Chamber of Commerce & Industry

Shri Utkarsh B. Shah, President

Confederation of Indian Industry (Western Region-Gujarat Office)

Shri Sunil R. Parekh, Director

Shri Naishadh Parikh, Director, Arvind Mills Ltd

Haryana

Chambers of Commerce and Industry

Shri Devinder Singh Choudhary, PHD Chamber of Commerce and Industry

Shri Ganesh Iyer, PHD Chamber of Commerce and Industry

Shri Sunil Sehgal, PHD Chamber of Commerce and Industry

Shri Vivek Joshi, Director Industries

Shri P.K. Gupta, Managing Director, Haryana Financial Corporation

Shri P.K. Chowdhary, Secretary, Industries

Himachal Pradesh

Political Parties

CPI (M)

Shri Mohar Singh, Secretary, State Committee

Shri Dharam Prakash Gupta, State Committee

Shri Tikender Singh, State Committee

Shri Jagat Ram, District Committee, Shimla

Congress (I)

Shri Virbhadra Singh, Leader of CLP (Ex-Chief Minister)

Shri Jai Bihari Lal Khatti, MLA

Shri Kush Parmar, MLA

Shri Harsh Mahajan, MLA

Shri Sardar Rattan Singh, MLA

Shri Raghu Raj, MLA

Shri Virender Gautam, MLA

Shri Harshwardhan Chauhan, MLA

Dr. Ram Singh, MLA

Shri G.S. Bali, MLA

Shri Kuldeep Kumar, MLA

Shri Kashmir Singh, MLA

Shri Tek Chand, MLA

Smt. Asha Kumari, MLA

Shri Viplove Thakur, MLA

Shri Gangu Ram Musafir, MLA

Shri Kaul Singh, MLA

Shri Rangila Ram Rao, MLA

Shri Thakur Ramlal, MLA (Ex-Chief Minister)

Dr. Y.S. Parmar University of Horticulture & Forestry, Solan

Shri R.P. Awasthy, Vice Chancellor

Shri S.D. Jain, Comptroller

Confederation of Indian Industry

Shri A.R. Singh, Chairman, HP Council

Shri Sachit Jain, Executive Director, Vardhaman

Shri Alok Sharma, Vice Chairman, HP Council

Shri Sunil Sinha, Deputy Director, (Economic Affairs)

Shri Raj Machhan, Executive Officer

Fruit Growers' Association

Shri Mohinder Singh

Shri Rajpal Chauhan

Shri Chet Ram Negi

Shri Chander Sen Thakur

Shri K.C. Chauhan, Advisor

PHDCCI

Shri Sunil Sebal, Additional Secretary

Shri A.N. Sharma, Regional Director

Shri B.N. Kataria, Regional Director

Shri Satish Bagrodia, Chairman, HP Committee

Shri Devinder Singh, Past President, (Punjab, Haryana, Delhi Chamber of Commerce Chamba

Shri Dhianchand, Himachal Chamber of Industrial & Marketing Association, Co-Chairman, HP Committee

Shri Yoginder Diwan, President, Himachal Hotels Association

NGOs

Shri Ganga Singh Thakur, President

Shri P.S. Bharmoria, Secretary General

Shri Kaish Pathania, Chief Advisor

Shri Sita Ram Dhiman, Office Secretary

Shri C.H. Bramta, Finance Secretary

Shri P.C. Verma, President, District-Hamirpur

Shri Govind Ram Sharma, General Secretary, District – Shimla

Shri Ramesh Chauhan, President, HP-PWD

Jammu & Kashmir

Federation of Chambers of Industries, Kashmir

Shri Jan Mohamad Kakroo, President

Shri G.M. Tramboo, Senior Vice-President
Shri T.A. Vaida, General Secretary
Shri M. Yasin Durani, Secretary
Shri Afaq Ahmed Qadri, Chief Co-ordinator
Shri Janaid A. Bhat, Treasurer

Kashmir Traders' & Manufacturers' Federation, Kashmir
Shri Ghulam Nabi Shah, President
Shri Shafiq Ahmed Salati, General Secretary
Shri Farooq Ahmed Shah, Advisor

Chambers of Commerce and Industry, Jammu
Shri Om Parkash Gupta, Senior Vice-President
Shri Rajinder Motial, Secretary General
Shri Jugal Mengi, Executive Member

Chambers of Commerce and Industry, Kashmir
Shri G.H. Dug, President
Shri G.R. Khan, Ex-President
Shri Nazir A. Bakshi, Ex-President
Shri Rauf A. Punjabi, Senior Vice-President
Shri Muzaffar A. Khan, Secretary General

Jammu & Kashmir Civil Secretariat Non-Gazetted Employees Union
Shri N.A. Mir, Convenor & President, Employee Joint Action Committee
Shri Nassar Ullah, Member, Employee Joint Action Committee
Shri N.A. Mirza, Member, Employee Joint Action Committee
Shri M.S. Khan, General Secretary, Employee Joint Action Committee
Shri Chnndji Bhat, Secretary, Employee Joint Action Committee
Shri M.H. Reshi, Member, Employee Joint Action Committee
Shri M.H. Khan, Treasurer, Employee Joint Action Committee

Karnataka

Political Parties

CPM
Shri Ram Reddy, MLA

Congress (I)
Shri H.K.Patil, Leader of Opposition, L.C

BJP
Shri M.R.Thunga, MLC
Shri K.S.Eswaruppa, MLA

Lok Shakthi
Shri N.Thippanna, MLC

Economists/Experts and Representatives of Commerce and Business Associations
Shri M.K. Ramachandra, President, Greater Mysore Chamber of Industry (GMCI)
Shri S. Krishna Swamy, Greater Mysore Chamber of Industry (GMCI)
Shri R.Vishwanathan, Greater Mysore Chamber of Industry (GMCI)
Shri T. Ramappa, Federation of Karnataka Chamber of Commerce & Industry
Shri D.R. Srikantaiah, President, Federation of Karnataka Chamber of Commerce & Industry
Dr. G. Thimmaiah, Institute of Social and Economic Change (ISEC)
Dr. M. Govinda Rao, Director, Institute of Social and Economic Change
Shri T.R. Satish Chandran, Former Chief Secretary, Government of Karnataka

Kerala

Political parties

Kerala Congress (Jacob)
Prof. Damman Mathew, Vice Chairman
Shri T.M. Jacob, MLA

Congress (I)
Shri Kadavoor Sivadhasan
Shri Tennala Balakrishna Pillai
Shri G.Karthikeyan, MLA
Shri Thiruvanchor Radhakrishnan, MLA

Revolutionary Socialist Party(RSP)
Prof.T.J.Chandrachoodan

Nationalist Congress Party (NCP)
Shri Karakulam Krishna Pillai, Secretary

CPI (M)
Shri M.A.Baby, Secretariat Member

Muslim League
Shri Kutty Ahamed Kutty

Chambers of Commerce/Business Organisations and Economists/Experts
Shri S.Pathivelu, Secretary, Chamber of Commerce, Thiruvanthapuram
Shri V.Azhakiyanambi, Secretary, All Kerala Sugar Merchant Association
Prof.Joy Job Kulavelil, State President, All Kerala Private College Teachers Association, Aluva
Prof. K.K.George, Director, School of Management, Cochin University, Cochin
Prof.P.K.Ramachandran Nair, Centre for Development Studies, Thiruvanthapuram Shri S.A.Mansoor, Secretary, Ernakulam Chamber of Commerce
Dr.M.Kunhaman, Member University Grants Commission, Deptt. of Economics, University of Kerala
Dr.K.P.Kannan, Fellow, Centre for Development Studies, Thiruvanthapuram
Dr.S.Uma Devi, Professor & Head, Deptt. of Economics, University of Kerala

Madhya Pradesh

Political Parties

Bahujan Samaj Party (BSP)
Shri Jaynarayan Chokse

Communist Party of India (CPI)
Shri Bal Kishan Gupta

BJP
Dr. Gauri Shankar Shejwar, Leader of Opposition Party
Shri Babu Lal Gaur, State Vice President

Devi Ahilya Vishwavidyalaya (DAVV), Indore
Prof. V.D. Nagar, Chairman, Memorandum Drafting Committee of DAVV
Dr. B.C. Chhaparwal, Vice Chanceller, DAVV, Indore
Shri J.L. Rathore, Journalist & Member, Memorandum Drafting Committee of DAVV

Chambers of Commerce & Industry
Shri Pritam Lal Dua, President, Malwa Chamber of Commerce & Industries, Indore
Shri Mohan Lal Khandelwal, Secertary, Malwa Chamber of Commerce & Industries, Indore
Prof. Uday Jain, Consultant, Malwa Chamber of Commerce & Industries, Indore

Manipur

Political Parties

Federal Party of Manipur
Shri N. Joykumar, General Secretary
Shri Y. Mani Singh, Treasurer
Shri Amar Yumnam, Economic Adviser
Ms. L. Sorojini Devi, President, Women Front
Dr. Khashim, Member

Manipur People's Party
Shri O. Joy Singh, President
Shri R.K. Ranbir Singh, M.L.A. (Ex-Chief Minister)
Shri Y. Surenyaima, Ex-Vice President
Shri Biramani Singh, Vice President
Shri L. Jatra Singh, M.L.A

C.P.I. (M)
Shri M. Shamu, Secretary
Shri N. Modhusodon, Secretariat Member
Shri Chinglen Maisnam, State Committee Member

Manipur University
Shri H. Tombi Singh, Vice Chancellor
Prof. N. Tombi Singh, Syndicate Member
Shri Th. Joychandra Singh, Registrar
Prof. P.C. Thoudam, Dean, School Of Humanities
Prof. L. Tombi Singh, Dean, School Of Social Science
Shri L. Manao Singh, Finance Officer

All Manipur College Teachers' Association
Dr. L. Manihar Singh, President
Shri P. Laingam, General Secretary
Dr. T. Meinya Singh, Member
Dr. G. Ranjit Sharma, Member
Dr. Kh. Menjor Singh, Member

Manipur Shifting Cultivators Development Association
Shri Genkap, Vice President
Shri H.L. Vaiphei, General Secretary

United Voluntary Youth Council
Shri N. Ibochouba Singh, President
Shri Maharabi Singh, Secretary
Dr. L. Robin Singh, Secretary (Finance)

Council for Social Awareness and Development, Heibongpokpi
Shri S.H. Khuman, General Secretary
Shri Th. Imocha Singh, Member,

Joint Administrative Council (JAC) of All Manipur Trade Union Council And All Manipur Government Employees Organisation
Shri H. Achou Singh, President
Shri S. Kesho Singh, Secretary General
Shri S. Ibopishak Singh, Secretary (Publicity)
Shri Kh. Hitler, Treasurer
Shri S. Mani Singh, General Secretary
Shri Th. Itobi Singh, Vice President
Shri Muhindro Singh, Vice President
Shri Th. Inaocha Singh, Secretary (Organisation)
Shri L. Tombi Singh, Vice President
Shri M. Babu Singh Member

Maharashtra

Economists
Dr. M. Godbole
Shri Kirit Parikh, Director, Indira Gandhi Institute of Development Research
Prof. D.M. Nachene, Department of Economics, University of Mumbai
Prof. Ajhit Karnik, Department of Economics, University of Mumbai
Shri C.S. Deshpande, Executive Director, Maharashtra Economic Development Council
Shri Vikas Chitre, Director, Gokhale Institute of Political & Economics, Pune

Maharashtra Chambers of Commerce and Industry
Prof. Jyoti Parikh, Indira Gandhi Institute of Development Research
Shri Pradeep B. Chinai, President, Indian Merchants' Chamber
Shri Anil Kumar S. Ruia, Vice President, Indian Merchants' Chamber
Shri K.L. Poddar, President, Maharashtra Chamber of Commerce & Industry
Shri S.P. Raje, Secretary General, Maharashtra Chamber of Commerce & Industry
Shri A.R. Anandpara, Vice President, Maharashtra Chamber of Commerce & Industry
Shri R.N. Mohanty, Chairman, Industries Committee, Maharashtra Chamber of Commerce & Industry
Ms. Tarjani Vakil, Member, Managing Committee of Indian Merchants' Chamber & Co-Chairman, Finance & Budget Committee
Shri P.N. Mogre, Secretary General, Indian Merchants' Chamber
Shri S.S. Bhandare, Chairman, Economics and Industry Committee, Bombay Chamber of Commerce & Industry

Shri Siddhartha Ray, Co-chairman, Economics & Industry Committee
Shri Nihal Kothari, Chairman, Indirect Tax Committee, Bombay Chamber of Commerce

Meghalaya

Political Parties
Shri H.S. Lyngdoh Opposition Member
Shri T.H. Rangad Opposition Member

Members of NEHU
Prof. K. Lyngdoh, Pro Vice Chancellor, NEHU
Dr. A. Patton Registrar, NEHU
Prof. A.L. Verma
Prof. S.K. Mishra
Prof. S.S. Khare
Prof. T.B. Subba

Chamber of Commerce
Shri S. Don Wahlang, President
Shri K. Singh Wann, Secretary General
Shri K. A. Pariat I/C, Tourism
Shri Frank Khanguir, Office Secretary

Employees Federation
Shri E. Kharkongor, President, MSGEF
Shri C.M. Syiem, Vice President, MSGEF
Dr. E. Bareh,Vice President, MSGEF
Shri J.E. Massar, Vice President, MSGEF
Shri J.D. Suchiang, Secretary General, MSGEF
Shri W.S. Lyngdoh, Joint Secretary, MSGEF
Shri R.M. Rai, Joint Secretary, MSGEF

Mizoram

Political Parties

MLAs
Shri Sanghmingthanga Pautu
Shri Zakhu Hlychho
Shri K. Sangthuama
Shri Nirupam Chakma
Shri Nihar Kanti

Mizoram Pradesh Congress Committee
Shri Lalkhama, IAS (Retd.), Ex-MLA
Shri R.Thangliana Ex-Minister & General Secretary (MPCC)

Mizoram People's Conference
Shri Thantluanga Zadeng, Treasurer
Wing Cdr. Lalnghinglova, General Secretary

Tangrual Pawl
Shri S.R. Vala, IAS (Retd.), Ex-Chairman, MPSC
Shri F.L.R. Siama, IPS (Retd.), Ex-MLA
Shri Lalsawta, Ex-MLA

Consultant Engineer (Rtd. Secretary) PWD/P&E)/PHE Department. President, Mizoram Science Society & Chairman Institution of Public Health Engineers, Aizawl
Er. Dunglena.

Federation of Mizoram Government Employees & Workers (FMGEW)
Shri T. Sangkunga, President
Shri Vanchungnunga, Secretary-General

Nagaland

Kohima Chamber of Commerce
Shri Theyievio Solo, President
Shri Khriehuzo Lohe, Vice President
Shri Ketu Putsure, General Secretary
Shri P. Suokhrie, Treasurer
Shri Neisatuo Keditsu, Joint Secretary

Orissa

Political Parties

Congress Party
Dr. Debendra Nath Mansingh, Government Chief Whip
Shri Ganeswar Behera, M.L.A
Shri Bhakta Charan Das, General Secretary
Shri S.K. Misra, MLA, Secretary CLP

Bhartiya Janata Party
Shri Biswabhusan Harichandan, Leader, BJP Legislative Party
Shri Ananta Narayan Singh Deo, M.L.A
Shri Pradipta Kumar Naik MLA
Shri Arabinda Dhali, MLA
Shri Samir Dey, MLA, Secretary BJP Legislative Party
Shri Kanak Vardhan Singhdeo, MLA
Shri Raghunath Hamrum
Shri Ram Krishna Patnaik

Biju Janata Dal
Shri Ramakrushna Pattnaik, MLA
Shri Trilochan Kanungo, Ex-Chairman
Shri Bijay Mohapatra, MLA
Shri Sachidananda Dalal, MLA & Leader of Opposition
Shri Jangyeswar Babu, Ex-MLA
Shri Bhagaban Majhi, MP
Shri Panchanan Kanungo, MLA
Shri Debi Prasad Mishra, MLA
Shri Ainthu Sahu
Shri Balakrushna Rath, Chairman, Bolangir Zilla Parisad
Shri Raghunath Hembram MLA

Janata Dal
Shri I. Naik
Shri Majula Kisan MLA
Shri Nalinikant Mohanti MLA
Shri Praafulla Chander Shadai MLA
Shri Durgadhan Mazhi
Shri Prafulla Chander Ghadai MLA
Shri Narasinha Mishra
Shri S. Mishra

Public Accounts Committee
Shri Bijauya Mahapatra, MLA and Chairman, Public Accounts Committee

Shri Bishnu Das, MLA
Shri P. Tripathy, MLA
Shri A.P. Satpathy, MLA

Chambers of Commerce and Industries
Utkal Chamber of Commerce and Industry
Shri M.M. Nawaz, President
Shri Kedar Pattnaik, General Secretary
Shri Jagadish Lal, Past President
Shri S.S. Singh Deo, Past President
Shri S. Srinivasan, Vice President

Economists
Shri Trilochan Kanungo

Punjab

Political Parties

Congress Party
Capt. S. Amrinder Singh, President, Punjab Pradesh Congress Committee

CPI (M)
Shri Balwant Singh, Secretary, Punjab State Committee
Comrade Balwinder Singh Chopra
Shri Harcharan Singh
Shri Om Prakash Kharbanda

B.J.P
Shri Lajpat Rai, M.P. (Rajya Sabha)
Shri Anil Sarin, Advocate, Secretary

Chambers of Commerce & Industry
Shri Ramesh Inder Singh
Choudhary Devinder Singh
Sardar Beant Singh
Shri K.L. Khurana

Rajasthan

Political Parties

CPI (M)
Shri Hari Ram Chouhan, Secretary
Shri Ravindra Shukla, Member, State Secretariat

Congress (I)
Dr. Raghu Sharma, General Secretary
Shri L.D. Sharma, C.A. to PCC

Chambers of Commerce and Industry
Shri K.L. Jain, Hon. Secretary General, Rajasthan Chamber of Commerce & Industry
Shri M. Sayeed Khan, Hon. Secretary, FASSI, Rajasthan & RCCI
Shri B.L. Gupta, Vice President, Rajasthan Chamber of Commerce & Industry (RCCI)
Shri Ramendra K. Bhargava, Vice President, RCCI
Shri Sugan Chand Jain, Vice President, RCCI
Prof. R.S. Pareek, Advisor, RCCI
Shri T.C. Jain, Advisor, RCCI
Shri J.C. Sharma, Secretary, RCCI

Distinguished Economists and Institutions
Shri N.L. Nathuramka, Retd. Reader in Economics, Rajasthan University
Shri Surjit Singh, Professor, Institute of Development Studies, Jaipur
Shri Narain Sinha, Department of Economics, University of Rajasthan
Shri Om Prakash, Former Vice-Chancellor, Retd. Professor, University of Rajashan, Ex- Editor, Indian Journal of Economics
Shri B.L. Panagariya

Sikkim

Political Parties

Sikkim Sangram Parishad
Shri Nar Bahadur Bhandari
Shri N.K. Pradhan
Shri Uttam Lepcha
Shri P.R. Subba
Shri S. Dorjee
Shri N. Lepcha
Shri S.G. Lepcha
Shri S. Bhutia
Shri S. Toherin

Sikkim Democratic Front
Shri Mohan Dungmali
Shri B.S. Pant
Shri S.K. Pradhan

CPI (M)
Shri Anjan Upadhaya
Shri Krishna Kharel
Shri Yadav Nepal

Congress (I)
Shri S.M. Limbo
Major T. Gyatro

Sikkim Chamber of Commerce
Shri R.K. Periwal, Secretary
Shri S.K. Sarda, Secretary
Shri D.D. Thirani, President

Tamil Nadu

Political parties

CPI
Shri S.S. Thiagarajan, State Deputy Secretary

CPI (M)
Shri G. Ramakrishnan

Congress (I)
Shri Kevate R. Thiagarajan

Shri Kathipara J. Gharu
Shri T. Armstrong Mani

DMK
Shri S. Vidudhalai Virumbi, Organising Secretary

MDMK
Shri K. Radhakrishnan, Spokesperson

AIADMK
Shri K. Malaisamy
Shri V.R. Neduncheliyan, Chairman
Shri P.H. Pandian

BJP
Shri L. Ganesan

Chambers of Commerce/Economists
Shri K. Subramanian, Public Expenditure Round Table (PERT) Trustee
Shri K. Venkataraman, Chairman, PERT
Shri T.V. Antony, Member, State Planning Commission
Shri K.V. Palamdurai
Dr. Vedagiri Shanmusundaram, Member, State Planning Commission
Dr. Lalitha Kameshwaran, Member, T.N. State Planning Commission
Shri Paul P. Appasamy, Director, Madras Institute of Development Studies, Chennai

Tripura

Political Parties

Representatives of Left Front
Shri Sudarshan Bhattacharji, State Secretary, R.S.P
Shri Dinesh Saha, Asstt. Secretary, C.P.I., Tripura State Committee
Shri Braja Gopal Roy, General Secretary, All India Forward Block, Tripura State Committee
Shri Tapan Chatterji, State Secretariat Member, C.P.I. (M)

BJP
Shri Pranesh Kumar Chaudhuri, Member, State Committee
Shri Rakhal Chakraborty
Shri Brajesh

Tripura Upajati Juba Samity
Shri S.C. Tripura,
Shri Rati Mohan Famatia
Shri Rabindra Debbarma
Shri Amiya Kr. Debbarma
Shri Nagendra Jamatia
Shri Jagadish Debbarma

Leaders of the Opposition
Shri Samir Ranjan Barman
Shri Bir Ballav Saha
Shri Birjit Sinha, M.L.A
Shri Prakash Das, M.L.A

Tripura University
Prof. Arun Uday Saha, Dean,
Subhas Basu Professor of Economics

Chamber of Commerce
Shri Anup Raj, Executive Member, TCCI
Shri Promod Ranjan Dutt, President, TCCI
Shri M.L. Debnath, TCCI

Government Pensioners Association
Shri S.K. Chowdhury
Shri Mihir Kumar Gupta
Shri Sunil Chowdhury

T.G.E.A.
Shri Subodh Deb Roy
Shri Harala Chakraborty
Shri Dhabal Krishna Debbarma
Shri Madhu Sengupta

T.E.C.C. (H.B.Road)
Shri Shibesh Ranjan Biswas
Shri Dilip Dam
Shri Satyabrata Bhattacharjee
Shri Kausik Deb

Uttar Pradesh

Political Parties

Kisan Mazdoor Bahujan Party
Ch. Narinder Singh, Adhyaksh,

Shikshak Dal
Shri Om Parkash, MLC
Shri Panchanan Rai, MLC

Chambers of Commerce and Industry
Shri Arvind Mohan, Confederation of Indian Industry
Shri Sailesh Diwedi, Confederation of Indian Industry
Shri Sudhakar Tiwari, Confederation of Indian Industry
Ms. Kavita Nair, Confederation of Indian Industry
Shri Gautam Rastogi, PHD Chamber of Commerce and Industry
Ms. Punita Priyadarshini, PHD Chamber of Commerce and Industry
Shri V.K. Saxena, Associated Chambers of Commerce and Industry of UP
Shri S.N. Kukreja, Associated Chambers of Commerce and Industry of UP
Shri G.C. Chaturvedi, Indian Industries Association
Shri V.K. Aggarwal, Indian Industries Association
Shri Sanjay Kaul, Indian Industries Association
Shri Rajeev Kapil, Indian Industries Association
Shri Murli Manohar, Indian Industries Association

Distinguished Economists
Dr. A.K. Singh, Giri Institute of Development Studies
Dr. A.K. Sengupta, Lucknow University
Dr. M. Muzammil, Lucknow University
Dr. R.K. Sinha, Bareilley University

Prof. P.K. Sinha, Dr. Ram Manohar Lohia Avadhi University, Faizabad
Prof. Shri Ram Aggarwal, Bundelkhand University, Jhansi
Prof. Kala Shridhar, Indian Institute of Management, Lucknow
Dr. S.N. Chaturvedi, Deen Dayal Upadhaya Gorakhpur University, Gorakhpur
Dr. Ashok Kumar Srivastava, Deen Dayal Upadhaya Gorakhpur University, Gorakhpur
Shri A.P. Tiwari, Institute of Development Studies, Lucknow University

West Bengal

Political Parties

Congress (I)
Shri Atish Ch. Sinha, M.L.A., Leader of Opposition, West Bengal Legislative Assembly
Shri Abdul Mannon, M.L.A., Chief Whip Opposition, West Bengal Legislative Assembly
Prof. Saugata Roy, M.L.A
Dr. Manas Bhunia

CPI (M)
Shri Mainul Hassan, M.P
Shri Dipen Ghosh, Member, Secretariat

Trinamul Congress
Shri Sudip Bandyopadhyay, M.P

Forward Bloc
Shri Jayanta Roy
Dr. Barun Mukherjee

CPI
Prof. Nripen Bandyopadhyay
Shri Himangshu Das

RSP
Shri Sunil Sengupta
Shri Abinash Dasgupta
Shri Manoj Bhattacharya

SUCI
Shri Debaprasad Sarkar
Shri Kalika Mukherjee

BJP
Shri Debabrata Chowdhury, State Secretary
Shri Dhanpat Ram Aggarwal, Convenor – Economic Cell

Chambers of Commerce and Industry
Shri J.L. Mowla, Bengal Chambers of Commerce and Industry
Shri S.R. Bal, Bengal Chambers of Commerce and Industry
Shri D.P. Nag, Bengal National Chambers of Commerce and Industry
Shri N. Guha, Bengal National Chamber of Commerce and Industry
Shri N. Kumar, Bengal National Chamber of Commerce and Industry
Shri Dipankar Chatterji, Confederation of Indian Industry
Shri Panja Budhia, Confederation of Indian Industry

Economists
Shri Prabuddha Nath Roy, State Planning Board
Shri Debkumar Bose, Hony. Prof. Indian Statistical Institute
Shri Amiya Kumar Bagchi, State Planning Board and Centre for Studies in Social Sciences, Calcutta

Andhra Pradesh

Annexure I.9D
(Para 1.12)

List of Participants who attended the discussions with Rural & Urban Local Bodies during the State visits of the Finance Commission

From State Government

Shri P. Ashok Gajapathi Raju, Minister for Finance
Dr. Kodela Sivaprasada Rao, Minister for Panchayati Raj
Shri S.K. Arora, Principal Finance Secretary
Shri M Sahoo, Finance Secretary
Shri Pradeep Chandra, Finance Secretary
Shri A.K. Parida, Planing Secretary
Dr. G. R. Reddy, Special Secretary, Finance and Planning (FW) Dept
Shri M Venkatramaiah, Member Secretary, Second State Finance Commission
Shri K. Pichayya, Member Secretary, State Finance Commission
Shri D. L. Narayana, Chairman, Second State Finance Commission
Shri Lingaraju Panigrahi, Secretary Municipal Administration and Urban Development
Shri P.K. Mohanty, Commissioner, Municipal Corporation of Hyderabad
Shri A. Vidya Sagar, Commissioner, Municipal Corporation of Vishakhapatnam
Shri Ajoyendra Payal, Commissioner and Director of Municipal Admn., Hyderabad
Shri J. R. Anand, Administrator, Quli Qutub Shah Development Authority, Hyderabad
Shri G.S.R.C.V. Prasada Rao, Secretary, Panchayati Raj Department
Shri P. Ramakanth Reddy, Principal Secretary, Panchayati Raj & Rural Development Department
Shri M. Venkateswarlu, Engineer-in-chief (PR)
Shri N.R. Narasimha Rao, Commissioner, Andhra Pradesh Authority of Rural Development
Shri P.V.R.K. Prasad, Director General, Dr. MCR Institute of A.P., Jubilee Hills
Dr. S. Chellappa, Commissioner, Panchayati Raj

Participants

Shri Y. Sudhakar, Chairperson, Janagam, Warangal (District)
Shri C. A Rasool, Chairperson, Kadiri, Anantapoor (District)
Shri G. Muzeeb Hussain, Chairperson, Madanapally, Chittor (District)
Shri A. Vivekananda Reddy, President, A.P. Chambers, Hyderabad
Shri K. Devender Rao, Muncipal Chairman, Karimnagar
Smt. B. Usha Rani, Chairperson, Palakollu, West Godavari (District)
Smt. A. Vijaya Lakhsmi Kumari, Chairperson, Tenali, Guntur (District)
Shri K. Sudhakar, Chairperson, Municipal Corporation Rajamundry, East Godavari (District)
Shri D. Praveen Kumar, Mandal President, Thimmajipet (M), Mahaboobnagar district
Shri Y. Raghava Reddy, Mandal President, Prathipadu, Guntur district
Shri P. Ramesh, Mandal President, Pedanandipadu, Guntur district
Shri K. Raghava Rao, Zilla Parishad, Gannavaram, Krishna District
Shri Y.V.B. Rajendra Prasad, Sarpanch, Vuyuru, Krishna district
Shri J Babjee, Sarpanch, Narasannapeta, Srikakulam district
Shri V. Vishnuvardhana Raju, Sarpanch, Kankipadu, Krishna district

Arunachal Pradesh

Goa

From State Government

Shri John Manuel Vaz, Hon. Minister for Urban Development
Shri Kewal Sharma, Secretary, Urban Development
Shri K.N.S. Nair, Director of Municipal Administration
Shri Luis Alex Cardoz, Hon. Minister for Panchayats
Shri Kewal Sharma, Secretary, Urban Development
Shri Rakesh Mehta, Development Commissioner
Shri G.G.Kambli, Director of Panchayats
Shri C.V.Kavlekar, Deputy Director of Panchayats

Participants

Shri R.Silimkhan, Chairperson, Panaji Municipal Council
Smt.Monica Dias, Chairperson, Margao Municipal Council
Smt.Radhika Naik, Chairman Ponda Municipal Council
Shri Anil Hoble, Sarpanch Merces Village Panchayat
Shri Ramchandra Mule, Sarpanch Durbhat Village Panchayat
Smt.Suhasini Govekar, Sarpanch Anjuna Village Panchayat
Shri Sadashiv Marathe, Sarpanch Dharbandora, Village Panchayat
Shri Dinesh Sahastrabudhye, Sarpanch Velguem Village Panchayat
Smt.Fausta Fernandes, Sarpanch, Cansaulim Village Panchayat
Shri Godfrey Rodrigues, Sarpanch, Raia, Village Panchayat

Gujarat

From State Government

Shri Ashok Narayan, Additional Chief Secretary, Panchayat
Shri M.S. Dagur, Joint Secretary, Panchayat
Shri V.C. Patel, Development Commissioner
Shri K.B. Valava, Under Secretary, Panchayat Raj/Rural Development Department
Shri H.N. Chhubber, District Development Officer, Distt. Kheda
Shri V. Thriuppugash, District Development Officer, Distt. Sabarkantha
Shri M.S. Pathan, Additional Development Commissioner,
Shri J.M. Vyas, Deputy Secretary, Urban Development Department
Dr. Munjula Subramaniam, Additional Chief Secretary, Urban Development and Urban Housing Department
Shri Vinay Vyasa, Director of Municipalities
Shri M.M. Mehta, Chief Executive Officer, Gujarat Municipal

Finance Board

Participants

Shri Dhansukhbahi Bhanderi, Chairman, Standing Committee, Rajkot Municipal Corporation
Shri N.V. Patel, Chairman, Standing Committee, Baroda Municipal Corporation
Smt. Smitaben Soni, President, Godhara Municipalities
Shri Parveen Vadher, Ex-President and member Bhuj Municipality
Shri Ram Sankhla, Ex-President and Member, Himmat Nagar Municipality
Shri Mehendra Choksi, Member, Bharuch Municipality
Dr. Mahendra Shah, Vice-President, Vyara Municipality
Shri Chander Kant C. Seth, Member, Himmat Nagar Municipality
Shri Ajay Kumar Choksi, Chairman, Standing Surat Municipal Corporation
Shri Shanker Vrajlal, Member, Standing Committee, Surat Municipal Corporation
Shri Manilal P. Dabhi, President, Taluka Panchayat, Mahemadbad, Distt. Kheda
Shri Bhupanbhai G. Parmar, President, Taluka Panchyat, Distt. Sabarkantha
Shri Rameshwar S. Patel, Ex-chairman, Education Committee, Kheda, Distt. Panchyat
Shri Mukesh S. Shukla, President, Kheda Distt. Panchayat
Shri Jayendrasinh M. Rathode, President, Distt. Panchayat, Sabarkantha
Shri Takkarbhai V. Vanjara, President Taluka Meghraj, Distt. Sabarkantha
Ms. Sarojben K. Vaskar, President, Social Justice Committee, Distt. Kheda

Haryana

From State Government:

Shri Dhir Paul Singh, Town & Country Planning Minister
Shri R.S. Chaudhry, Deputy Chairman, Planning Board
Shri M.K. Miglani, Financial Commissioner, Local Government
Smt. Asha Sharma, Financial Commissioner Development & Panchayats
Shri S.C. Chaudhary, Commissioner Town & Country Planning
Shri Sanjay Kothari, Commissioner (Coordination)
Shri R.R. Jowel, Director, Panchayats
Smt. Surina Rajab, Director, Local Bodies

Participants

Shri K.K. Jain, Executive Officer, Municipal Committee, Yamuna Nagar
Shri Naresh Sharma, President, Municipal Committee, Yamuna Nagar
Shri Subedar Suman, Mayor, Faridabad
Shri Krishan Kumar, Municipal Committee, Faridabad, Commercial
Shri Krishan, Ladwa Thesil & District Hissar
Shri Mahinder Singh, Sarpanch, Village Ladwa, Distt. Hissar
Shri Balwant Singh Sihag, Sarpanch, Bhanibadshahpur Block, Barala, Hissar
Shri Bal Ram Sharan, Sarpanch, Dhankaur Block, Ambala
Shri Indraj, Sarpanch, Village Bhanora, Bhunna Distt. Sirsa
Shri Lajpat Rai Virman, Financial Controller, Municipal Committee, Faridabad
Shri B.S. Ronolia, Superintending Engineer, Municipal Committee, Faridabad
Smt. Kanti Devi, President, Zila Parishad, Sirsa
Shri Kehar Singh, Executive Councilor, Municipal Committee, Thaaneshar
Smt. Mohini Nanda, President, Municipal Committee, Kalka
Shri Nirmal Kumar Vij, President, Municipal Council, Ambala City
Smt. Sudarshan Dua, President, Municipal Council, Ambala Sadar
Shri Subhash Chand, President, Municipal Council, Thanesar
Shri Krishan Kumar, President, Municipal Council, Hissar
Smt. Sukhwinder Kaur, President, Municipal Council, Sirsa
Smt. Harsh Malik, President, Municipal Council, Rohtak

Himachal Pradesh

Participants

Shri Shanti Sharma, Chairperson, Panchayat Samiti, Teh. Theog
Shri Ramesh Sharma, Pradhan, Gram Parishad, Teh. Theog
Shri S.D. Verma, Chairman, Panchayat Samiti, Jhaurutta
Ms. Nirmala Devi, Chairperson, Zila Parishad, Solan
Shri D.D. Thakur, Chairman, Zila Parishad, Mandi
Shri Gurnam Singh, Member, Zila Parishad, Mandi
Shri Manbhari Devi, Chairperson, Zila Parishad, Kangra
Shri D.R. Dhiman, Chairman, Zilla Parishad, Rajya Panchayat
Shri Rajpal Chauhan, Member, Zila Parishad, Shimla

Karnataka

From State Government

Shri M.C. Murgoli, Minister of State, Rural Development & Panchayati Raj
Shri S. Krishna Moorthy, Superintending Engineer, Public Health Engineering, Bangalore
Shri K. Basavaraj, Accounts Superintendent, Rural Development & Panchayati Raj Department
Shri G.M. Vijaya Kumar, Engineer-in-Chief, Public Health Engineering, Karnataka, Bangalore
Shri C. Gopala Reddy, Principal Secretary, Finance Department
Shri Phillipose Mathai, Principal Secretary, Urban Development Department
Shri J.P. Sharma, Chairman, Bangalore Water Supply and Sewerage Department
Shri H. Baskar, Director, Municipal Administration
Shri G.V. Ramachandra, Additional Secretary, Urban Development Department
Shri K. Amaranarayan, Deputy Secretary, Urban Development Department
Shri K.S. Umapathy, Joint Director of Municipal Administration
Shri V.G. Takeraj, Assistant Director, Municipal Administration
Shri T.D. Abhayakar, Project Leader, Decentralised Training

for Urban Development Project (DTUDP), Mysore
Shri K.P. Pandey, Commissioner, Bangalore City Corporation
Shri Shantha Kumar L, Secretary Urban Development (Municipalities & UDBs)
Shri Subhash Chandra Khuntia, Secretary (Expenditure), Finance Department
Shri M.R. Sreenivasa Murthy, Secretary, Rural Development & Panchayati Raj Department
Shri L.K. Atheeq, Chief Executive Officer, Zilla Panchayat, Karwar
Ms. V. Manjula, Director Area Development Programmes, Rural Development & Panchayati Raj Department
Ms. Renuka Viswanathan, Principal Secretary, Planning Department
Shri B.V. Shrikant, Internal Financial Advisor, Rural Development & Panchayati Raj Department
Shri C.M. Shire, Additional Director, Rural Development & Panchayati Raj Department

Participants
Shri R.C. Manjunath, President, Grama Panchayat, Kelodi, Sagar Tq., Shimoga Distt
Shri Krishna Kanna Naik, President, Grama Panchayat, Kavanchur, Siddapur Taluk, N.K. Distt
Shri Remedia D.Souza, President, Z.P., Udupi
Shri M.H.Moksharamaiah, Melekote Grama Panchayat Dodhothapau TQ. Bangalore Distt
Shri Neelkant Rao Deshmukh, Presidnet ZP Gulbarga
Shri Subramanya G.Hegde, Addexaru Grama Panchayat, Nailgone, Honavar, Uttar Kannada Distt
Shri C.T.Rajanna, Grama Panchayat President, Hunsur Taluq, Mysore Distt
Ms.V. Vidyavathi, CEO, Bangalore Zila Panchayat
Shri Ajay Seth, CEO, Zila Panchayat, Bellary
Dr. M. Govinda Raju, President, CMC, Kolar
Smt. Hilda Alva, Mayor, Mangalore City Corporation
Shri D.N. Mylarappa, Vice President, CMC Chitradurga
Shri Iqbal M. Javali, Mayor, Hubli Dharwar Municipal Corporation, Hubli
Chairman, Bangalore Water Supply & Sewage Department

Kerala

From State Government
Shri S.M. Vijayanand, Secretary (Rural), LSG
Dr. K.M. Abraham, Secretary (Finance & Resources)
Shri Paloly Muhammedukutty, Minister for Local Administration
Shri K.N. Kurup, Secretary, Planning & Economic Affairs
Shri T. Balakrishnan, Secretary (UD), LSG
Shri T.M. Thomas Isaac, Member State Planning Board
Shri P. Kamalkutty, Director of Panchayats & Municipalities
Shri K. Sunder, Administrative Assistant, DMA office
Shri J. Sadanandam, Assistant Director of Panchayats, Thiruvananthapuram
Shri A. Shahul Hameed, Administrative Assistant, Directorate of Panchayats

Participants
Visit to Panchayat at Nemon
Smt. B. Prabhavarthy, President
Shri V. Krishnan Nair, Vice President
Shri S.R. Ravi Nair, Secretary, Nemon Panchayat
Shri M.K. Anil Kumar, Chairman, Standing Committee
Shri Pappanamcode Unni, Member
Shri G. Jayachandran Nair, Member
Shri R. Ravindran Nair, Member
Shri J. Kamaluddin, Member
Shri V. Mohanan Nair, Member
Shri Gopakumar, Member
Shri R. Rajendran, Member
Shri K. Pankajakshan Nair, Member
Smt. Mabel Glory C., Member
Smt. Thulasi Bai, C.R. Member
Smt. Vasantha V, Member
Smt. Reena V, Member

Participants (Meeting on 25.10.1999)
Shri Susan Kody, President, Karunagappally Grama Panchayath
Shri Prakashan M., President, Ranni Block Panchayat and General Secretary, Kerala Blocks Panchayat Association
Shri U.Kalanathan, President, Vallikunnu Grama Panchayat, Malappuram Distt
Shri V.Gangadharan Nadar, President, District Panchayat, Thiruvananthapuram
Shri C.V.Joseph, President District Panchayat, Ernakulam
Shri K.R.Chandramohan, President, Kollam District Panchayat
Adv.K.P.Mariyuma, District Panchayat, Malapuram
Shri N.Ali, Municipal Chairman
Smt. P.S.Zuharabi, President Tanur Block Panchayat, Malappuram
Prof. P.K.Santha Kumari, Municipal Chairman, Guruvayoor Municipality
Shri S.J.Prasad, Municipal Chairman, Kasaragodu

Madhya Pradesh

District Planning Committee, Vidisha

Participants
Dr. Mehtab Singh Yadav, President, Zilla Panchayat, Vidisha
Shri V.R. Naidu, Collector & Secretary, DPC, Vidisha
Shri R.P. Singh, MLA, Shamshabad
Shri Pratap Singh Raghuvanshi, Vice-President, Zilla Panchayat, Vidisha
Shri B.P. Sharma, Member, DPC & ZP, Nateri
Shri Prem Narayan Tiwari, Member, DPC & ZP, Kurnai
Shri Sita Ram Shivhare, Member, DPC & ZP, Vidisha
Shri Har Govind Singh, Member, DPC, Vidisha
Shri Kailash Yadav, Member, DPC, Vidisha,
Smt. Gita Devi Sharma, Member, DPC & ZP, Gyaraspur
Smt. Kamla Devi Sharma, Member, DPC & ZP, Gyaraspur
Shri Lekhraj Singh, Advocate Siroj & Representative of MP
Shri S. Baghel, C.M.O., Vidisha
Shri K.K. Dhare, Member LDB, Vidisha
Shri R.N. Patre, Jailer, Sub-Jail, Vidisha
Shri Deepak Gaur, D.R., Vidisha
Shri Niranjan Srivastava, Vidisha
Shri S.V. Sant, Field Officer, Sericulture, Vidisha
Shri S.S. Agarwal, Vidisha
Shri M.P. Rajoria, SDO, PHED

Shri S.K. Vadavat, Dy. Dir., A.H., Vidisha
Shri B.S. Thakur, Employment Officer, Vidisha
Shri R.S. Kushal, A.D. (Hort), Vidisha
Shri R.K. Sharma, P.A. to Minister, Vidisha
Shri L.L. Mehar, Vidisha
Shri R.K.Bigaya, Labour Officer, Vidisha
Shri S.G. Shekh, District Statistical Officer, Vidisha
Shri D.K. Indulis, A.R.C.S., Vidisha
Shri Ajay Jasu, Vidisha
Shri Raghvendra Upadyay, Vidisha
Shri R.R. Kushvaha, Vidisha
Shri A.K. Jain, EE (Com) MP EB
Shri M.C. Yadav, EE (ST) MP EB
Dr. S. Kushvaha, Deputy Director (Agriculture), Vidisha
Shri S.B. Gupta, Divisional Forest officer, Vidisha
Dr. A.K. Churvadi, Chief Medical Officer (Health), Vidisha
Shri R.K. Drawkanath, EE, PHED, Vidisha
Shri M.L. Harihar, Representative of Education Department
Shri P.K. Mishra, ZP Office, Vidisha

Maharashtra

From State Government
Shri R.R. Patil, Minister for Rural Development
Smt. Chandra Aiyangar, Secretary, Rural Development
Shri Rama Nand Tiwari, Principal Secretary (Urban Development)
Shri K. Navinakshan, Commissioner, Bombay Municipal Corporation
Shri Ratnakar Gaikwad, Commissioner, Pune
Shri T. Chandrashekar, Commissioner, Thane
Shri Baldeosingh, Commissioner, Aurangabad
Smt. Sujata Sohnik, Commissioner, Nashik

Participants
Shri Harshwardhan V. Sakeel, Zila Parishad Buldana
Dr. (Smt.) Shoba D. Backhar, Mayor of Nasik
Shri Hareshwar Laxman Patil, Mayor of Mulail
Smt. Rita Raghunath Khadse, President of Akola
Shri Suresh Namdeo Rao, President of Anjanyoon Surji, Distt. Amravati
Shri Madhav Dattaray Patil Bhadave, President, Zila Parishad, Dhule
Shri Narayanrao Krishnaji Pawar, President of Zila Parishad, Satara
Shri Mohite Patil Madavsinh S., Sholapur Zila Parishad
Shri Babanrao Patil, President, Zila Parishad, Thane
Dr. Kalpana Pandey, Mayor, Nagpur Municipal Corporation

Manipur

All Manipur Municipal Council and Nagar Panchayats Joint Action Committee
Shri N. Gitchandra, President
Shri Ksh. Chaoba, Secretary
Shri Th. Chandramani, Chairperson
Shri M. Shyamchandra, Councillor
Shri L. Nungshithoi Singh, Councillor
Shri Md. Rasid Ali, Councillor
Ms. O. Rojani Devi, Councillor
Ms. Taruni Devi, Councillor
Ms. Radhamani Devi, Councillor
Ms L. Rameshwori Devi, Councillor

Manipur State Panchayat Parishad
Shri H. Manisana Singh, Adhyaksha, Bishnupur Zilla Parishad
Shri K. Tombi Singh, General Secretary
Shri L. Birenyaima Singh, President

Nagaland

From State Government
Shri Toshi Aier, Commissioner & Secretary, RD
Shri Lalthara, Additional Chief Secretary & Financial Commissioner
Shri A. K. Jain, Home Commissioner
Shri T.N. Mannen, Development Commissioner

Participants
Shri Y. Mhonchumo Lotha, Secretary, VDB, Wokha
Shri R. Etsorhomo, Chairman, VC, Wokha
Shri Latongwati, Secretary, VDB, Mokokchung
Shri I. Tajen Changkija, Chairman, VC, Mokokchung
Shri Vui Belho, Secretary, VDB, Kohima
Shri Ato Rutsa, Chairman, VC, Phek
Shri Timikha Koza, Secretary, VDB, Phek
Shri Kughato Teptho, Chairman,VC, Zunheboto
Shri W. Wangshok, Secretary, VDB, Mon
Shri L. Toiho Achumi, Secretary, VDB, Dimapur
Shri R. Litsase, Secretary, VDB,Tuensang
Shri Ivukhu, Secretary, VDB, Zunheboto
Shri Lutozu Katy, Chairman, VC, Dimapur
Shri K. Asokhyong, Chairman, VC, Tuensang
Shri C. Shaoba Konyak, Chairman, VC, Mon
Shri Medo Selhou, Member, VC, Kohima
Shri Vimedo, Chairman, VC, Kohima
Shri T. Tingyei Konyak, Chairman, Mon Town Committee
Shri Sali Khesoh, Chairman, Phek Town Committee
Shri S.K. James, Chairman, Kiphire Town Committee
Shri N. Khokiye, Chairman, Zunheboto Town Committee
Shri Vatsu Meru, Chairman, Kohima Town Committee
Shri E. Yanpothung Lotha, Chairman, Wokha Town Committee
Shri Jongshi Lemba, Vice Chairman, Mokokchung Town Committee
Ms. Abelu, Vice Chairperson, Kohima Town Committee
Shri Sawathang Kez, Member, Kohima Town Committee
Ms. T. Sanuo Linyu, Women VDB, Kohima
Ms. K. Kire, Women VDB, Kohima

Orissa

From State Government
Shri Habibulla Khan, Minster, Panchayati Raj
Shri S.B. Mishra, Chief Secretary
Shri S.M. Pattanaik, Development Commissioner
Shri K.B. Verma, Principal Secretary, Finance
Shri P.K. Mishra, Additional Chief Secretary
Shri C. Basu, Commissioner-cum-Secretary, Panchayati Raj
Shri S. Baya, Director and Additional Secretary, Panchayati Raj
Shri K.C. Badu, Additional Secretary, Finance Department

Shri G.V.V. Sarma, Director, Special Projects, P.R. Department
Shri P.C. Satpathy, F.A.-cum- Joint Secretary, PR (GP) Department
Shri D.P. Dhal, Deputy Secretary, P.R. Department
Shri Nabaghana Tripathy, Under Secretary, P.R. Department
Shri Jagannath Raut, Minister of State, Urban Development
Shri H.S. Chahar, Commissioner-cum-Secretary, Housing & Urban Development
Shri S.C. Mantry, Director, Municipal Administration
Shri A. Rath, Agriculture Production Commissioner

Participants

Dr. Jagannath Mohapatra, Chairperson, Bhubaneshwar Municipal Corporation
Shri Ananda Jena, Chairperson, Sambalpur Municipality
Shri Prabir Mohantty, Chairperson, Kendrapara Municipality
Ms. Jagat Mohini Rath, Chairperson, Jeypore Municipality
Shri Sridhar Sahoo, Chairperson, Dhenkanal Municipality
Shri Pradeep Kumar Sahu, Chairperson, Bolangir Municipality
Shri Nanda Kishore Agarawala, Chairperson, Rajgangpur Municipality
Shri Jyotindra Nath Mitra, Chairperson, Khurda N.A.C
Shri Rama Chandra Sahu, Chairperson, Anandpur, N.A.C
Smt. Kamala Tiria, President, Zilla Parishad, Mayurbhanja District
Shri Laxman Mallick, President, ZP, Jagatsinghpur District
Shri Rudra Madhav Ray, President, ZP, Nayagarh District
Shri Gopinath Pradhani, President, ZP, Nawarangpur District
Shri Hitesh Bagarthi, President, ZP, Nawapara District
Shri Brundaban Majhi, President, ZP, Sambalpur District
Shri Bhupal Chandra Mohapatra, President, ZP, Balasore District
Shri Digambar Kar, Vice President, ZP, Jajpur District
Smt. Satyabhama Behera, Vice President, ZP, Dhenkanal District
Shri Narayan Patra, ZP Member, Tentulikhunti, nawarangpur District
Shri Laxman Mehera, ZP Member, Deogaon, Bolangir District
Smt. Umarani Patra, Chairman, Panchayat Samiti, Bhogarai, Balasore District
Shri Nilamani Pradhan, Chairman, Panchayat Samiti, Gop, Puri District
Shri Tripati Guru, Chairman, Panchayat Samiti, Kundra, Koraput District
Shri R. Narahari Reddy, Sarapanch, Narendrapur Gramya Panchayat, Chhatrapur Panchayat Samiti, Ganjam District
Ms. Fajina Tafsun, Sarpanj, Asana, Gramya Panchayat, Kundra Panchayat Samiti, Koraput District

Punjab

From State Government

Shri Balramji Das Tandon, Minister, Urban Local Bodies
Shri S. Nirmal Singh Kahlon, Minister, Rural Development
Shri N.K. Arora, Principal Secretary, Local Government
Shri J.S. Gill, Financial Commissioner, Rural Development & Panchayats

Participants

Shri Jagdish Loomba, Mayor, Municipal Corporation, Ludhiana
Shri S. Tejwant Singh, President, Municipal Committee, Amloh
Shri Satish, President, Municipal Committee, Pathankot
Shri Rakesh Jyoti, President, Municipal Committee, Gurdaspur
Shri Rattan Singh Dhir, Chairman, Zila Parishad., Roop Nagar
Shri Harbhag Singh, Chairman, Block Samiti, Kharar
Shri Inderjit Singh, Sarpanch, Village Bhuller
Dr. Kuldeep Singh Gill, President, Municipal Committee, Moga

Rajasthan

From State Government

Shri Shanti Dhariwal, Minister for UDH & LSG
Shri C.P. Joshi, Minister, Panchayati Raj & Rural Development
Shri P.N. Bhandari, ACS & DC
Shri G.S. Sandhu, Secretary, UDH & LSG
Shri Ashish Bahuguna, Secretary, Panchayati Raj
Shri C.R. Chaudhary, Director, Local Bodies
Shri P.B. Punia, CEO, Jaipur Nagar Nigam
Shri K.S. Chouhan, CAO, JMC
Shri M.L. Gupta, Commissioner, M.C., Alwar
Shri M.N. Kaushik, E.O., M.B. Kotputli
Shri Suresh Chand, AAO, M.C. Bharatpur
Shri H.N. Rathi, SE, JMC, Jaipur
Shri Ashok Yadav, Commissioner, Udaipur M.C
Shri Ratan Lahoti, Commissioner, Corporation Jodhpur
Shri R.K. Sharma, Chief Town Planner, Raj
Shri Ravi Dutta Sharma, Municipal Commissioner, Bhilwara
Shri Mangat Ram Jat, Executive Officer, M.B. Kishangarh
Shri S.K. Aswal, CAO, DLB
Shri S.C. Soni, S.E., DLB
Shri K.R. Kamlesh, CEO, Nagar Nigam, Kota
Shri J.P. Saini, Commissioner, Municipal Council, Beawar

Participants

Shri P.C. Saini, Chairman, Municipal Board, Kotputli
Ms. Nirmala Verma, Mayor, Jaipur, Nagar Nigam
Shri Hari Prakash Varma, Ayuktha, Nagar Palika, Ajmer
Shri Ishwar Lal Sahu, Mayor, Nagar Nigam, Kota
Shri Pramod Sankhla, Sabapathy, Nagar Parishad, Beawar
Shri Vir Kumar, Sabhapaty, Nagar Parishad, Ajmer
Smt. Madhu Jajoo, Adhyaksa, Bhilwara Nagar Parishad
Shri Mohamed Ajmal, Sabapathy, Nagar Parishad, Tonk
Shri Tribuvanpathi, Ayiktha, Nagar Parishad, Bharatpur
Shri Ramcharan Bohra, Pramukh, Jaipur Zila Parishad
Shri Hanuman Shay Yogi, Member, Zila Parishad, Jaipur
Shri Subhash Chandra Sharma, Member Secretary, Zila Parishad, Jaipur
Smt. Anita Chaudhary, Pramukh, Panchayat Samiti, Amer
Shri Jagdish Narayan Meena, Pramukh, Panchayat Samiti, Jamuya Ramgarh
Shri Lakshman Haritwal, Pradhan Sarpanch, Panchayat Samiti Sanganer
Shri Vikram Singh Tomar, Pradhan, Kotputli

Dr. Banwari Lal Meena, Pradhan, Bassi
Shri Sanghat Singh, Pradhan, Jhotwara, District Jaipur
Smt. Sheela Raj, Pradhan, Phagi, Japur
Shri Pokarmal Gujjar, Pradhan, Viratnagar
Shri Ram Singh Yadav, Sarpanch, Gram Panchayat, Khatipura
Shri Madan Lal Sharma, Sarpanch, Gram Panchayat, Kacholiya
Smt. Geetha Chaudhary, Sarpanch, Sanganer, Vatika
Smt. Madhu Bharadwaj, Sarpanch, Palawala, Bassi
Shri Ram Pradad Chaudhury, Sarpanch, Vatika
Shri Satya Narayan Sharma, Sarpanch, Gram Panchayat Jalsur, P.S. Amer
Shri Lokendra Singh Vatika, Up-Sarpanch, Vatika

Tamil Nadu

From State Government
Shri Ko.Si.Mani, Minister for Local Administration
Shri A.P.Muthuswamy, Chief Secretary
Shri P.V.Rajaraman, Secretary, Finance Department
Shri Sukavaneshvar, OSD and Ex-Officio Secretary, Finance Department
Ms. S.Malathi, Secretary, Municipal Administration and Water Supply Department
Shri R.C.Panda, Secretary, Rural Development Department
Shri K.Ganesan, Commissioner of Municipal Administration
Shri K.Shanmugam, Director of Rural Development
Dr.T.Prabhakara Rao, Director of Town & Country Planning
Shri C.P.Singh, Managing Director, Metro Water
Shri S.Jayaraman, Additional Director of Municipal Administration
Shri P.Kolappan, Commissioner, Corporation of Chennai
Shri M.Govindan, Secretary, Housing Department
Shri D.Chandrasekaran, Director of Town Panchayat, Kuralagam,
Shri A.M.Kasiviswanathan, Managing Director, TWAD Board
Shri S.A.Subramani, Vice Chairman, Chennai Metropolitan Development Authority
Shri C.Muthukumaraswamy, Joint Secretary, Rural Development Department
Shri K.Gopal, Additional Director of Rural Development (General)
Shri T.R.Vedhanayagam, Additional Director of Rural Development
Shri R.B.S.Monie, Director, Local Fund Audit

Participants
Shri M.K. Stalin, Mayor, Chennai Corporation
Shri R.S. Bharati, Alandur Municipality, Chennai
Shri K. Subbaraja, Chairman, Rajapalayam Municipality
Shri V.A. Chinnappan, Chairman, Veerappan Chatram Town Panchayat
Shri R. Illango, President, Kuthabakkam Panchayat
Shri K. Sunder, Uthiramerur Town Panchayat, Kanchipuram District
Smt. Geetha Jeevan, Chairman, District Panchayat, Thoothukudi
Shri Ra. Ramaraju, Chairman, District Panchayat, Trichy

Tripura

Participants
Shri A.K. Saha, Chairperson, Agartala Municipal Council
Shri Ashim Chakraborty
Shri Gourchand Ray
Shri Hemanta Khifamatia
Shri Ratan Bhammik, Sabhadipati, Dakshin Tripura Zilla Parishad
Shri Bhannot S.G., Sabhadipati, Tripura Zilla Parishad

Uttar Pradesh

From State Government
Shri Laljee Tandon, Minister of Urban Development
Shri Jai Shankar Mishra, Secretary, Urban Development
Shri Bhola Nath Tiwari, Chairman, Jal Nigam
Ms. Anita Bhatnagar Jain, Special Secretary, Urban Development
Shri J.P. Vishwakarma, Director, Local Bodies
Shri R.K. Singh, Special Secretary, Urban Development
Shri R.S. Tripathi, Joint Secretary, Urban Development
Shri Chandra Prakash Singh, Chief Executive Officer, Lucknow
Shri R.P. Morya, Chief Executive Officer, Ghaziabad
Shri O.P. Singh, Chef Executive Officer, Agra
Shri Chander Prakash Tripathi, Joint Director, Local Bodies
Shri P.K. Singh, Assistant Director (Accounts), Local Bodies
Shri A.P. Verma, Additional Chief Secretary and Agricultural Production Commissioner
Shri Sushil Chandra Tripathi, Principal Secretary, Finance
Shri M. Haleem Khan, Secretary, Finance
Shri Om Parkash, Secretary, Panchayati Raj
Shri Indu Kumar Pandey, Internal Financial Advisor
Shri S.L. Kesarwani, Director, Panchayati Raj Institutions

Participants
Shri Rajesh Garg, Adhyaksh, Nagar Palika Parishad, Roorkee
Ms. Sandhya Rani Srivastava, Adhyaksha, Nagar Palika, Jaunpur
Ms. Snehalata Pal, Adhyaksha, Nagar Palika, Basti
Ms. Nirmala Singh, Adhyaksha, Nagar Palika Parishad, Faizabad
Ms. Saroj Gupta, Adhyaksha, Nagar Palika Parishad, Shahajanpur
Ms. Babyrani Maurya, Nagar Pramukh, Agra
Shri Rajinder Gupta, Nagar Pramukh, Gorakhpur
Shri Raghvendra Singh, Adhyaksh, Nagar Palika Parishad, Raibareilly
Shri Dinesh Garg, Mayor, Ghaziabad
Shri Satish Chander, Mayor, Lucknow
Shri Sham Prasad, Adhyaksh, Nagar Panchayat, Dayalbagh, Agra
Shri Prakash Gupta, Adhyaksh, Nagar Palika, Shahajanpur
Shri Jot Singh, Adhyaksh, Nagar Palika Parishad, Musoorie
Shri Prakash Chander Joshi, Adhyaksh, Nagar Palika Parishad, Almora
Shri Sukhsagar Mishra, Adhyaksh, Nagar Palika Parishad, Hardoi
Shri Haripratap Singh, Adhyaksh, Nagar Palika Parishad, Pratapgarh

Dr. Ghannu Lal Gautam, Adhyaksh, Nagar Palika Parishad, Jhansi
Shri Arun Kumar Dubey, Adhyaksh, Nagar Palika Parishad, Mirzapur
Shri Dinesh Kumar, Adhyaksh, Nagar Panchayat, Ghazipur
Shri Babu Lal Giri, Pradhan, Gram Panchayat, Sarai Usna
Shri Ram Naresh Yadav, Pradhan, Gram Panchayat, Pedari, Etawaha
Shri Mohd. Yusuf, Pradhan, Gram Panchayat, Okaari
Shri Shiv Shanker, Pradhan, Gram Panchayat, Sheikhpur
Ms. Bina Kushwaha, Pradhan, Gram Panchayat, Hussain Nagar
Shri Ram Pal, Pradhan, Gram Panchayat, Khujoti
Shri Virendra Singh, Pradhan, Gram Panchayat, Dostinagar
Shri Prem Chander Mishra, Pradhan, Gram Panchayat, Banderkheda
Shri Rakesh Singh, Pradhan, Gram Panchayat, Babupur
Ms. Naajneen Kidwai, Pradhan, Gram Panchayat, Badagaon
Shri Vanshidhar Raj, Pradhan, Zila Panchayat, Rakiri
Smt. Vidya Singh, Pradhan Gram Panchayat, Badera
Shri Bijendra Singh, Pradhan, Gram Panchayat, Khaspariya
Shri Ramjanam Yadav, Pradhan, Zila Panchayat, Aajamgarh

West Bengal

From State Government

Dr. Surya Kanta Mishra, Minister for Land Reforms, Panchayats and Rural Development
Shri A. Bhattacharya, Minister for Municipal Affairs and Urban Development
Shri S.N. Ghosh, Principal Secretary, Panchayat and Rural Development
Shri A.M. Chakrabarty, Secretary, Municipal Affairs
Shri N. Basak, Principal Secretary, Urban Development
Shri R. Kar, Director, Panchayats
Shri S.B. Barma, Secretary, Development and Planning
Shri Asim Barman, Commissioner, Calcutta Municipal Corporation
Shri P.K. Pradhan, Chief Executive Officer, Calcutta Metropolitan Development Authority

Annexure I.9E
(Para 1.12)

List of participants who attended the discussions with Autonomous Councils during the visits of the Finance Commission

Assam

Autonomous Councils
Shri P.P. Verma, Commissioner & Secretary, WPT & B.C. Department

Rabha Hasong Autonomous Council
Shri Sarat Ch. Rabha, Chief Executive Member
Shri Md. Mizanur Rahman, I/C Principal Secretary
Shri Karma Bhusan Rabha
Dr. Sarat Rabha
Shri Dhaneswar Rabha, Executive Member
Shri Prabin Rabha
Shri M.R. Rabha

N.C.Hills Autonomous Council
Shri Prakanta Warisa, Chief Executive Member
Shri J. Bey, Chief Executive Member
Shri P. Johari, Principal Secretary (N)
Shri Aftab Ahmed, Principal Secretary
Shri Mahendra Ch. Nunisa, Executive Member
Shri R. Tokbi, Executive Member
Shri D.N. Sing, F & A.O

Lalung Tiwa Autonomous Council
Shri C. Dewri, Chief Executive Member
Shri M. Das, Principal Secretary
Shri Paban Manta, Executive Member
Shri Devajit Bordoloi, Executive Member
Shri Bakul Dewri, Executive Member
Shri Nadi Ram Dewri, Executive Member

Bodoland Autonomous Council
Shri K. Narjaree, Chief of BAC
Shri L. Rynjah, Principal Secretary
Shri J. Chakraborty, Joint Secretary
Shri D.N. Brahma, Deputy Secretary
Shri K. Pathak, Executive Member

Mishing Autonomous Council
Shri Mahesh Doley, Chief Executive Member
Shri K.K. Bora, Principal Secretary
Shri J.D. Ahmed, Financial Adviser

Karbi Anglong Autonomous Council
Shri S. Theiek, Secretary
Shri Jofsou Bey, Chief Executive Member
Shri Ransing Tokbi, Executive Member

Meghalaya

District Autonomous Council
Shri N.S. Chisisn, Secretary (E A)
Shri M. Passal, Secretary (E C)
Shri H.B. Ban, Minister, DCA
Shri P. J. Bazeley, Principal Secretary, DCA
Shri P.W. Ingty, Secretary, DCA
Shri W.D. Lyungwi, Chief Executive Member, KHADC
Shri E. Norgket, Secretary, KHADC

Also present:
Shri J.M. Mauskar, Commissioner & Secretary Finance Department

North Eastern Council (NEC)
Shri J. S. Syiem, Planning Advisor
Shri Gautam Sen, Finance Advisor
Shri L. Chuaungo, Deputy Secretary
Dr. B. K. Borgohain, Advisor (Health)
Shri P. Kant Advisor (Forest)
Shri L.K. Ganju, Advisor (T & C)
Shri W. Synrem, Director (Manpower Development)
Dr. A. K. Verma, Director (Science & Technology)
Shri F. R. Kingty, Advisor (Banking & Industry)
Dr. G. C. Medhi, Advisor (Horticulture)
Shri D. K. Singh, Advisor (IFC&WSM)
Dr. B. P. Bhattacharya, Advisor (Minerals)
Shri P. S. Agrawal, Advisor (Power)

Manipur

Autonomous District Council
Shri B.D. Behring, ex-M.P./MLA

Mizoram

Autonomous District Council

Lai Autonomous District Council
Shri P.B. Chakma, Chief Executive Member

Mara Autonomous District Council
Shri S. Khipo, Chief Executive Member

Chakma Autonomous District Council
Shri F. Rohnuna, Chief Executive Member

Tripura

Tripura Tribal Areas Autonomous District Council (TTAADC)
Shri Radha Charan, Debbarma,
Shri Ranjit Debbarma, Chief Executive Member
Shri Rajendra Reaney, Executive Member
Shri M. Nagaraja, Chief Executive Officer
Shri Ramkrishna Debbarma, Deputy Executive Officer (Finance)

Annexure I.10
(Para 1.13)

List of Secretaries to the Government of India and other Senior Officials who met the Commission

Sl. No.	Name & Designation	Date(s) of Meeting
1.	Shri Ajit Kumar, Secretary Ministry of Defence	August 13, 1998
2.	Shri Prabir Sengupta, Secretary, Department of Defence Production and Supply Ministry of Defence	November 24, 1998
3.	Dr. N.C. Saxena Secretary, Department of Rural Development, Ministry of Rural Areas and Employment	December 7, 1998
4.	Dr. Vijay Kelkar Secretary, Ministry of Finance	December 9, 1998
5.	Dr. E.A.S. Sarma Secretary, Department of Expenditure Ministry of Finance	December 9, 1998, June 3, 1999 & January 8, 2000
6.	Dr. Shankar N. Acharya Chief Economic Adviser, Ministry of Finance	December 9, 1998 & January 8, 2000
7.	Shri J.S. Mathur Addl. Secy.(Budget), Deptt. of Economic Affairs, Ministry of Finance	- do -
8.	Shri V. Govindarajan Addl. Secretary (FB), Deptt. of Economic Affairs, Ministry of Finance	December 9, 1998
9.	Shri A.K. Pradhan Joint Secretary (PF-I), Deptt. of Expenditure, Ministry of Finance	- do -
10.	Ms. (Prof.) A.S. Desai Chairperson, University Grants Commission	April 20, 1999
11.	Shri Vishwanath Anand Secretary, Ministry of Environment & Forests	September 8, 1999
12.	Shri R.S. Mathur Secretary, Department of Statistics and Ex-officio DG, Central Statistical Organisation	September 14,1999
13.	Shri Bhaskar Barua Secretary, Ministry of Agriculture.	September 29,1999
14.	Shri V.K. Agarwal Chairman, Railway Board, Ministry of Railways	November 26, 1999
15.	Shri P.V. Vasudevan Financial Commissioner, Railway Board, Ministry of Railways	November 26, 1999
16.	Admiral Sushil Kumar Chief of the Naval Staff, Naval Headquarters Ministry of Defence	December 9, 1999
17.	Shri Shyamal Dutta Director, Intelligence Bureau	December 16, 1999
18.	Dr. N.C. Saxena Secretary, Planning Commission	December 22, 1999
19.	Shri P.G. Mankad Secretary, Ministry of Finance	January 8, 2000
20.	Shri C.M. Vasudev Secretary, Department of Expenditure, Ministry of Finance	- do -
21.	Shri S.D. Mohile Chairman, Central Board of Excise and Customs	- do -
22.	Shri Ravi Kant Chairman, Central Board of Direct Taxes	- do -
23.	Shri T.R. Rustagi Joint Secretary (TRU), Department of Revenue, Ministry of Finance	- do -
24.	Shri S.C. Pandey Director (Budget), Deptt. of Economic Affairs, Ministry of Finance	- do -
25.	Shri S.S. Boparai Secretary, Ministry of Coal	February 7, 2000
26.	Shri A.V. Gokak Secretary, Department of Fertilizers Ministry of Chemicals and Fertilizers	March 9, 2000
27.	Shri Probir Sen Gupta Secretary, Ministry of Petroleum and Natural Gas	March 9, 2000
28.	Shri V.K. Pandit Secretary, Ministry of Power	March 10, 2000

29.	Shri M.D. Asthana Secretary, Department of Public Distribution, Ministry of Food and Consumer Affairs	March 10, 2000
30.	Shri M.K. Kaw Secretary, Department of Education, Ministry of Human Resources Development	March 14, 2000
31.	Shri B.K. Chaturvedi Special Secretary, Insurance Division Department of Economic Affairs, Ministry of Finance	March 15, 2000
32.	Shri A.R. Nanda Secretary, Department of Family Welfare Ministry of Health and Family Welfare	March 15, 2000
33.	Shri Ashok Pahwa Secretary, Ministry of Urban Development	April 3, 2000
34.	Shri Surendra Nath Addl. Secretary, Department of Justice, Government of India	April 4, 2000
35.	Shri N.K. Mehrotra Principal Secretary, Judicial/LR, Government of Uttar Pradesh	- do -
36.	Shri Chandresh Bhusan Principal Secretary, Judicial/LR, Government of Madhya Pradesh	- do -
37.	Shri Rajendra Prasad Law Secretary-cum-LR, Government of Bihar	- do -
38.	Shri Pradip Kumar Biswas Judiciary Secretary, Government of West Bengal	- do -
39.	Shri K.D. Phukan Joint LR & Joint Secretary, Judicial Deptt. Government of Assam	- do -
40.	Shri P.D. Gujarathi Secretary/KLA, Legal Deptt., Government of Gujarat	- do -
41.	Shri G. Bhavani Prasad Secretary, Law, Government of Andhra Pradesh	- do -
42.	Shri T.V. Masilamani Registrar, High Court, Chennai	- do -
43.	Shri Rajaram Verma Joint LR-cum-Addl. Director of Litigation, Government of Rajasthan	- do -
44.	Shri Kamal Pande Secretary, Ministry of Home Affairs	April 19, 2000
45.	Shri Arun Bhatnagar Secretary, Department of Rural Development Ministry of Rural Areas and Employment	April 27, 2000

Annexure I.11
(Para 1.14)

Meeting with the Ministry of Railways

1. Shri V.K. Aggarwal,
   Chairman, Railway Board
   and Ex-officio Principal Secretary,
   Ministry of Railways.

2. Shri P.V. Vasudevan,
   Financial Commissioner (Railways)
   and Ex-officio Secretary,
   Ministry of Railways.

3. Ms. Deepali Khanna,
   Executive Director, Finance (Budget),
   Railway Board.

4. Shri P.C. Nautiyal,
   Joint Director (Expenditure),
   Railway Board.

Annexure I.12
(Para 1.15)

Meeting with the Director, Intelligence Bureau and State Directors General of Police

1. Shri Shyamal Dutta,
   Director,
   Intelligence Bureau,
   New Delhi

2. Shri F.C. Sharma,
   Director General of Police,
   Tamil Nadu

3. Shri K.T.D. Singh,
   Director General of Police,
   Tripura

4. Shri K.A. Jacob,
   Director General of Police,
   Bihar

5. Shri Amitabh Gupta,
   Director General of Police,
   Rajasthan

6. Shri Ajai Raj Sharma,
   Commissioner of Police,
   Delhi

7. Shri B.B. Nanda,
   Director General,
   Bureau of Police Research
   and Development,
   New Delhi

8. Shri Rakesh Jaruhar,
   Director,
   Bureau of Police Research
   and Development,
   New Delhi

Annexure I.13
(Para 1.16)

Note on

Terms of Reference

of

Eleventh Finance Commission

(The Terms include Union Territories)

The Secretariat of the Eleventh Finance Commission has interpreted the Terms of Reference of the Eleventh Finance Commission issued by the President in his Order dated 3rd July, 1998, as covering only the States excluding Union Territories. In view of this, memoranda and data have been called with reference to these terms of reference only from the States other than the Union Territories. In the meetings of the State Finance Ministers held by the Commission, only States other than the Union Territories were invited to participate. This interpretation of the Secretariat of the Eleventh Finance Commission is inconsistent with the Constitutional provisions and the Terms of Reference issued by the President.

2. STATES

(i) Article 1 of the Constitution deals with the name and territory of the Union. The relevant extract of this Article is reproduced below:

" **Name and territory of the Union**.—(1) India, that is Bharat, shall be a Union of States.

(2) The States and the territories shall be as specified in the First Schedule."

The First Schedule of the Constitution of India relating to the States includes both "States" as well as "Union Territories".

(ii) This Article was amended by the Constitution (Seventh Amendment) Act, 1956., which came into force with effect from 1.11.1956. Prior to this amendment, the States which formed the Union of India were classified into four categories and enumerated in Part A, B, C and D of the First Schedule. After this amendment, there are only two categories of States, viz., 'States' and the 'Union Territories'. These are specified in the First Schedule to the Constitution.

(iii) Section 3(58) of the General Clauses Act, 1897, defines "State" as follows:

"58 '**State**"

"(a) as respect any period before the commencement of the Constitution (Seventh Amendment) Act, 1958, shall mean a Part A State, a Part B State or a Part C State, and (b) as respect any period after such commencement, shall mean a State specified in the First Schedule to the Constitution **and shall include a Union Territory"**.

(iv) That the term "State" includes "Union Territories" under the Constitution of India has been confirmed in the various judgements of the High Courts and the Supreme Court. Some of these judgements are cited below:

1. AIR 1958 Mad 450 (451: 1958 Mad WN400)
2. AIR 1965 Cal 282 (289, 290)
3. Union of India Vs. Prem, A. 1992, SC 165 (Para 10A)
4. AIR 1970 SC 1126
5. AIR 1976 SC 1856

In view of this, when the word "State" occurs in Article 280 of the Constitution of India under which a Finance Commission is set up and its terms of reference prescribed, **it includes not only States but Union Territories also**.

3. ADMINISTRATION OF UNION TERRITORIES:

Union Territories are not part of the Central Government. These are separate entities. Part VIII of the Constitution relating to the Union Territories deals with administration of the Union Territories. Article 239(A), 239(AA), 239(AB), 239(B), 240 and 241 deals with the various aspects of administration, legislation and judiciary of the Union Territories. Under these provisions, the President is charged with the duty of administering the Union Territories. In this capacity, he does not function as Head of the Central Government but, instead, functions as the Head of the Union Territory under powers specially vested in him under 239. The Supreme Court has held in Satyadev Vrs. Padhamdev – a 1954 SC 586 that though the Union Territories are centrally administered under the provisions of the Article 239, they do not become merged with the Central Government.

4. THE PANCHAYATS

Part IX of the Constitution of India deals with Panchayats. Under Article 243-L of the Constitution, the provisions of Part IX relating to the Panchayats have been made applicable to the Union Territories and it has been specified in this Article that references to the Governors of the States are to be treated as references to the Administrators of the Union Territories appointed under Article 239 and references to the Legislatures etc. are to be treated in the case of Union Territories having Legislative Assemblies to that Legislative Assembly.

5. THE MUNICIPALITIES

Part IXA of the Constitution deals with Municipalities. Under Article 243-ZB , the provisions of this Part have been made applicable to the Union Territories in the same manner as in the case of Panchayats.

6. ANALYSIS OF TERMS OF REFERENCE:

(i) It is clear from the above analysis that term 3(a) of the Terms of Reference of the Eleventh Finance Commission relating to the distribution between the Union and the States of the net proceeds of taxes covers both the States and the Union Territories. Various Finance Commissions have in the past indicated the share of the Union Territories in the taxes but their distribution *inter se* between different Union Territories has been left to the discretion of the Central Government. There is nothing in this term of reference to prevent the Finance Commission to even indicate the *inter se* share of the Union Territories in the overall share earmarked for Union Territories. This aspect can be further examined if considered necessary in the context of the Article dealing with it, in consultation with Shri N.C. Jain, the Law expert and full implications of devolution of taxes to the States and the Union Territories worked out.

(ii) Similarly, the term 3(b) which governs the grants-in-aid of the revenues under Article 275, it is permissible for the Finance Commission to give specific or general grants to the Union Territories. This aspect can also be further examined in consultation with Shri N.C. Jain, the legal expert in the Commission.

(iii) As regards the term 3 (c) which relates to 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 State Finance Commission, the Finance Commission is duty-bound to deal with Panchayats in the Union Territories in view of the specific provisions contained in Article 243-L of the Constitution. It is understood that a separate Finance Commission was appointed for the Union Territories and this Commission has also submitted its report. The Eleventh Finance Commission is duty-bound to consider the recommendations of the Finance Commission of the State relating to the Union Territories and make appropriate recommendations in respect of Panchayats in the Union Territories.

(iv) Similarly, in the term 3(d), the Finance Commission is required to make recommendations regarding 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. In view of the specific provisions contained in Article 243-ZB of the Constitution, the Eleventh Finance Commission is duty-bound to deal with the report of the State Finance Commission relating to the Union Territories and to make suitable recommendations in respect of the Municipalities in various Union Territories.

(v) The term of reference contained in para 4 relating to the review of the state of the finances of the Union and the States also covers the finances of the ‘Union Territories’. The word “State” used in this term has to be interpreted in the manner in which the word “State” is incorporated in the Constitution of India. The Eleventh Finance Commission cannot take a unilateral decision and exclude “Union Territories” ignoring the definition of the “State” in the Constitution of India and the General Clauses Act referred to in the earlier part of this note.

Conclusion

The Secretariat of the Eleventh Finance Commission in not calling for information from the Union Territories in respect of their finances, local bodies, the functions and revenues allocated to the local bodies after the 73rd and 74th Constitutional Amendments has been neglecting an important part of the terms of reference issued by the President under Article 280 of the Constitution. It is, therefore, suggested that this should be rectified and the information in respect of the finances, Panchayats and Municipalities of the Union Territories also called for and studied in the Commission.

Sd/-
(J.C. Jetli)
Member
06.05.99

Member Secretary

Annexure I.14
(Para 1.16)

T.N. SRIVASTAVA
Member Secretary
Tel: 3358457

FINANCE COMMISSION
9^{TH} & 10^{TH} FLOOR,
BANK OF BARODA BLDG.
NEW DELHI – 110 001

MOST IMMEDIATE

D.O.No.El.FC/Coord/UT/2/39/98-99 July 9, 1999

Dear Dr. Kelkar,

Subject: Clarification as to whether the word 'State' used in Chapter I of Part XII of the Constitution and Article 280(3) of the Constitution includes 'Union Territories' – regarding.

I am writing this letter to request you to obtain a clarification on the interpretation of the word 'State' used in the Constitution and whether it includes the word 'Union Territories'. As you may be aware the Presidential Notification dated 3 July, 1998 requires the Finance Commission to make recommendations, *inter alia,* on the distribution between the Union and the States of the net proceeds of the taxes which are to be or may be divided between them under Chapter I of Part XII of the Constitution and the allocation between the States of the respective shares of such proceeds. The Commission is also required to make recommendations regarding the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India and the sums to be paid to the States which are in need of assistance by way of grants-in-aid of their revenues under Article 275 of the Constitution.

2. Some Members of the Commission have put forth a view that the word 'State' used in Chapter I of Part XII of the Constitution and especially in Article 280 of the Constitution includes 'Union Territory'. A divergent view has been expressed by some other Members stating that the word 'State' does not include 'Union Territories', and that previous Finance Commissions have rightly given recommendations for sharing of taxes between Union and States, excluding Union Territories, inter se distribution between the States excluding the Union Territories as also on other Terms of Reference indicated in the Presidential Order.

3. A background note on the subject is enclosed. In view of the position stated therein, it has become necessary to obtain the clarification from the President on the following issues:

i) Whether the word 'State' as used in Chapter I of Part XII of the Constitution includes 'Union Territory';

ii) Whether the Finance Commission in discharging its functions under Article 280(3)(a)(b)(bb)(c) & (d) is required to make recommendations both in respect of 'States including Union Territories' or 'States excluding Union Territories'.

4. Since the Commission has to give its report by 31^{st} December, 1999, an early action in the matter is requested.

With regards,

Yours sincerely,

- Sd -
(**T.N. Srivastava)**

Dr. Vijay L Kelkar,
Finance Secretary
Ministry of Finance
North Block
New Delhi.

ELEVENTH FINANCE COMMISSION

NOTE ON THE INTERPRETATION OF THE WORD 'STATE' USED IN CHAPTER I OF PART XII OF THE CONSTITUTION, AND ESPECIALLY IN ARTICLE 280(3) OF THE CONSTITUTION — WHETHER THE WORD 'STATE' INCLUDES UNION TERRITORIES

Article 280 of the Indian Constitution relates to the appointment, functioning and duties of the Finance Commission. Article 280(3) states as follows :

"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 said proceeds;

b) the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India".

2. Thus, the earlier Finance Commissions have been making recommendations to the President with regard to the distribution between the Union and the States of the net proceeds of taxes and also the *inter se* distribution among the States. In addition, the Finance Commissions have been making recommendations with regard to the grants-in-aid to the revenues of the States as per the assessed need. So far, no Finance Commission has made any recommendations for distribution of taxes for the Union Territories or inter se distribution between them or made any recommendations for giving any grants-in-aid to the Union Territories under Article 275(1) of the Constitution. Further, no recommendations were made in respect of other subjects i.e. Debt Relief, Calamity Relief, Upgradation grants etc. The Finance Commissions have, however, been indicating the amount of income tax attributable to the Union Territories in terms of Article 270(2) of the Constitution, as also the additional excise duties for the Union Territories. No *inter se* distribution among the Union Territories has so far been recommended by any Finance Commission.

3. A question has now been posed by some Members of the Eleventh Finance Commission that the word 'States' figuring in Article 280(3) includes 'Union Territories' also, and that the Finance Commission should make recommendation for the distribution of taxes to Union Territories along with the States as also *inter se* distribution between the Union Territories. Similarly, with regard to grants, an opinion has been expressed that 'Union Territories should also be considered for grants under Article 275(1) of the Constitution.

4. In support of this contention, it has been stated as under :

i) Article 1 of the Constitution deals with the name and territory of the Union. The States and the Territories are as specified in the First Schedule. The First Schedule of the Constitution of India relating to the States includes both States as well as Union Territories.

ii) Under Article 367, the General Clauses Act, 1897, apply for interpretation of the Constitution.

iii) Section 3(58) of the General Clauses Act, 1897 defines a State as follows:

"3(58) State -

a) as respects any period before the commencement of the Constitution (Seventh Amendment) Act, 1956, shall mean a Part A State, a Part B State or a Part C State; and

b) as respects any period after such commencement, shall mean a State specified in the First Schedule to the Constitution and shall include a Union territory;

iv) That the term 'States' includes 'Union Territories' has been confirmed in the Supreme Court Judgements AIR 1970 SC 1126 and AIR 1976 SC 1856. The Supreme Court has held that when the President adopted the General Clauses Act, 1897 by giving a new definition of the State. The new definition appropriate to the purpose applied to the interpretation of the Constitution.

v) As per the S.C. decision as reported in 1254 SC 586, Union Territories are not part of the Central Government nor do they get merged with it. They are separate entities and are governed under Part VIII of the Constitution (Articles 239 to 241).

vi) Para IX of the Constitution of India dealing with the Panchayats and Para IX(A) of the Constitution of India dealing with the Municipalities have been made applicable to the Union Territories distinctly under Article 243L and Article 243ZB of the Constitution.

vii) As per para 3(c) and 3(d) of the Terms of Reference, the Finance Commission is duty bound to deal with the Panchayats and Municipalities respectively of the Union Territories also in view of the special provisions made in Article 243 L and 243 ZB.

viii) The Terms of Reference in para 4 relating to the review of the state of finances of the Union and the States also covers the finances of the Union Territories as there is nothing in this term to indicate that Union Territories are excluded.

ix) Under Article 270(3) at least some percentage which does not represent the Union emoluments has got to be given to the Union Territories on the basis of the recommendations of the Finance Commission which has to make recommendations both horizontal and vertical distribution. The only body recognised by Constitution for such a distribution is the Finance Commission. Under Article 280, the Finance Commission is required to indicate the allocation between the States of the respective shares of such proceeds. The States under this Article has to be construed as including 'Union Territories'.

x) It is true that the definition of a word will have to be determined on the fact of the context in which it appears. Applying this principle Section 3(58) General Clauses Act would apply and the words "such States as Parliament may determine to be in need of assistance" should take with its compass the need of the Union Territories also as equivalent to the need of the States. For the citizens, living in these Territories, some financial assistance may definitely be needed and the matter in the system of "Fiscal Federalism" cannot be left to the executive of the Central Government and, therefore, should be objectively and independently adjudged by Finance Commission.

xi) The Finance Commissions in the past have been indicating the share attributable to the Union Territories under Article 280(3)(a) in regard to Income Tax and Additional Excise Duty. This could be done in respect of Excise Duty as well as 'State' under Article 280 includes 'Union Territory'.

xii) The principle of equality Under Article 14 of every citizen whether he is living in the territory of a 'State' or 'Union Territory' shall be applicable, in such circumstances.

xiii) There is nothing in Article 280 of the Constitution to indicate that 'State' as mentioned in this article does not include 'Union Territories'. In view of this, the Finance Commission can make recommendations regarding distribution between the 'States' including 'Union Territories' of the net proceeds of and allocation between States including Union Territories of the respective shares of such proceeds.

xiv) Under Article 239, Parliament is entitled to make Laws in respect to Union Territories. (Even local legislatures therein cannot be created by Parliament under Article 240). In an area where Law is not made by the Parliament, President administers through an administrator. For the purpose of grants Under Article 275, authority is given to the Parliament, but until provision is made by Parliament, the President exercises that power. However, the rider is that if Finance Commission is constituted, President shall make the order, after considering its recommendations. Thus, Finance Commission's note for devolution Under Article 275 in respect to Union Territories cannot be obviated. Here Union Territories would mean 'States" as per Section 3(58) of the General Clauses Act.

5. Some other Members of the Commission do not share this view. According to them, the Finance Commission has to make recommendations for devolution of taxes, grants-in-aid and on other subjects stated in the Presidential Order for the States alone and not for Union Territories. The reasons given by them are as follows:

i) Chapter I of Part XII of the Constitution lays down the scheme of distribution of revenues between the Union and States. Under the Scheme, the States are entitled to what has been specifically provided for them, and the rest of the revenues are retained by the Union Government. As per the Terms of Reference it is not part of the job of Finance Commission to go into the distribution of taxes to Union Territories. The Constitution also does not envisage that the Finance Commission should recommend any transfer of revenues to the Union Territories or between the Union Territories *inter se* distribution should be done by the Finance Commission for Union Territories as their budget is controlled and forms part of the Union budget.

ii) Constitution recognises two sets of administrative arrangements, namely, States and Union Territories. Article 1(3) of the Constitution states : " The territory of India shall comprise _

a) the territory of States;

b) the Union Territories specified in the First Schedule, and

c) such other territory as may be acquired.

The wording of this Article clearly shows that a distinction has been made between the States and Union Territories. This is also borne out by the fact that provisions for the governance of the States, and Union Territories are given in separate Chapters. Part VIII of the Constitution deals with the administration of Union Territories. Under Article 239 of the Constitution, the UTs are administered by the President acting through an Administrator.

iii) Article 367 of the Constitution by which the General Clauses Act, 1897, has been made applicable for interpretation starts with the word **'Unless the Context otherwise requires'.** Definition used in the General Clauses Act, in view of this provision, may have different meanings under different context. The word 'State' may or may not include Union Territories as the context may require.

iv) Even the General Clauses Act, Section 3(58)(b) only says 'State' shall mean 'a State specified in the First Schedule to the Constitution and shall include a Union Territory'. It is only an inclusive definition, as the First Schedule to the Constitution also includes Union Territories. The distinction is envisaged even in this Act where it has been already stated that the 'State Government', in relation to a State, would mean the Governor and in the case of Union Territory, it would mean the Central Government (Section 3(60)(c) of the General Clauses Act, 1867). Further, the Union Territories have been separately defined under Section 58 (62A) of the Act. This only shows that the Union Territory have a distinct identity from the word 'State' used in the Constitution in some areas.

v) The budgets of the Union Territories are included in the budget of the Central Government with a separate budgetary head for them. The needs of the Union Territories are thus taken care of by the Union Government by making adequate provisions for them. The revenue receipts and expenditure are defrayed through the Consolidated Fund of India in respect of five of the seven Union Territories which do not have legislature. In the case of other two – Delhi and Pondicherry – which have a legislature and Consolidated Fund of their own; the provisions for deficit and grants are made in the Union budget.

vi) Article 270(2) only says that the share of income tax **'attributable'** to Union Territories will form part of the Consolidated Fund of India. The Finance Commissions has to make recommendations about 'such percentage as may be prescribed, of the net proceeds' which "shall not form part of the Consolidated Fund of India but shall be assigned to the State". Here, a clear distinction has been made between the States and the Union Territories which would be in conformity with Article 367 of the Constitution read with the General Clauses Act, 1897.

vii) In the case of Union Excise Duties, no such provision as in Article 270(2) has been made, because the entire proceeds of the Union Excise Duties belong to the Union Government and can be shared with the States only if the Parliament by law so provides. Since the State *per se* do not have any right to it, and the entire revenue goes to Consolidated Fund of India, there was no need to determine the share attributable to Union Territories.

viii) In the case of additional excise duties, the entire collections have to be distributed, and the Union Government does not retain any portion of it. Since a part of collections come from the Union Territories, it is natural that that portion collected from them should go to them. The Finance Commissions have only been determining the share of Union Territories in the additional excise duties.

ix) By specific provisions in Article 243 L and 243 ZB, Parts IX and IXA have been made applicable to Union Territories. This shows that the Constitution envisages a distinction between the States and the Union Territories.

x) So far, ten Finance Commissions have given their reports but have not made any recommendation on the devolution to Union Territories. No representation has been made by any Union Territories that they should be included in the Scheme of devolution. If these UTs had held the view that they are included in the term 'State' and should be included in the Scheme of devolution envisaged in Chapter I of Part XII, and especially Article 280 of the Constitution they could have raised this issue long back. They have not raised this issue because they know that they are not included in the word 'State' as used in Article 280 of the Constitution.

xi) The decisions of the Supreme Court cited are in different context, and cannot be interpreted to include Union Territories in the term 'State' for the devolution of financial resources under Chapter XII especially Article 280(3) of the Constitution.

6. In view of the divergent views expressed by the Members on the interpretation of the term 'State' as used in Chapter I of Part XII, and especially in Article 280 of the Constitution, the following clarification is required:

i) Whether the 'State' as used in Chapter I of Part XII in the Constitution includes 'Union Territory'.

ii) Whether Finance Commission in discharging its functions under Article 280(3) (a) (b) (bb) (c) & (d) is required to make recommendations both in respect of 'States including Union Territories' or 'States excluding Union Territories'.

Annexure I.15
(Para 1.16)

J.S. MATHUR
Additional Secretary
Tel: 3012804

Government of India
Ministry of Finance
Department of Economic Affairs
New Delhi

D.O.No.10(10)-B(S)/99

16.11.1999

Dear Shri Srivastava,

Kindly refer to your DO letter No.FC/Coord/UT/2/39/98-99, dated the 9th July 1999 addressed to former Finance Secretary regarding clarification as to whether the world 'State' used in Chapter I of Part XII of the Constitution and Article 280(3) of the Constitution includes 'Union Territories'.

2. I have had the proposal examined in consultation with Ministry of Law, Justice and Company Affairs. In this regard, Department of Legal Affairs have furnished detailed clarification on various Constitutional provisions elaborated in the background note enclosed with regard to interpretation of word "State' used. It has since been clarified that the interpretation of the 'word' used in Chapter I of Part XII and in Article 280(3) of the Constitution of India are not intended for the Union Territories. In view of this, Department of Legal Affairs are of the opinion that word 'State' used in Part XII of Chapter I of the Constitution does not include Union Territory.

3. I presume that the point raised by the Hon'ble Members of the Finance Commission would now stand clarified.

With regards,

Yours sincerely,

- Sd -
(J.S. Mathur)

Shri T.N. Srivastava,
Member Secretary
11th Finance Commission
Bank of Baroda Building,
NEW DELHI.

Ministry of Law, Justice & C.A.
Department of Legal Affairs
………

D.No.23054/99

The referring Department has sought a clarification on the interpretation of the word 'State' used in Chapter I of the Part XII and Article 280(3) of the Constitution of India and further ask us to know whether it includes 'Union Territories'.

2. In terms of Notification dated 3.7.98, the President has pleased to constitute a Finance Commission under the Chairmanship of Prof. A.M. Khusro to recommend on the matters specified therein. It appears that the Members of the Commission are divided on the issue whether the word 'State' is inclusive of Union Territories so far as Chapter I of Part XII of the Constitution is concerned. Let us now discuss the meaning of State and Union Territories given in the different Chapters of the Constitution and also in The General Clauses Act.

3. Article 1(3) of the Constitution of India provides that the Territory of India shall comprise –

a) The Territories of the States

b) The Union Territories specified in the First Schedule and

c) Such other Territories as may be acquired.

Article 3 provides for creation of new States and Union Territories.

4. Article 12 defines the State as the State includes the Government and Parliament of India and the Government and the Legislatures of each of the States and all local and other authorities within the Territory of India or under the control of the Government of India. Part VI of the Constitution deals with States wherein in Article 152, the expression 'State' does not include the State of Jammu and Kashmir. Part VIII of the Constitution deals with the Union Territories. Article 366(30) of the Constitution defines Union Territories as Union Territories means any Union Territory specified in the first schedule and includes any other territory comprised within the territory of India but not specified in that schedule.

Section 3(58) of the General Clauses Act defines the State. State –

a) as respects any period before the commencement of the Constitution (7^{th} Amendment) Act, 1956 shall mean a Part A State, a Part B State of Part C State and

b) as respects any period after such commencement shall mean a State specified in the first schedule of the Constitution and shall be include a Union Territory.

Section 3(62-A) of the General Clauses Act defines UT as Union Territory specified in the first schedule to the Constitution and shall include any other territory comprised within the Territory of India but not specified in that schedule.

5. Now coming the word 'State' used in Part XII of Chapter I of the Constitution, in Articles 268, 269 and 270, the word 'Union Territory' has been used apart from the word 'State'. Moreover, there are no Consolidated Fund or Contingency Fund for the Union Territories. None of the Finance Commissions have given any recommendations about the distribution of net proceeds of the taxes to the Union Territories so far. In Article 280, the word 'State' has been used to lay stress that it excludes Union Territories. Since all the Union Territories are administered by the President and, therefore, it is distinctly separated from the States.

6. In order to segregate the Union Territories from the State, the Parliament has intentionally used the word 'State' in Part XII of Chapter I of the Constitution so as to put only the State and the Union for sharing the taxes. The Finance Commission has been specifically asked to make recommendations on the matter specified in Paragraph 3 wherein there is no mention of the Union Territories. From the tenor and language used in Part XII of Chapter I of the Constitution, it is crystal clear that the articles are not intended for the Union Territories.

In view of the above discussion, we opine that the word State used in Part XII of Chapter I of the Constitution does not include Union Territories.

May kindly see.

- Sd -
(J. Khosla)
Additional Legal Adviser
14.10.99

- Sd –
JS & LA(Shri A. Sinha)
26.10.99

- Sd -
Addl. L.A.

Ministry of Finance/Deptt. of Economic Affairs, Budget Division.
(Department of Legal Affairs) U.O.No. 23054/99 Date 26.10.99

Annexure I.16
(Para 1.18)

List of the International Organisations/Teams which met the Commission

Sl No	Date	Name of the Organisation
1	14.1.99	Delegation from Sudan. 1. Mr. Musaab Borakat. 2. Mr. Abbas S. Jambo.
2	18.1.99	Mr. Murphy Morobe, Chairman of South African Fiscal and Financial Commission (FFC),
3	25.1.99	Technical Study Team of Federal Democratic Republic of Ethopia 1. Mr. Worku Yehualashet Wubie, Department Head Regional Planning and Development, MEDaC. 2. Mr. Berhanu Legesse Ayane, Team Leader, Regional Planning and Development, MEDaC. 3. Mr. Gulte Metaferia Endeshaw, Senior Expert, Regional Planning and Development, MEDaC. 4. Dr. Byron Tarr, UNDO Consultant.
4	22.6.99	IMF Staff Team 1. Mr. Christopher M. Towe, Adviser. 2. Mr. Tim Callen, Economist, Asia & Pacific Deptt. 3. Mr. Patricia A. Reynolds, Economist, Asia & Pacific Deptt. 4. Mr. Nirmal Mohanty, Economist.

Annexure I.17
(Para 1.18)

List of other Meetings of the Commission

Date of Meeting	Participating groups/ organisations
November 10, 1998	Shri K.C. Pant, Ex. Chairman, Tenth Finance Commission
December 21, 1998	Confederation of Indian Industry (CII)
June 18, 1999	Rajiv Gandhi Foundation
August 20, 1999	Centre for Development Economics, University of Delhi
September 13, 1999	Shri Ravi Kohli on the memorandum submitted by him on Terms of Reference (ToR)
September 27, 1999	Indian Statistical Institute (ISI), Calcutta
October 28, 1999	Associated Chambers of Commerce and Industry (ASSOCHAM)
November 5, 1999	Shri C.K. Padhmanabhan, BJP State Unit President, Kerala.
November 22, 1999	All India Council of Mayors
December 14, 1999	Shri Eduardo Faleiro, MP (Rajya Sabha)
February 8 and 14, 2000	Prof. B.B. Bhattacharya, Institute of Economic Growth (IEG), Delhi
February 15, 2000	Ms. Jyoti Parikh, Indira Gandhi Institute for Development Research (IGIDR), Mumbai
February 16, 2000	Shri R.C. Choudhry, Director General, National Institute of Rural Development (NIRD), Hyderabad
February 28, 2000	Dr. M. Govinda Rao, Institute of Social and Economic Change (ISEC), Bangalore
March 30, 2000	Association of State Training Institutes of Public Administration
May 29, 2000	Shri Keshubhai Patel, Chief Minister of Gujarat

Annexure II.1

Revenue and Expenditure of the Centre
(As % of GDP - Old and New Series)
(Paras 2.6, 2.14 & 2.25)

Items	Average (1980-81 to 1984-85)	Average (1985-86 to 1989-90)	Average (1990-91 to to 1994-95)	1995-96	1996-97	1997-98	1998-99	1999-2000 (RE)
Gross Tax Revenue	***9.93***	***11.20***	***10.23***	***9.94***	***10.08***	***9.72***	***8.63***	***9.31***
				9.41	*9.45*	*9.19*	*8.16*	*8.80*
less State's & UT's Share	***2.63***	***2.86***	***2.75***	**2.62**	**2.75**	**3.04**	**2.35**	**2.38**
				2.48	*2.57*	*2.87*	*2.22*	*2.25*
Net Tax Revenue	***7.30***	***8.34***	***7.48***	**7.32**	**7.34**	**6.68**	**6.28**	**6.92**
				6.93	*6.88*	*6.31*	*5.94*	*6.55*
Non-Tax	***2.13***	***2.77***	***2.57***	***2.52***	***2.55***	***2.67***	***2.69***	***2.90***
				2.39	*2.39*	*2.52*	*2.54*	*2.75*
Net Revenue Receipt	***9.43***	***11.11***	***10.05***	**9.84**	**9.89**	**9.34**	**8.97**	**9.83**
				9.32	*9.27*	*8.83*	*8.48*	*9.29*
Revenue Expenditure	***10.69***	***13.69***	***13.24***	**12.50**	**12.45**	**12.58**	**13.05**	**13.85**
of which				*11.83*	*11.67*	*11.90*	*12.34*	*13.10*
Interest	***2.20***	***3.38***	***4.37***	**4.47**	**4.66**	**4.58**	**4.67**	**5.01**
				4.23	*4.37*	*4.33*	*4.42*	*4.73*
Defence	***2.57***	***2.62***	***1.83***	**1.68**	**1.64**	**1.83**	**1.79**	**1.96**
				1.59	*1.54*	*1.73*	*1.69*	*1.86*
Subsidies	***1.41***	***1.95***	***1.77***	**1.20**	**1.28**	**1.36**	**1.49**	**1.41**
				1.13	*1.20*	*1.29*	*1.41*	*1.33*
Pension	***0.27***	***0.42***	***0.40***	**0.38**	**0.40**	**0.48**	**0.60**	**0.78**
				0.36	*0.37*	*0.45*	*0.57*	*0.74*
Grants to States	***1.96***	***2.45***	***2.44***	**1.90**	**1.81**	**1.56**	**1.49**	**1.61**
				1.80	*1.70*	*1.47*	*1.41*	*1.52*
Non-Plan	***0.41***	***0.57***	***0.52***	**0.54**	**0.48**	**0.29**	**0.24**	**0.33**
				0.51	*0.45*	*0.27*	*0.23*	*0.31*
Plan	***1.55***	***1.88***	***1.92***	**1.36**	**1.34**	**1.27**	**1.25**	**1.28**
				1.29	*1.25*	*1.20*	*1.18*	*1.21*
Capital Expenditure	***6.13***	***6.78***	***4.61***	**3.43**	**3.29**	**3.61**	**3.72**	**2.78**
				3.25	*3.09*	*3.41*	*3.51*	*2.62*
Revenue Deficit	***1.11***	***2.58***	***3.20***	**2.66**	**2.56**	**3.24**	**4.08**	**4.03**
				2.52	*2.40*	*3.06*	*3.85*	*3.81*
Fiscal deficit	***6.41***	***8.21***	***6.67***	**5.38**	**5.23**	**6.21**	**6.80**	**5.96**
				5.10	*4.90*	*5.87*	*6.43*	*5.64*
Primary Deficit	***4.21***	***4.83***	***2.30***	**0.91**	**0.57**	**1.63**	**2.13**	**0.96**
				0.86	*0.53*	*1.54*	*2.01*	*0.90*
Revenue Deficit as % of Fiscal deficit	**17.25**	**31.44**	**47.96**	**49.35**	**48.93**	**52.23**	**59.91**	**67.52**
GDP at market prices (Old Series)				**1118964**	**1276974**	**1432964**	**1666455**	**1826434**
GDP at market prices (New Series)				*1181961*	*1361952*	*1515646*	*1762609*	*1931819*

Source (Basic data): *Budget Documents & Economic Survey.*

Note: 1) *(-) indicates surplus and (+) indicates deficit.*
2) *The figures in italics indicate ratios with respect to GDP at market prices (New Series).*
3) *The GDP (Old Series) figures for the years 1997-98 to 1999-2000 have been arrived at by applying the conversion factor 1.0577 on the New Series for the respective years.*

Annexure II.2

Revenue and Expenditure of All States, consolidated

(As % of GDP - Old and New Series)

(Paras 2.6 & 2.25)

Items	Average (1980-81 to 1984-85)	Average (1985-86 to 1989-90)	Average (1990-91 to to 1994-95)	1995-96	1996-97	1997-98	1998-99	1999-2000 (RE)
Revenue Receipt	**11.90**	**12.85**	**12.79**	**12.02**	**11.72**	**11.73**	**10.37**	**11.49**
				11.38	*10.99*	*11.09*	*9.80*	*10.86*
of which								
Tax	5.18	5.67	5.64	5.52	5.37	5.46	5.16	5.70
				5.23	*5.04*	*5.17*	*4.87*	*5.38*
Non-Tax	2.14	2.02	1.97	2.05	1.84	1.75	1.44	1.47
				1.94	*1.72*	*1.65*	*1.36*	*1.39*
Revenue Expenditure	**11.47**	**13.16**	**13.51**	**12.79**	**13.15**	**13.02**	**13.09**	**14.61**
				12.11	*12.33*	*12.31*	*12.38*	*13.82*
of which								
Interest	0.99	1.42	1.83	1.89	2.01	2.10	2.13	2.40
				1.79	*1.88*	*1.98*	*2.01*	*2.27*
Pension	0.29	0.47	0.62	0.70	0.77	0.81	0.97	1.10
				0.67	*0.73*	*0.77*	*0.92*	*1.04*
Capital Expenditure	**3.79**	**3.21**	**2.57**	**2.29**	**2.01**	**2.20**	**1.97**	**2.06**
				2.17	*1.89*	*2.08*	*1.87*	*1.95*
Revenue Deficit	**-0.43**	**0.31**	**0.72**	**0.77**	**1.43**	**1.29**	**2.72**	**3.13**
				0.73	*1.34*	*1.22*	*2.57*	*2.96*
Fiscal deficit	**2.98**	**3.20**	**2.90**	**2.75**	**2.97**	**3.10**	**4.47**	**4.98**
				2.60	*2.79*	*2.93*	*4.23*	*4.71*
Primary Deficit	**1.98**	**1.78**	**1.07**	**0.86**	**0.97**	**1.00**	**2.34**	**2.55**
				0.81	*0.91*	*0.94*	*2.22*	*2.41*
Revenue deficit as % of Fiscal Deficit	**22.14**	**12.02**	**24.54**	**28.06**	**47.91**	**41.56**	**60.90**	**56.86**
GDP at market prices (Old Series)				**1118964**	**1276974**	**1432964**	**1666455**	**1826434**
GDP at market prices (New Series)				*1181961*	*1361952*	*1515646*	*1762609*	*1931819*

Figures in italics indicate ratios with respect to GDP (New Series).

Source (Basic data): *Finance Accounts of State Governments.*

Annexure II.3

Revenue Surplus/Deficit as percentage of GDP
(Para 2.8)

Year/ Plan	Revenue Surplus / Deficit (as % of GDP)		
	Centre	States	Total
First Five Year Plan			
1951-52	1.27	0.14	1.41
1952-53	0.40	0.03	0.43
1953-54	0.08	-0.04	0.04
1954-55	0.33	-0.11	0.22
1955-56	0.41	-0.44	-0.03
Second Five Year Plan			
1956-57	0.76	-0.21	0.55
1957-58	0.34	0.25	0.59
1958-59	-0.04	0.34	0.30
1959-60	0.29	0.27	0.56
1960-61	0.31	0.16	0.47
Third Five Year Plan			
1961-62	0.73	-0.27	0.46
1962-63	0.61	0.12	0.73
1963-64	0.88	0.39	1.27
1964-65	1.11	0.23	1.34
1965-66	1.22	-0.13	1.09
Three Annual Plans			
1966-67	0.77	-0.18	0.59
1967-68	0.30	0.00	0.30
1968-69	0.22	0.05	0.27
Fourth Five Year Plan			
1969-70	0.31	-0.16	0.15
1970-71	0.38	-0.04	0.34
1971-72	-0.22	0.02	-0.20
1972-73	0.03	-0.14	-0.11
1973-74	0.38	-0.19	0.19
Fifth Five Year Plan			
1974-75	1.04	-0.55	0.49
1975-76	1.13	1.21	2.34
1976-77	0.35	1.29	1.64
1977-78	0.45	1.06	1.51
1978-79	0.28	1.09	1.37
Annual Plan			
1979-80	-0.61	1.35	0.75
Sixth Five Year Plan			
1980-81	-1.50	1.25	-0.25
1981-82	-0.24	0.81	0.57
1982-83	-0.73	0.50	-0.23
1983-84	-1.22	0.07	-1.15
1984-85	-1.83	-0.48	-2.31
Seventh Five Year Plan			
1985-86	-2.25	0.22	-2.03
1986-87	-2.65	-0.01	-2.66
1987-88	-2.74	-0.38	-3.12
1988-89	-2.66	-0.51	-3.17
1989-90	-2.61	-0.83	-3.44
Annual Plan			
1990-91	-3.47	-0.84	-4.31
1991-92	-2.64	-0.81	-3.45
Eighth Five Year Plan			
1992-93	-2.63	-0.76	-3.39
1993-94	**-3.81**	**-0.45**	**-4.26**
1994-95	**-3.07**	**-0.70**	**-3.77**
1995-96	**-2.52**	**-0.73**	**-3.25**
1996-97	**-2.40**	**-1.34**	**-3.74**
Ninth Five Year Plan			
1997-98	**-3.06**	**-1.22**	**-4.28**
1998-99	**-3.85**	**-2.57**	**-6.42**
1999-2000(RE)	**-3.81**	**-2.96**	**-6.77**

Source (Basic data): Indian Public Finance Statistics, Finance Accounts and Budget documents of relevant years.
Note: *1) The figures in bold represent revenue deficit with respect to GDP at market prices (New Series).*
2) (-) indicates deficit.

Annexure II.4

Revenue Deficit and Fiscal Deficit of States

(As % of GSDP)

(Para 2.10 & 2.42)

States		ITEM	1987-88 Actual	1988-89 Actual	1989-90 Actual	1990-91 Actual	1991-92 Actual	1992-93 Actual	1993-94 Actual	1994-95 Actual	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 B.E.
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
CATEGORY: High Income States															
Gujarat															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-1.59	-1.26	-1.05	-1.66	-0.73	-0.28	-2.06	-0.83	-1.07	-1.93	-2.11	-3.12	-1.24
	2	Non-Plan Revenue Deficit (Post tax-devolution)	0.98	0.56	0.76	0.11	1.45	1.91	0.31	0.95	0.84	0.10	-0.02	-1.30	0.56
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	1.01	0.70	0.77	0.19	1.46	1.95	0.41	0.99	0.85	0.11	-0.01	-1.23	0.57
	4	Plan Revenue Deficit	-2.76	-1.24	-1.44	-1.25	-2.21	-2.69	-0.20	-0.54	-1.18	-0.89	-1.17	-1.68	-1.83
	5	Revenue Deficit	-1.75	-0.55	-0.67	-1.06	-0.74	-0.74	0.21	0.44	-0.34	-0.77	-1.18	-2.91	-1.26
	6	Fiscal Deficit	-5.84	-3.26	-3.73	-4.69	-4.70	-2.86	-1.17	-2.19	-2.64	-3.08	-3.47	-5.71	-4.06
Haryana															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-0.25	0.15	0.19	-0.04	-0.21	-0.22	-0.18	-1.36	-1.22	-2.25	-2.60	-3.74	-1.09
	2	Non-Plan Revenue Deficit (Post tax-devolution)	1.19	1.57	1.59	1.43	1.22	1.38	1.30	-0.03	0.31	-0.90	-1.08	-2.55	0.02
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	2.00	2.04	1.61	1.45	1.31	1.51	1.37	-0.01	0.33	-0.89	-1.07	-2.51	0.02
	4	Plan Revenue Deficit	-1.79	-2.06	-2.46	-1.60	-1.51	-1.52	-0.97	-1.58	-1.57	-1.22	-0.85	-1.05	-1.26
	5	Revenue Deficit	0.21	-0.02	-0.85	-0.14	-0.20	-0.01	0.39	-1.60	-1.25	-2.11	-1.92	-3.57	-1.24
	6	Fiscal Deficit	-2.80	-2.89	-3.52	-2.83	-2.29	-2.56	-2.34	-2.18	-3.54	-3.23	-3.01	-5.19	-4.12
Maharashtra															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-0.69	-1.28	-1.39	-1.11	-1.46	-1.72	-1.11	-0.37	-0.46	-0.80	-1.24	-2.17	-3.77
	2	Non-Plan Revenue Deficit (Post tax-devolution)	1.13	0.38	0.42	0.53	0.32	-0.11	0.36	1.06	0.73	0.66	-0.18	-0.70	-2.49
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	1.32	0.65	0.62	0.68	0.41	-0.04	0.45	1.14	0.79	0.67	-0.18	-0.69	-2.48
	4	Plan Revenue Deficit	-1.12	-1.19	-1.30	-0.76	-0.79	-0.76	-0.56	-0.92	-1.20	-1.60	-1.24	-1.21	-0.92
	5	Revenue Deficit	0.20	-0.53	-0.67	-0.08	-0.38	-0.80	-0.11	0.22	-0.40	-0.93	-1.42	-1.90	-3.40
	6	Fiscal Deficit	-2.69	-2.83	-3.31	-2.50	-2.26	-2.84	-2.06	-2.28	-2.76	-2.89	-3.53	-3.61	-5.00
Punjab															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-1.60	-2.37	-1.71	-3.02	-2.28	-3.33	-2.85	-2.30	-1.66	-3.70	-3.74	-5.28	-2.80
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-0.23	-1.09	-0.32	-1.46	-0.80	-1.78	-1.42	-1.02	-0.39	-2.35	-2.32	-4.10	-1.57
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-0.17	-0.51	-0.30	-1.43	-0.71	-1.47	-1.28	-0.98	-0.38	-2.30	-2.35	-4.08	-1.41
	4	Plan Revenue Deficit	-1.70	-1.22	-1.00	-1.45	-1.40	-0.95	-1.19	-1.11	-0.74	-0.66	-0.59	-0.57	-1.48
	5	Revenue Deficit	-1.87	-1.73	-1.30	-2.88	-2.11	-2.42	-2.47	-2.09	-1.12	-2.97	-2.95	-4.65	-2.88
	6	Fiscal Deficit	-7.90	-5.91	-5.35	-6.58	-5.04	-4.76	-4.81	-5.02	-3.39	-3.20	-4.92	-6.68	-4.42
Goa															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-8.87	-4.75	-5.06	-6.15	-4.91	-3.95	-1.80	-1.28	-1.07	-1.62	-2.26	-4.56	-4.96
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-4.05	1.42	-0.89	0.89	1.36	1.89	3.19	3.57	2.78	2.30	0.89	-1.84	-2.37
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-4.03	1.43	-0.79	0.90	1.41	1.92	3.21	3.61	2.79	2.33	1.29	-1.83	-2.02
	4	Plan Revenue Deficit	1.23	-0.19	-0.20	-0.33	-2.02	-1.46	-1.73	-1.37	-1.66	-1.61	-1.70	-1.84	-1.57
	5	Revenue Deficit	-2.80	1.23	-0.99	0.57	-0.61	0.46	1.48	2.25	1.13	0.71	-0.41	-3.68	-3.59
	6	Fiscal Deficit	-11.28	-6.52	-8.56	-7.65	-8.08	-4.82	-2.66	-1.78	-3.36	-3.36	-3.62	-7.03	-7.12

* *Plan Revenue deficit = Plan Grants - Plan Revenue Expenditure*

* *Revenue Deficit = Revenue Receipts - Revenue Expenditure*

* *Fiscal deficit = Total Expenditure- [Total revenue receipts (including loans net of recovery) + Non- debt capital receipts]*

Source (Basic data): *Finance Accounts of State Governments and CSO (for GSDP).*

Figures of GSDP for 1997-98, 1998-99 and 1999-00 for some States have been estimated by using the average annual growth rate for the preceding three years.

(-) *indicates deficit*

States	ITEM	1987-88 Actual	1988-89 Actual	1989-90 Actual	1990-91 Actual	1991-92 Actual	1992-93 Actual	1993-94 Actual	1994-95 Actual	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 B.E.
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
CATEGORY: Middle Income States														
Andhra Pradesh														
	1 Non-Plan Revenue Deficit (Pre-devolution)	-1.74	-1.70	-2.76	-3.30	-3.21	-2.97	-2.68	-3.66	-4.65	-7.05	-3.73	-3.59	-4.08
	2 Non-Plan Revenue Deficit (Post tax-devolution)	2.17	1.66	0.67	0.48	0.18	0.82	0.71	-0.40	-0.37	-2.85	0.46	-0.41	-0.25
	3 Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	2.25	1.85	0.81	0.62	0.38	0.95	0.91	-0.34	-0.34	-2.83	0.48	-0.40	-0.05
	4 Plan Revenue Deficit	-2.06	-1.72	-1.64	-1.08	-0.79	-1.23	-0.48	-0.82	-0.65	-0.97	-1.27	-2.30	-1.35
	5 Revenue Deficit	0.19	0.13	-0.83	-0.46	-0.41	-0.28	0.43	-1.17	-0.99	-3.80	-0.80	-2.70	-1.40
	6 Fiscal Deficit	-2.86	-2.70	-3.40	-2.79	-2.70	-3.55	-3.41	-3.76	-3.24	-3.34	-2.75	-5.74	-3.76
Karnataka														
	1 Non-Plan Revenue Deficit (Pre-devolution)	-1.22	-1.10	-2.06	-1.02	-1.24	-1.42	-0.30	-0.71	0.10	-1.26	-1.40	-2.02	-2.43
	2 Non-Plan Revenue Deficit (Post tax-devolution)	1.80	1.75	1.11	1.92	1.44	1.51	2.42	1.82	3.01	1.92	2.05	0.79	0.48
	3 Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	1.83	1.93	1.26	2.00	1.56	1.64	2.60	1.87	3.04	1.95	2.07	0.80	0.51
	4 Plan Revenue Deficit	-2.56	-2.15	-1.99	-2.34	-2.16	-2.15	-2.30	-2.52	-2.92	-2.95	-2.49	-2.44	-2.19
	5 Revenue Deficit	-0.72	-0.22	-0.72	-0.34	-0.59	-0.51	0.30	-0.65	0.12	-1.00	-0.42	-1.64	-1.67
	6 Fiscal Deficit	-3.41	-2.82	-3.13	-2.40	-3.05	-4.20	-3.28	-3.33	-2.86	-3.35	-2.46	-4.20	-3.91
Kerala														
	1 Non-Plan Revenue Deficit (Pre-devolution)	-4.26	-4.62	-4.69	-6.27	-5.12	-4.81	-4.42	-4.11	-3.08	-3.08	-3.23	-3.75	-4.53
	2 Non-Plan Revenue Deficit (Post tax-devolution)	-1.11	-0.45	-0.89	-2.21	-1.30	-0.76	-0.59	-0.47	0.38	0.51	-0.02	-0.77	-1.10
	3 Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-1.03	-0.26	-0.70	-1.95	-1.13	-0.70	-0.48	-0.43	0.40	0.52	0.68	-0.75	-1.08
	4 Plan Revenue Deficit	-1.00	-1.27	-1.35	-1.05	-0.94	-0.99	-1.17	-1.05	-1.66	-2.25	-3.26	-3.24	-2.66
	5 Revenue Deficit	-2.03	-1.54	-2.05	-2.99	-2.08	-1.69	-1.65	-1.48	-1.26	-1.73	-2.59	-3.99	-3.74
	6 Fiscal Deficit	-4.68	-3.86	-4.95	-5.66	-4.58	-3.67	-4.15	-4.11	-4.07	-4.15	-5.54	-5.91	-5.22
Tamil Nadu														
	1 Non-Plan Revenue Deficit (Pre-devolution)	-1.81	-2.64	-3.11	-3.27	-6.81	-5.38	-2.98	-2.04	-1.46	-2.43	-3.45	-4.55	-4.05
	2 Non-Plan Revenue Deficit (Post tax-devolution)	1.40	0.53	0.51	0.08	-3.47	-1.93	0.11	0.87	1.31	0.60	-0.13	-1.89	-1.37
	3 Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	1.55	0.80	0.74	0.27	-3.10	-1.71	0.34	0.97	1.40	0.67	-0.07	-1.84	-1.07
	4 Plan Revenue Deficit	-2.92	-1.98	-2.51	-2.03	-2.05	-1.84	-1.68	-1.65	-1.86	-2.08	-1.49	-1.64	-1.29
	5 Revenue Deficit	-1.37	-1.18	-1.77	-1.76	-5.15	-3.55	-1.33	-0.68	-0.46	-1.41	-1.56	-3.48	-2.36
	6 Fiscal Deficit	-3.19	-2.82	-3.39	-3.58	-3.52	-4.07	-2.62	-2.46	-1.86	-3.13	-2.43	-4.84	-3.81
West Bengal														
	1 Non-Plan Revenue Deficit (Pre-devolution)	-3.76	-3.64	-3.88	-6.39	-5.22	-4.97	-5.53	-4.18	-4.11	-5.08	-5.47	-7.05	-8.34
	2 Non-Plan Revenue Deficit (Post tax-devolution)	0.14	0.15	-0.50	-2.87	-1.66	-1.02	-1.74	-0.63	-1.10	-1.76	-1.92	-4.21	-5.36
	3 Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	0.31	0.31	-0.42	-2.65	-1.40	-0.86	-1.54	-0.58	-1.02	-1.74	-1.91	-4.08	-5.33
	4 Plan Revenue Deficit	-0.77	-0.82	-1.14	-0.28	-0.20	-0.14	-0.44	-0.70	-0.78	-0.94	-0.66	-0.66	-1.15
	5 Revenue Deficit	-0.46	-0.51	-1.56	-2.93	-1.60	-1.01	-1.99	-1.29	-1.80	-2.69	-2.56	-4.74	-6.48
	6 Fiscal Deficit	-2.20	-2.13	-3.44	-4.70	-2.83	-2.34	-3.38	-3.29	-3.89	-4.28	-4.48	-6.94	-9.34
CATEGORY: Low Income States														
Bihar														
	1 Non-Plan Revenue Deficit (Pre-devolution)	-4.95	-3.92	-6.10	-9.04	-8.38	-9.97	-9.09	-10.01	-10.86	-9.39	-9.37	-9.76	-12.25
	2 Non-Plan Revenue Deficit (Post tax-devolution)	1.59	1.87	0.88	-2.10	-1.25	-1.58	-1.29	-2.28	-1.63	-0.15	-1.88	-2.44	-4.44
	3 Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	1.92	1.92	0.94	-2.08	-1.06	-1.46	-1.21	-2.26	-1.58	0.31	-0.08	-2.36	-4.34
	4 Plan Revenue Deficit	-2.03	-0.83	-1.79	-0.79	-0.68	-0.70	0.00	-0.78	-0.42	-1.55	-1.81	-1.33	-0.21
	5 Revenue Deficit	-0.11	1.09	-0.84	-2.87	-1.74	-2.16	-1.21	-3.04	-2.00	-1.24	-1.89	-3.69	-4.55
	6 Fiscal Deficit	-4.58	-3.37	-5.14	-6.29	-3.87	-4.12	-2.56	-3.97	-3.17	-2.71	-4.03	-5.95	-7.22
Madhya Pradesh														
	1 Non-Plan Revenue Deficit (Pre-devolution)	-2.09	-2.53	-1.95	-2.59	-2.73	-2.73	-3.87	-3.13	-3.04	-4.53	-4.04	-6.09	-4.57
	2 Non-Plan Revenue Deficit (Post tax-devolution)	2.38	1.30	2.92	1.50	1.77	2.09	0.46	1.23	0.90	-0.35	0.82	-2.33	0.05

States		ITEM	1987-88 Actual	1988-89 Actual	1989-90 Actual	1990-91 Actual	1991-92 Actual	1992-93 Actual	1993-94 Actual	1994-95 Actual	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 B.E.
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
CATEGORY: Low Income States															
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	2.49	1.50	2.99	1.68	1.94	2.33	0.63	1.29	1.00	-0.33	1.33	-2.17	0.27
	4	Plan Revenue Deficit	-2.54	-2.14	-2.59	-2.34	-2.07	-1.55	-1.64	-1.67	-1.83	-1.89	-1.50	-1.44	-2.26
	5	Revenue Deficit	-0.05	-0.64	0.40	-0.66	-0.13	0.78	-1.00	-0.38	-0.83	-2.23	-0.17	-3.61	-1.99
	6	Fiscal Deficit	-3.94	-4.00	-2.96	-3.35	-3.02	-2.40	-2.20	-2.84	-2.85	-2.96	-2.07	-5.18	-3.41
Orissa															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-5.81	-5.46	-5.59	-5.08	-7.44	-7.60	-7.47	-7.57	-7.56	-8.37	-8.19	-10.47	-9.92
	2	Non-Plan Revenue Deficit (Post tax-devolution)	1.16	0.81	0.99	3.18	-0.05	0.58	0.27	-0.12	-1.06	-0.72	-2.13	-4.64	-4.22
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	1.29	0.94	1.31	3.36	0.15	0.78	0.47	0.12	-0.93	-0.57	-0.85	-4.57	-4.19
	4	Plan Revenue Deficit	-2.27	-2.06	-2.26	-3.54	-1.49	-1.68	-2.03	-2.37	-2.43	-3.01	-2.49	-3.01	-1.48
	5	Revenue Deficit	-0.98	-1.12	-0.96	-0.18	-1.34	-0.90	-1.56	-2.25	-3.36	-3.58	-3.34	-7.58	-5.67
	6	Fiscal Deficit	-6.64	-5.71	-5.20	-5.65	-6.52	-4.89	-5.15	-5.68	-5.81	-6.90	-6.65	-9.76	-9.92
Rajasthan															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-5.29	-4.48	-4.26	-3.89	-4.67	-5.05	-5.94	-5.04	-4.50	-5.42	-5.60	-8.03	-7.40
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-1.42	-1.26	0.14	1.20	0.67	0.33	-0.38	0.12	-0.20	-1.31	-1.85	-4.46	-3.89
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-1.08	-0.69	0.34	1.28	0.80	0.47	-0.23	0.20	-0.12	-1.06	-0.86	-4.22	-3.74
	4	Plan Revenue Deficit	-2.18	-0.81	-0.53	-0.47	-0.58	-0.87	-0.83	-1.42	-1.70	-1.22	-0.25	-0.75	-1.17
	5	Revenue Deficit	-3.26	-1.50	-0.19	0.81	0.21	-0.40	-1.05	-1.22	-1.81	-2.29	-1.11	-4.97	-4.91
	6	Fiscal Deficit	-8.27	-5.03	-3.68	-2.63	-3.44	-4.28	-5.14	-5.06	-6.65	-5.74	-4.86	-8.55	-8.67
Uttar Pradesh															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-3.66	-6.60	-6.08	-6.27	-6.10	-7.33	-6.47	-6.86	-7.06	-7.05	-8.19	-8.92	-7.79
	2	Non-Plan Revenue Deficit (Post tax-devolution)	1.84	-2.15	-1.02	-1.05	-0.91	-1.42	-0.97	-1.44	-1.28	-1.52	-2.59	-4.88	-3.38
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	1.86	-2.00	-0.92	-0.95	-0.70	-1.26	-0.89	-1.37	-1.26	-1.50	-2.57	-4.87	-3.36
	4	Plan Revenue Deficit	-1.13	0.53	-1.28	-1.26	-0.43	-0.18	-0.55	-0.85	-1.04	-1.19	-0.99	-1.06	-0.82
	5	Revenue Deficit	0.73	-1.47	-2.20	-2.21	-1.12	-1.44	-1.45	-2.22	-2.31	-2.69	-3.56	-5.92	-4.18
	6	Fiscal Deficit	-2.95	-4.38	-5.29	-5.53	-4.39	-5.25	-3.98	-5.28	-4.32	-5.05	-5.83	-7.92	-6.63
CATEGORY: Special Category States															
Assam															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-8.04	-8.32	-7.57	-6.76	-6.88	-6.94	-8.21	-8.85	-8.87	-8.17	-8.45	-8.36	-13.90
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-1.37	-1.55	-0.86	0.02	-0.69	-0.94	-1.62	-2.79	-1.94	-0.35	-0.69	-1.85	-6.71
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-0.75	-0.69	-0.45	0.21	-0.04	-0.80	-1.32	-2.60	-1.87	-0.14	0.11	-1.27	-5.57
	4	Plan Revenue Deficit	-0.33	-0.14	-1.03	-1.52	2.32	2.04	4.15	0.73	0.80	1.57	1.23	1.66	1.16
	5	Revenue Deficit	-1.08	-0.84	-1.47	-1.31	2.27	1.24	2.83	-1.87	-1.07	1.43	1.35	0.39	-4.42
	6	Fiscal Deficit	-6.00	-4.02	-5.78	-5.29	-2.15	-1.59	0.12	-4.30	-3.49	-0.37	-0.67	-1.45	-7.88
Arunachal Pradesh															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-51.19	-31.22	-34.32	14.97	-22.99	-23.39	-20.80	-20.60	-19.34	-24.41	-22.55	-22.47	-20.48
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-18.93	-13.70	-6.03	31.61	2.13	-1.38	6.97	-0.39	3.02	-1.60	-2.83	-4.87	-4.28
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-18.91	-12.76	-5.99	31.64	2.16	-1.36	7.93	-0.34	3.07	-1.42	-2.62	-4.71	-4.25
	4	Plan Revenue Deficit	33.39	26.21	13.88	29.42	20.35	22.35	21.83	20.17	19.09	17.12	14.04	14.93	13.81
	5	Revenue Deficit	14.48	13.45	7.89	61.06	22.51	20.99	29.76	19.83	22.16	15.69	11.42	10.22	9.56
	6	Fiscal Deficit	-11.88	-11.27	-18.14	36.28	0.56	0.25	11.33	-4.87	-1.93	-5.50	-8.19	-3.22	-11.52
Himachal Pradesh															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-15.48	-17.71	-14.26	-15.35	-12.99	-13.87	-13.40	-15.20	-16.03	-15.03	-16.44	-19.46	-21.40
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-3.72	-8.32	-3.80	-4.25	-1.94	-3.64	-3.74	-5.44	-2.33	-2.57	-4.69	-9.59	-10.81
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-2.88	-6.08	-3.02	-4.25	-1.94	-3.55	-3.63	-5.35	-2.26	-2.49	-4.67	-9.56	-10.76
	4	Plan Revenue Deficit	5.26	2.85	0.50	0.88	2.24	1.11	6.32	-0.96	-0.46	0.01	-2.83	-3.27	-2.36
	5	Revenue Deficit	2.38	-3.24	-2.52	-3.37	0.30	-2.43	2.69	-6.32	-2.72	-2.48	-7.50	-12.83	-13.13
	6	Fiscal Deficit	-7.50	-11.77	-9.31	-9.90	-6.75	-8.15	-3.60	-12.72	-9.45	-9.17	-17.05	-20.85	-20.21

States		ITEM	1987-88 Actual	1988-89 Actual	1989-90 Actual	1990-91 Actual	1991-92 Actual	1992-93 Actual	1993-94 Actual	1994-95 Actual	1995-96 Actual	1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-2000 B.E.
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
CATEGORY: Special Category States															
Jammu & Kashmir															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-20.92	-21.84	-23.39	-25.01	-32.09	-31.39	-30.70	-34.30	-34.19	-35.71	-44.26	-47.27	-36.31
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-6.40	-8.79	-13.93	-8.10	-14.05	-18.44	-15.71	-19.62	-13.66	-22.75	-26.02	-30.60	-20.39
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-6.36	-8.54	-13.90	-8.10	-14.05	-18.40	-15.70	-17.55	-10.49	-19.47	-22.99	-27.37	-16.68
	4	Plan Revenue Deficit	3.26	5.25	9.33	17.01	15.83	23.83	16.87	27.88	19.02	20.93	29.38	22.20	18.53
	5	Revenue Deficit	-3.10	-3.29	-4.57	8.90	1.79	5.43	1.17	10.33	8.53	1.46	6.38	-5.16	1.85
	6	Fiscal Deficit	-16.19	-15.83	-18.74	-2.79	-13.60	-3.94	-10.08	-2.50	-4.52	-14.77	-7.09	-13.61	-11.40
Manipur															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-22.19	-27.74	-27.82	-28.48	-26.68	-22.33	-22.37	-21.32	-24.31	-25.06	-26.26	-24.31	-23.22
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-2.17	-8.56	-6.09	-7.14	-5.53	-1.00	-4.36	-4.02	-4.22	-5.27	-7.56	-8.66	-7.11
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-1.55	-8.13	-5.76	-7.11	-5.49	-0.93	-3.31	-3.86	-4.12	-4.74	-7.39	-7.21	-6.50
	4	Plan Revenue Deficit	13.46	14.92	9.97	13.72	12.98	10.20	13.24	9.51	8.62	10.96	10.89	11.93	7.41
	5	Revenue Deficit	11.91	6.79	4.21	6.62	7.49	9.28	9.93	5.65	4.51	6.22	3.50	4.72	0.92
	6	Fiscal Deficit	-2.81	-8.22	-10.64	-9.25	-7.00	0.09	0.72	-4.19	-6.47	-8.68	-9.41	-4.82	-9.00
Meghalaya															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-18.92	-19.47	-18.50	-19.08	-19.22	-21.14	-21.08	-17.84	-15.97	-16.10	-17.80	-18.03	-18.48
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-1.03	-2.01	-3.31	-3.04	-4.55	-5.65	-7.74	-4.69	0.66	0.83	-3.49	-6.25	-8.51
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-0.43	-0.58	-3.13	-2.76	-4.40	-5.46	-7.39	-4.52	0.76	1.04	-3.38	-5.92	-8.19
	4	Plan Revenue Deficit	12.92	13.73	9.45	7.50	7.84	7.05	8.75	9.51	4.88	4.55	3.88	6.56	6.36
	5	Revenue Deficit	12.49	13.15	6.32	4.74	3.44	1.58	1.36	4.99	5.63	5.58	0.50	0.63	-1.83
	6	Fiscal Deficit	-0.07	-1.62	-4.37	-4.63	-6.97	-8.09	-6.63	-2.40	-2.83	-1.14	-5.38	-5.42	-11.73
Mizoram															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-59.81	-53.10	-46.40	-22.08	-38.07	-39.89	-39.25	-41.08	-40.76	-38.91	-37.24	-32.55	-29.45
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-42.53	-37.28	10.03	29.50	8.33	-6.10	-0.32	-5.79	-7.99	-7.22	-11.49	-6.81	-8.58
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-42.53	-37.16	10.06	31.19	8.54	-5.92	-0.06	-2.95	-5.56	-6.89	-11.02	-6.59	-8.52
	4	Plan Revenue Deficit	8.92	10.41	23.51	21.93	12.83	15.98	12.19	11.59	12.02	10.62	12.68	12.39	6.95
	5	Revenue Deficit	-33.62	-26.75	33.57	53.12	21.37	10.06	12.13	8.64	6.46	3.73	1.67	5.80	-1.57
	6	Fiscal Deficit	-50.95	-47.45	13.82	34.73	3.29	-9.48	-2.85	-7.91	-10.34	-13.75	-14.12	-7.35	-10.53
Nagaland															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-54.87	-52.41	-48.68	-40.77	-39.78	-32.06	-32.71	-29.53	-39.92	-31.81	-32.38	-27.59	-24.28
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-30.01	-24.36	-19.53	-7.75	-9.56	-2.97	-10.13	-8.48	-13.71	-7.15	-11.56	-9.38	-6.95
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-27.75	-22.97	-19.49	-7.59	-9.43	-2.91	-9.47	-8.42	-13.69	-7.09	-11.50	-7.78	-6.94
	4	Plan Revenue Deficit	36.88	29.06	11.21	6.14	7.47	14.39	12.90	10.97	7.42	7.50	5.86	6.91	6.70
	5	Revenue Deficit	9.14	6.10	-8.27	-1.45	-1.95	11.47	3.43	2.55	-6.27	0.41	-5.65	-0.87	-0.24
	6	Fiscal Deficit	-10.52	-12.44	-24.24	-14.89	-14.41	2.75	-4.84	-1.00	-12.62	-7.16	-11.75	-6.97	-5.23
Sikkim															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-21.00	-23.48	-21.01	-21.05	-23.89	-30.16	-25.99	-26.58	-26.19	-24.76	-26.37	-33.67	-27.99
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-3.20	-1.97	-3.35	-1.45	-4.85	-7.68	-9.19	-12.57	-4.45	-2.31	-10.09	-19.18	-15.66
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	1.79	1.54	-2.79	-1.45	-4.85	-7.68	-9.19	-12.57	-4.45	-2.31	-8.40	-18.06	-15.66
	4	Plan Revenue Deficit	14.93	18.09	12.10	14.85	15.41	18.76	19.14	17.18	17.11	9.04	14.29	11.60	18.85
	5	Revenue Deficit	16.72	19.63	9.31	13.41	10.56	11.08	9.95	4.61	12.66	6.72	5.90	-6.46	3.18
	6	Fiscal Deficit	-5.70	-6.11	-14.25	-8.64	-15.86	-12.79	-8.49	-10.63	-8.46	-9.70	-9.57	-17.26	-11.95
Tripura															
	1	Non-Plan Revenue Deficit (Pre-devolution)	-25.12	-25.34	-26.98	-28.60	-28.47	-27.07	-28.64	-27.74	-26.14	-27.71	-30.56	-31.16	-39.93
	2	Non-Plan Revenue Deficit (Post tax-devolution)	-5.15	-5.68	-6.93	-3.27	-3.55	-1.80	-6.94	-5.98	-0.78	-2.03	-6.20	-9.90	-21.12
	3	Net Non-Plan Revenue Deficit (line 2 plus non-Plan revenue grant)	-4.04	-4.78	-5.82	-2.28	-2.53	-0.94	-6.18	-5.27	-0.01	-0.79	-5.55	-8.02	-20.18
	4	Plan Revenue Deficit	7.01	6.55	6.61	2.12	3.87	5.32	6.17	7.64	8.56	7.09	6.58	12.02	12.96
	5	Revenue Deficit	2.97	1.77	0.80	-0.17	1.33	4.39	-0.02	2.37	8.55	6.30	1.03	4.00	-7.22
	6	Fiscal Deficit	-9.41	-9.90	-9.43	-8.30	-8.05	-1.87	-7.86	-7.34	-1.92	-6.30	-9.24	-5.10	-18.76

Annexure II.5

Interest payments as % of Revenue Receipts
Para 2.14

	1990-91	1991-92	1992-93	1993-94	1994-95	Average (1990-95)	1995-96	1996-97	1997-98	1998-99	Average (1995-99)
Centre	39.12	40.28	41.92	48.69	48.37	**44.23**	45.44	47.10	49.02	52.09	**48.68**
Non- Special Category											
Andhra Pradesh	11.78	11.79	12.44	13.13	15.28	**13.08**	16.52	17.59	16.55	19.90	**17.75**
Bihar	16.29	17.70	22.64	17.45	25.28	**20.24**	22.59	23.10	21.75	25.95	**23.39**
Goa	12.71	21.65	18.61	18.75	16.28	**17.66**	19.17	19.47	19.90	24.76	**20.95**
Gujarat	14.12	15.10	16.42	15.83	16.20	**15.69**	16.72	17.92	18.23	19.46	**18.22**
Haryana	15.36	17.27	16.81	18.05	16.09	**16.74**	17.60	21.24	21.54	22.35	**20.87**
Karnataka	11.64	11.21	11.55	11.79	13.02	**11.93**	12.74	13.05	13.68	15.19	**13.75**
Kerala	14.49	17.30	16.65	17.83	17.85	**17.05**	17.36	18.27	18.35	20.41	**18.70**
Madhya Pradesh	11.28	11.30	11.51	12.28	14.36	**12.32**	13.38	13.74	14.75	16.17	**14.61**
Maharashtra	11.18	12.87	13.49	12.71	12.80	**12.68**	13.45	13.80	15.74	18.59	**15.55**
Orissa	16.80	19.65	18.61	21.28	22.00	**19.96**	23.88	25.18	27.89	32.60	**27.56**
Punjab	17.90	10.07	15.60	34.03	35.29	**23.13**	23.91	31.24	26.77	37.75	**30.21**
Rajasthan	14.36	15.68	16.01	16.80	18.07	**16.40**	19.18	21.33	23.46	27.44	**23.11**
Tamil Nadu	9.08	8.32	9.93	11.99	11.95	**10.48**	12.34	12.46	13.10	15.03	**13.34**
Uttar Pradesh	16.40	18.94	18.75	19.07	25.23	**20.04**	22.88	25.87	27.23	32.44	**27.29**
West Bengal	15.46	17.90	18.72	19.99	19.57	**18.57**	22.15	23.85	27.02	31.82	**26.52**
Total Non-Special Category	13.54	14.29	15.42	16.10	17.90	**15.72**	17.53	18.93	19.57	22.70	**19.85**
Special Category											
Arunachal Pradesh	4.77	4.98	4.45	4.21	5.60	**4.80**	5.64	6.68	7.32	7.87	**6.93**
Assam	14.78	3.84	15.72	14.79	19.91	**14.11**	14.45	14.52	14.77	11.56	**13.74**
Himachal Pradesh	13.74	14.93	16.90	14.39	17.12	**15.49**	16.21	15.71	17.67	21.82	**18.04**
Jammu & Kashmir	12.21	20.59	11.18	19.34	21.23	**17.48**	11.55	6.85	18.30	15.39	**13.69**
Manipur	8.34	6.99	9.37	8.75	8.90	**8.52**	8.44	8.15	9.24	10.33	**9.10**
Meghalaya	5.07	5.32	5.89	6.66	8.48	**6.45**	7.38	7.48	8.75	8.35	**8.00**
Mizoram	8.84	3.21	5.44	4.66	5.84	**5.51**	5.72	7.41	9.88	9.74	**8.30**
Nagaland	7.72	9.63	8.88	9.59	11.10	**9.52**	11.81	10.84	13.41	13.93	**12.58**
Sikkim	7.10	8.79	9.67	10.30	11.47	**9.69**	8.66	9.48	10.35	11.69	**10.18**
Tripura	7.81	9.01	9.87	10.78	10.35	**9.68**	9.63	10.86	11.24	11.26	**10.81**
Total Special Category	11.19	9.79	11.97	13.17	16.06	**12.76**	11.74	10.91	14.58	13.51	**12.81**

Source (Basic data): *Finance Accounts of State Governments.*

Annexure II.6

Annual Growth rate of Pension of States
(Para 2.34)

States	1991-92	1992-93	1993-94	1994-95	Average 1991-95	1995-96	1996-97	1997-98	1998-99	Average 1995-99
Non-Special category States										
Andhra Pradesh	24.50	8.10	14.69	46.44	23.43	19.68	12.44	13.44	20.58	16.54
Bihar	26.84	30.54	10.56	30.36	24.58	19.02	26.31	10.55	31.88	21.94
Goa	7.57	22.23	15.45	19.40	16.16	31.23	21.12	23.78	113.01	47.29
Gujarat	9.46	11.98	14.24	27.99	15.92	20.09	33.12	25.10	62.29	35.15
Haryana	18.65	28.09	12.59	14.55	18.47	20.45	46.73	5.62	106.06	44.72
Karnataka	13.98	17.43	17.73	14.64	15.95	18.75	28.26	12.94	20.10	20.01
Kerala	15.63	9.71	24.97	21.68	18.00	26.77	5.13	21.14	26.43	19.87
Madhya Pradesh	28.39	17.67	29.38	16.96	23.10	36.97	29.23	10.31	51.87	32.10
Maharashtra	14.20	14.29	17.50	12.96	14.74	23.44	30.91	16.35	3.68	18.60
Orissa	27.99	28.79	19.53	13.00	22.32	18.02	30.05	25.35	50.02	30.86
Punjab	13.03	9.73	22.06	14.13	14.73	28.11	24.55	24.63	65.63	35.73
Rajasthan	14.87	14.11	26.51	15.20	17.68	24.72	31.00	21.57	47.63	31.23
Tamil Nadu	24.59	17.66	14.34	17.81	18.60	23.79	35.97	20.24	31.45	27.86
Uttar Pradesh	26.96	61.55	-10.14	17.00	23.84	45.31	23.64	17.80	68.58	38.84
West Bengal	18.19	16.05	33.42	18.89	21.64	16.05	34.14	26.67	27.86	26.18
Total (Non- Special Category)	**19.65**	**19.61**	**15.88**	**21.49**	**19.16**	**24.65**	**25.70**	**17.72**	**38.45**	**26.63**
Special Category States										
Arunachal Pradesh	-1.42	51.08	3.65	22.05	18.84	28.73	18.13	45.54	79.99	43.10
Assam	68.83	25.84	27.41	20.89	35.74	11.70	18.53	15.93	22.38	17.13
Himachal Pradesh	16.06	20.33	23.45	8.57	17.10	24.01	22.60	30.80	34.36	27.94
J&K	55.57	5.76	36.32	23.36	30.25	28.46	27.58	25.37	90.05	42.87
Manipur	166.17	-28.40	18.80	19.65	44.06	26.02	44.37	15.46	-0.32	21.38
Meghalaya	13.67	68.76	31.38	11.26	31.27	15.07	29.73	7.41	61.10	28.33
Mizoram	19.60	20.19	29.25	17.74	21.69	35.19	39.96	11.67	4.18	22.75
Nagaland	13.10	44.12	2.39	51.77	27.85	19.34	12.93	14.85	22.57	17.43
Sikkim	38.46	8.33	47.18	5.92	24.97	20.39	36.07	13.25	160.64	57.59
Tripura	9.20	11.01	28.14	9.62	14.49	14.31	24.59	29.76	18.98	21.91
Total (Special cat.)	**44.86**	**16.13**	**26.26**	**18.90**	**26.54**	**19.74**	**23.80**	**21.90**	**42.12**	**26.89**
All States	**21.12**	**19.37**	**16.59**	**21.30**	**19.59**	**24.30**	**25.57**	**18.00**	**38.71**	**26.64**

Source (Basic data): *Finance accounts of State Governments.*

Annexure II.7

Composition of Revenue Transfers to States
(As per cent of total transfer)
(Para 2.39)

Year/Plan	Total Share in Central taxes			Plan Grants	Discretionary Grants	Total transfer
	1	2	3	4	5	6
First Five Year Plan	54.43	4.27	58.70	29.27	12.03	100.00
Second Five Year Plan	45.85	13.45	59.30	36.99	3.71	100.00
Third Five Year Plan	47.84	14.20	62.04	36.40	1.56	100.00
Three Annual Plans	48.00	17.63	65.63	33.28	1.09	100.00
Fourth Five Year Plan	54.35	9.45	63.80	24.38	11.82	100.00
Fifth Five Year Plan	50.25	16.78	67.02	29.36	3.62	100.00
Annual Plan	59.80	4.81	64.62	31.68	3.71	100.00
Sixth Five Year Plan	56.86	4.92	61.77	34.18	4.05	100.00
Seventh Five Year Plan	54.17	6.87	61.04	35.05	3.91	100.00
Annual Plan						
1990-91	52.40	12.24	64.64	32.57	2.79	100.00
1991-92	52.27	10.48	62.75	34.20	3.05	100.00
Total	52.33	11.28	63.61	33.46	2.93	100.00
Eighth Five Year Plan						
1992-93	53.51	5.41	58.92	38.36	2.72	100.00
1993-94	51.64	4.22	55.86	41.10	3.05	100.00
1994-95	55.34	3.79	59.13	39.28	1.59	100.00
1995-96	57.91	10.45	68.36	30.20	1.44	100.00
1996-97	60.22	9.17	69.39	29.29	1.32	100.00
Total	56.13	6.90	63.02	35.04	1.94	100.00
Ninth Five Year Plan						
1997-98	66.11	4.98	71.09	27.59	1.33	100.00
1998-99 (RE)	61.09	4.51	65.60	32.55	1.85	100.00
1999-2000(BE)	59.25	6.92	66.17	30.59	3.24	100.00
Total	**62.02**	**5.55**	**67.57**	**30.24**	**2.20**	**100.00**

Source (Basic data): *Indian Public Finance Statistics and Budget Documents.*

Annexure II.8

Plan Revenue Expenditure as % of Plan Outlay
(Para 2.42)

S. No.	States	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000 (BE)
	High Income States													
1	Gujarat	65.26	63.70	58.07	56.36	52.54	66.79	53.80	47.99	51.27	44.85	45.75	50.68	44.93
2	Haryana	67.97	67.63	74.69	67.59	67.15	65.76	63.35	70.54	66.01	60.10	57.28	50.95	38.60
3	Maharashtra	54.32	55.32	54.87	54.09	55.10	54.21	52.74	33.94	50.59	60.18	52.19	57.58	59.51
4	Punjab	64.22	48.70	59.79	64.35	57.14	57.62	58.63	56.63	44.17	68.14	38.63	60.02	41.37
5	Goa	24.25	34.80	33.19	30.94	33.26	37.60	41.71	41.43	38.02	41.04	46.08	49.40	42.70
	Middle Income States													
6	Andhra Pradesh	65.15	63.76	64.93	67.34	72.38	63.96	50.51	43.51	37.08	93.99	71.34	99.60	78.87
7	Karnataka	76.68	76.02	71.10	61.05	62.26	68.08	61.30	66.32	66.88	73.23	71.54	66.79	63.29
8	Kerala	60.02	63.51	57.63	60.25	58.78	65.38	63.44	63.29	62.10	66.38	70.44	71.62	75.69
9	Tamil Nadu	84.14	80.62	82.55	83.40	83.01	82.52	83.60	78.90	76.52	74.62	69.86	89.89	67.20
10	West Bengal	66.33	68.75	61.77	61.84	64.45	72.12	71.99	60.20	54.70	73.13	70.86	74.57	60.94
	Low Income states													
11	Bihar	56.48	56.59	57.64	66.46	72.07	71.84	76.71	73.96	68.47	68.01	75.21	67.09	52.09
12	Madhya Pradesh	59.71	63.37	58.83	65.77	64.59	62.87	68.38	67.19	71.06	70.72	57.72	65.14	69.73
13	Orissa	52.59	54.09	54.49	58.09	50.48	54.18	61.55	59.99	73.29	60.98	61.57	66.41	60.54
14	Rajasthan	67.02	60.70	52.24	56.55	37.47	56.02	57.79	56.44	47.69	45.20	30.06	44.99	38.41
15	Uttar Pradesh	53.01	43.62	63.14	68.09	69.93	66.04	69.56	68.35	68.35	66.92	69.15	65.57	57.11
	Special Category States													
16	Arunachal Pradesh	41.41	39.47	42.69	34.87	41.15	41.97	43.57	38.66	38.40	43.13	46.89	53.18	48.49
17	Assam	59.47	70.75	64.88	68.47	71.54	77.05	78.02	78.75	75.62	79.56	75.85	75.67	64.99
18	Himachal Pradesh	56.54	60.43	86.44	62.59	60.16	61.22	64.71	47.33	62.98	64.81	60.75	64.14	62.54
19	Jammu & Kashmir	27.42	29.10	29.44	34.42	31.68	35.76	36.34	30.16	29.48	27.36	32.89	39.30	33.26
20	Manipur	37.90	36.73	40.70	35.59	35.41	49.18	45.58	45.25	46.76	39.95	43.26	44.57	42.90
21	Meghalaya	50.48	51.60	52.11	53.50	55.38	50.47	54.84	49.24	53.88	56.95	56.57	56.67	44.32
22	Mizoram	63.02	59.91	62.64	62.35	60.92	58.33	61.11	58.24	57.57	55.42	51.76	63.02	64.99
23	Nagaland	48.26	46.26	44.01	55.54	56.09	45.56	57.07	64.49	57.85	56.57	60.03	56.14	57.80
24	Sikkim	50.80	44.16	46.45	44.80	43.93	47.11	44.17	49.98	52.00	57.07	52.04	57.92	50.55
25	Tripura	56.88	58.62	59.16	64.89	63.46	64.39	62.10	61.46	56.58	51.62	59.60	64.59	53.87
	All States	60.54	59.16	60.45	62.37	60.31	63.41	62.51	56.25	57.59	63.65	59.00	64.46	57.90

Source (Basic data): *Finance Accounts and Budget documents of State Governments.*

Annexure II.9

Transfers as % of Gross Revenue Receipts of the Centre
(Para 2.51)

Year/Plan	Total Share in Central	Statutory Grants	Transfers under FC (col.2+ col.3)	Plan Grants	Discretionary Grants	Total Grants	Total Transfer
	1	2	3	4	5	6	7
First Five Year Plan	12.86	1.01	13.87	6.92	2.84	10.77	23.63
Second Five Year Plan	14.71	4.32	19.02	11.87	1.19	17.37	32.08
Third Five Year Plan	11.79	3.50	15.29	8.97	0.38	12.85	24.64
Three Annual Plans	14.03	5.15	19.18	9.73	0.32	15.20	29.22
Fourth Five Year Plan	18.60	3.23	21.84	8.34	4.05	15.62	34.23
Fifth Five Year Plan	15.94	5.32	21.26	9.31	1.15	15.79	31.73
Annual Plan	23.53	1.89	25.42	12.46	1.46	15.82	39.34
Sixth Five Year Plan	21.19	1.83	23.02	12.74	1.51	16.08	37.27
Seventh Five Year Plan	20.31	2.58	22.89	13.14	1.47	17.18	37.50
Annual Plan							
1990-91	20.90	4.88	25.78	12.99	1.11	18.98	39.88
1991-92	20.64	4.14	24.77	13.50	1.20	18.84	39.48
Total	20.76	4.47	25.23	13.27	1.16	18.91	39.66
Eighth Five Year Plan							
1992-93	21.67	2.19	23.86	15.53	1.10	18.82	40.49
1993-94	22.75	1.86	24.61	18.11	1.34	21.31	44.06
1994-95	21.43	1.47	22.90	15.21	0.61	17.29	38.72
1995-96	21.01	3.79	24.80	10.95	0.52	15.27	36.27
1996-97	21.73	3.31	25.04	10.57	0.48	14.35	36.08
Total	21.66	2.66	24.32	13.52	0.75	16.93	38.60
Ninth Five Year Plan							
1997-98	24.54	1.85	26.39	10.24	0.49	12.58	37.12
1998-99 (RE)	19.90	1.47	21.37	10.60	0.60	12.67	32.57
1999-2000(BE)	20.59	2.40	22.99	10.63	1.13	14.16	34.75
Total	21.54	1.93	23.47	10.50	0.76	13.19	34.74

Source (Basic data): *Indian Public Finance Statistics and Budget Documents.*

Annexure III.1

Outstanding Debt of Centre and States
(Para 3.20)

(Rs. in crores)

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000*
Debt & Liabilities of the Central Government	477968	538610	606232	675676	778293	891806	1030744
As percentage of GDP	55.63	53.33	51.29	49.61	51.35	50.60	53.36
Debt & Liabilities of the State Governments	184986	216725	248998	287310	330923	400754	473677
As percentage of GDP	21.53	21.46	21.07	21.10	21.83	22.74	24.52
Loans from Centre to the States	101122	115238	129264	146168	168653	199007	236696
As percentage of GDP	11.77	11.41	10.94	10.73	11.13	11.29	12.25
Total Debt & Liabilities of the Centre and States (1+2-3)	561832	640097	725966	816818	940563	1093553	1267725
As percentage of GDP	65.39	63.38	61.42	59.97	62.06	62.04	65.62
GDP at Market Price	859220	1009906	1181961	1361952	1515646	1762609	1931819

Notes: *Total Debt and Liabilities of the Central Government include external debt balances which are according to book value. Total debt and liabilities of the State Governments also include Reserve Funds and Deposits.*
* *Revised estimate for Centre and Budget estimate for States.*

Source: *Budget documents of the Centre and the States*.

Annexure III.2

Indian Macro Economy at the Millennium Threshold : Key Indicators
(Paras 3.21 and 3.22)

	1994-95	1995-96	1996-97	1997-98[1]	1998-99[2]	1999-00[3]
GDP at factor cost at 1993-94 prices and its Components: Growth over previous year(%)						
GDP at 1993-94 prices	7.0	7.3	7.5	5.0	6.8	5.9
Agriculture and Allied Services	5.0	-0.9	9.6	-1.9	7.2	0.8
Industry(exc. Construction)	10.4	12.8	6.8	4.9	3.7	6.4
Sevices(inc. Construction)	6.8	10.0	6.6	9.2	8.0	8.3
Implicit Price Deflator(% change)	9.4	8.8	7.8	6.5	9.0	3.5
Sectoral Shares(% of GDP at factor cost at current prices)						
Agriculture and Allied Services	30.4	28.1	28.6	26.7	26.8	25.5
Industry(exc. Construction)	21.7	22.8	22.7	22.7	22.0	22.1
Sevices(inc. Construction)	47.9	49.1	48.7	50.6	51.2	52.3
Saving and Investment (%of GDP at current market prices)						
Gross Domestic Saving	25.0	25.5	23.3	24.7	22.3	-
Gross Domestic Capital Formation	26.1	27.2	24.6	26.2	23.4	-
External Sector Indicators (% of GDP at current market prices)						
Trade Balance	-2.8	-3.2	-3.9	-3.8	-3.1	-
Current Account Balance	-1.0	-1.7	-1.2	-1.4	-1.0	-1.5 *
Monetary Aggregates(% Growth over previous year)						
Reserve Money(M0)	22.07	14.87	2.84	13.21	14.56	3.14
Narrow Money(M1)	27.51	11.74	12.00	11.32	15.11	8.99
Broad Money(M3)	22.39	13.57	16.16	18.01	18.37	13.71
Fiscal Balance(as % of GDP at current market prices)						
Revenue Deficit of Centre	3.07	2.52	2.40	3.06	3.85	3.81
Revenue Deficit of States	0.70	0.73	1.34	1.22	2.68	2.95
Revenue Deficit of Centre and States	3.77	3.25	3.73	4.28	6.53	6.76
Fiscal Deficit of Centre	5.71	5.10	4.90	5.87	6.43	5.64
Fiscal Deficit of States	2.73	2.60	2.79	2.93	4.23	4.71
Fiscal Deficit of Centre and States	6.94	6.55	6.28	7.49	9.46	9.83

Interest Rate Trends(% per annum)	as on		
	22.01.1999	3.04.1999	21.01.2000
Bank Rate	9.0	8.0	8.0
Medium Term Lending Rate(IDBI)	14.0	13.5	13.5
Prime Lending Rate(5 major banks)	12.75 - 13.00	12.00 - 12.50	12.00 - 12.50
Deposit Rate	9.00 - 11.50	8.00 - 10.50	8.00 - 10.50

Features of Population, 1991	Density (per sq.km.)	Literacy Rate			Annual Exp. Gr. Rt. 1981-91(%)
		Male	Female	Total	
	274	64.13	39.29	52.21	2.14

Notes: 1. Provisional estimates; 2. Quick estimates; 3. Advance estimates.
* Annualised (on the basis of figures for April-September).
Source: Reserve Bank of India Bulletin, April 2000; Economic Survey 1999-2000; Hand Book of Statistics on Indian Economy, Reserve Bank of India, 1999; Indian Public Finance Statistics; Finance Accounts; Budget Documents; and Census of India, 1991, Series 1, Primary Census Abstract, 1991.

Annexure III.3

Outstanding Government Guarantees
(outstanding as at end-March)
(Para 3.75)

(Rs. in crores)

Year	Centre	States*	Total
1992	50,575	40,159	90,734
	(8.2)	(6.5)	(14.7)
1993	58,088	42,515	100,603
	(8.2)	(6.0)	(14.3)
1994	62,834	48,866	111,700
	(7.2)	(5.6)	(12.7)
1995	62,468	48,479	110,947
	(6.0)	(4.7)	(10.7)
1996	65,573	52,631	118,204
	(5.4)	(4.3)	(9.7)
1997	69,748	63,409	133,157
	(4.9)	(4.5)	(9.4)
1998	73,877	73,751	147,628
	(4.7)	(4.7)	(9.4)

Note: * *Pertains to 17 States. Figures in brackets are ratio of GDP at current market prices (base: 1993-94).*
Source: *Report on Currency and Finance (RBI) 1998-99.*

Annexure IV.1

Central Public Sector Undertakings
Performance Highlights
(Para 4.10)

	1995-96	1996-97	1997-98	1998-99
Number of PSUs	243	242	240	240
Number of Operating PSUs	239	238	236	235
Investment:				*(Rs. in crores)*
a) Paid-up Capital	60743	69985	72122	77066
Central Govt.	58008	59158	61864	64668
Others	2735	10827	10258	12398
b) Loans	117885	134361	145396	149779
Central Govt.	31142	29839	31280	32049
Others	86743	104522	114116	117730
Share application money	0	2309	4469	3295
Total Investment	178628	206655	221987	230140
Profit before Interest and Tax	27587	30915	37217	39766
Interest	13966	15537	17858	20032
Profit before Tax	13621	15378	19354	19734
Profit of Profit making PSUs	14763	16125	20279	22509
Number of PSUs making Profit	132	129	134	127
Loss of Loss making PSUs	5188	5939	6559	9274
Number of PSUs making Losses	102	104	100	106
Net Profit	9574	10186	13720	13235
PSEs in no Profit/Loss	5	3	2	2
Dividend Declared	2205	2836	3609	4932
Number of PSUs declared dividend		80	88	83
Retained Profit	7369	7089	9647	7766
Contribution to Exchequer on investment by Central Government in PSUs				
Dividend Declared	2205	1555	1833	2487
Interest	NA	1928	2314	2548
Total (A)		3483	4147	5035
a) Corporate Tax	3998	5280	7026	8479
b) Excise Duty	11916	13895	16693	18771
c) Customs Duty	9785	13246	10970	9352
d) Dividend Tax	NA	86	257	450
e) Sales Tax	NA	2258	2421	2350
d) Other Duties	2974	763	778	2488
Total (B)	28673	35527	38146	41890
Total Contribution (A+B)		39009	42292	46925
Net Profit/Equity Capital (%)	15.76	14.55	19.02	17.17

Source : Public Enterprises Survey 1998-99, Dept. of Public Enterprises, Ministry of Industry.

Note : A major portion of dividend declared will go to exchequer since Central governnment is majority shareholder. The following categories have not been included in the above analysis:

1. Financial Institutions
2. Public Sector Banks
3. Insurance Corporations
4. Public Undertakings with Central government investments but without direct responsibility for management.

Annexure IV.2

Profile of Central Finances as per Assessment
(Para 4.20)

(Rs. in crores)

Item	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Receipts(gross)	255690	298162	347684	405432	472780
Tax Revenues(gross)	198226	230961	269185	313833	366002
Tax Revenues(net to Centre)	144166	167935	195690	228109	265988
Non-tax Revenues	57464	67201	78499	91599	106778
Revenue Receipts(net to Centre)	201630	235137	274189	319707	372766
Non-Plan Revenue Expenditure	228768	248788	270718	294732	321018
of which Interest Payments	101266	112201	124181	137291	151620
Plan Revenue Expenditure	50287	58133	66840	76528	87340
Total Revenue Expenditure	279055	306921	337558	371260	408358
Revenue Deficit	77425	71785	63369	51552	35593
Capital Receipts	134814	146435	158995	172545	187133
Recoveries of Loans	13539	14531	15597	16740	17967
Other Receipts (Disinvest etc.)	9000	9000	9000	9000	9000
Fiscal Deficit	112275	122904	134399	146805	160166
Capital Expenditure	57389	78313	96161	117327	142370
Primary Deficit	11009	10702	10217	9514	8546
Outstanding Debt	1141719	1263623	1397022	1542827	1701993
					As percent of GDP
Revenue Receipts(gross)	11.71	12.09	12.47	12.87	13.28
Tax Revenues(gross)	9.08	9.36	9.66	9.96	10.28
Tax Revenues(net to Centre)	6.60	6.81	7.02	7.24	7.47
Non-tax Revenues	2.63	2.72	2.82	2.91	3.00
Revenue Receipts(net to Centre)	9.24	9.53	9.84	10.15	10.47
Non-Plan Revenue Expenditure	10.48	10.09	9.71	9.36	9.02
of which Interest Payments	4.64	4.55	4.46	4.36	4.26
Plan Revenue Expenditure	2.30	2.36	2.40	2.43	2.45
Total Revenue Expenditure	12.78	12.44	12.11	11.79	11.47
Revenue Deficit	3.55	2.91	2.27	1.64	1.00
Capital Receipts	6.18	5.94	5.70	5.48	5.26
Recoveries of Loans	0.62	0.59	0.56	0.53	0.50
Other Receipts (Disinvest etc.)	0.41	0.36	0.32	0.29	0.25
Fiscal Deficit	5.14	4.98	4.82	4.66	4.50
Capital Expenditure	2.63	3.17	3.45	3.72	4.00
Primary Deficit	0.50	0.43	0.37	0.30	0.24
Outstanding Debt	52.30	51.23	50.12	48.98	47.82

Annexure IV.3

Central Government: Fiscal Profile 2000-01 to 2004-05
(Para 4.20)

(Rs. in crores)

	Gr. Rt.	1999-00 R	2000-01	2001-02	2002-03	2003-04	2004-05
Corporation tax	0.195	29915	37978	45384	54233	64809	77447
Income tax	0.1885	26684	31590	37545	44622	53033	63030
Customs	0.143	47800	53572	61233	69989	79998	91437
Union Excise Duties & Service Tax	0.156	63000	73452	84911	98157	113469	131170
Addl.Exc. Duties(net Proceeds)	0.156	3037	3387	3915	4526	5232	6048
Other Taxes	0.156	2580	1634	1889	2184	2524	2918
Gross Tax Revenue		**169979**	**198226**	**230961**	**269185**	**313833**	**366002**
Surcharges and Cesses		11316	12463	14602	17113	20062	23526
Cost of Collection	0.07	2026	2181	2334	2497	2672	2859
Taxes of UTs	0.156	325	329	380	440	508	588
Shareable Tax Revenue			183253	213645	249135	290591	339030
States'Share in Shareable Pool	**0.295**	**43510**	**54060**	**63025**	**73495**	**85724**	**100014**
Centre' Net Tax Revenue		**126469**	**144166**	**167935**	**195690**	**228109**	**265988**
Non Tax Revenue		**53035**	**57464**	**67201**	**78499**	**91599**	**106778**
Gross Revenue Receipts		**223014**	**255690**	**298162**	**347684**	**405432**	**472780**
Rev. Rec. Excl. Tax. Dev.		**179504**	**201630**	**235137**	**274189**	**319707**	**372766**
Potential Fiscal Transfer(as % of Gr. Rev. Rec)		*0.346*	*0.375*	*0.375*	*0.375*	*0.375*	*0.375*
Potential Fiscal Transfer		*77255*	*95884*	*111811*	*130381*	*152037*	*177292*
Interest Payments	0.10	91425	101266	112201	124181	137291	151620
Pensions	0.10	14304	15843	17427	19170	21087	23196
Defence Services	0.10	35873	40661	44727	49200	54120	59532
Other General Services		12516	13260	14056	14900	15797	16749
Social Services		6900	6187	6991	7910	8960	10161
Subsidies		25692	22800	22800	22800	22800	22800
Economic Services		6885	7183	7844	8571	9371	10252
Fin. Comm. & Oth.Non-Plan Grants	0.05	6582	17676	18560	19488	20462	21485
Exp.of UTs(without legislature)	0.13	1140	1185	1339	1513	1710	1932
Other Non-Plan Expenditure	0.05	3587	2707	2842	2984	3134	3290
Total Non Plan Rev. Exp.		204904	228768	248788	270718	294732	321018
Total Plan Rev. Exp		48132	50287	58133	66840	76528	87340
Total Revenue Exp.		**253036**	**279055**	**306921**	**337558**	**371260**	**408358**
Revenue Deficit		**73532**	**77425**	**71785**	**63369**	**51552**	**35593**
Potential Plan Grants to States			20842	26403	32980	40742	49888
Cap. Expenditure(net of rep.)		**50702**	**57389**	**78313**	**96161**	**117327**	**142370**
Total Expenditure		303738	336444	385234	433719	488586	550728
Capital Receipts		**124234**	**134814**	**146435**	**158995**	**172545**	**187133**
Recovery of Loans	0.07	12736	13539	14531	15597	16740	17967
Non-debt Cap. Rec.		2600	9000	9000	9000	9000	9000
Fiscal Deficit		**108898**	**112275**	**122904**	**134399**	**146805**	**160166**
Primary Deficit		17473	11009	10702	10217	9514	8546
Disinvestment for retiring debt			1000	1000	1000	1000	1000
Outstanding debt	891506	1030444	1141719	1263623	1397022	1542827	1701993
As % of GDP							
Total Expenditure		15.72	15.41	15.62	15.56	15.51	15.47
Rev Expenditure		13.10	12.78	12.44	12.11	11.79	11.47
Cap Exp(net of rep.)		2.62	2.63	3.17	3.45	3.72	4.00
Tax Rev(gross)		8.80	9.08	9.36	9.66	9.96	10.28
Non tax Rev.		2.75	2.63	2.72	2.82	2.91	3.00
Fiscal Deficit		5.64	5.14	4.98	4.82	4.66	4.50
Rev Deficit		3.81	3.55	2.91	2.27	1.64	1.00
Primary Deficit		0.90	0.50	0.43	0.37	0.30	0.24
Outstanding debt		53.34	52.30	51.23	50.12	48.98	47.82
GDP (at current market prices)	**0.13**	**1931819**	**2182956**	**2466740**	**2787417**	**3149781**	**3559252**

Note : R - Revised Estimates

Annexure IV.4

Centre's Revenue Transfers to States
(Para 4.21)

(Rs. in crores)

Period	Centre's Gross Revenue (Tax+Non-Tax)	Total Revenue Transfers to States	Total Revenue Transfers as % of Centre's Gross Revenue
First Plan(1951-52 to 1955-56)	2675	632	23.63
Second Plan(1956-57 to 1960-61)	4542	1457	32.08
Third Plan(1961-62 to 1965-66)	10147	2500	24.64
Annual Plan(1966-67 to 1968-69)	9140	2671	29.22
Fourth Plan(1969-70 to 1973-74)	24521	8393	34.23
Fifth Plan(1974-75 to 1978-79)	51908	16472	31.73
Annual Plan(1979-80)	14467	5692	39.34
Sixth Plan(1980-81 to 1984-85)	112124	41786	37.27
Seventh Plan(1985-86 to 1989-90)	243177	91323	37.55
Two Annual Plans(1990-91 & 1991-92)	152757	60623	39.69
Eigth Plan(1992-93 to 1996-97)	609447	235104	38.58
Ninth Plan(1997-98 to 1999-2000)			
1997-98	177450	65692	37.02
1998-99	188655	64226	34.04
1999-2000(RE)	223013	72896	32.69
2000-2001(BE)	257752	94626	36.71

Source: Finance Account and Budget Documents of the Central Government.

Annexure IV.5

Difference between Assessment and Central Forecast
(Para 4.26)

(Rs. in crores)

Item	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Receipts(gross)	-7158	-5779	-3877	-1305	2114
Tax Revenues(gross)	-8812	-11042	-13514	-16213	-19108
Tax Revenues(net to Centre)	-1656	2114	6780	12502	19458
Non-tax Revenues	1654	5262	9637	14908	21222
Revenue Receipts(net to Centre)	-2	7377	16417	27409	40680
Non-Plan Revenue Expenditure	-766	-14282	-21026	-41614	-66771
of which Interest Payments	-814	-6212	-13178	-22045	-33210
Plan Revenue Expenditure	-3367	-3570	-4118	-5074	-6502
Total Revenue Expenditure	-4133	-17852	-25144	-46688	-73273
Revenue Deficit	-4131	-25228	-41561	-74098	-113952
Capital Receipts	25751	28950	26741	23486	18955
Recoveries of Loans	1122	623	21	-706	-1572
Other Receipts (Disinvest etc.)	-1000	-1000	-1000	-1000	-1000
Fiscal Deficit	25629	29326	27720	25192	21527
Capital Expenditure	5445	20771	32411	46693	53016
Primary Deficit	26443	35538	40898	47237	54737
Outstanding Debt	24629	139601	259899	390770	532910
					As percent of GDP
Revenue Receipts(gross)	0.19	0.39	0.61	0.83	1.06
Tax Revenues(gross)	0.00	0.05	0.12	0.19	0.28
Tax Revenues(net to Centre)	0.21	0.43	0.65	0.86	1.07
Non-tax Revenues	0.18	0.34	0.49	0.64	0.78
Revenue Receipts(net to Centre)	0.39	0.77	1.14	1.50	1.85
Non-Plan Revenue Expenditure	0.41	-0.03	-0.13	-0.60	-1.05
of which Interest Payments	0.16	-0.01	-0.18	-0.36	-0.54
Plan Revenue Expenditure	-0.05	-0.02	0.00	0.01	0.02
Total Revenue Expenditure	0.36	-0.05	-0.13	-0.59	-1.03
Revenue Deficit	-0.03	-0.82	-1.27	-2.08	-2.88
Capital Receipts	1.39	1.42	1.24	1.07	0.89
Recoveries of Loans	0.08	0.05	0.03	0.02	0.00
Other Receipts (Disinvest etc.)	-0.03	-0.02	-0.01	-0.01	-0.01
Fiscal Deficit	1.34	1.38	1.22	1.06	0.90
Capital Expenditure	0.35	0.96	1.30	1.63	1.68
Primary Deficit	1.18	1.39	1.40	1.42	1.44
Outstanding Debt	3.31	7.98	11.75	14.88	17.46

Note : *In computing the percentage to GDP, GDP figures as per Central projections were used for magnitudes in Central forecasts, and as per assessment for magnitudes in the Assessment exercise. The figures in the table indicate the difference between assessment and Central forecast.*

Annexure V.1

Additional Tax Revenues Assessed for the Base Year - normative assessment
(Para 5.13)

(Rs. in lakhs)

States	Additional Tax Amount
Arunachal Pradesh	464
Bihar	18198
Jammu & Kashmir	233
Madhya Pradesh	11095
Manipur	639
Meghalaya	90
Mizoram	465
Nagaland	589
Orissa	7491
Punjab	6005
Rajasthan	16919
Tripura	492
Uttar Pradesh	28645
West Bengal	49019
All States	**140344**

Annexure V.2

Amount of Interest excluded in the base year - normative assessment
(Para 5.20)

(Rs. in lakhs)

States	Reduce Amount
Assam	401
Bihar	7355
Goa	149
Haryana	1358
Himachal Pradesh	3359
Jammu & Kashmir	1243
Orissa	9720
Punjab	13676
Rajasthan	7912
Uttar Pradesh	35973
West Bengal	17754
All States	**98900**

Annexure V.3

Buoyancy based growth rates of tax revenues (2000-05)
(Para 5.23)

States	Cluster group	Rate of Growth per annum of GSDP	Prescriptive buoyancies of tax revenue	Prescriptive per annum growth rate of tax revenue (%)
Andhra Pradesh	G3	14	1.35	18.90
Arunachal Pradesh	G2	13	1.20	15.60
Assam	G1	12	1.10	13.20
Bihar	G1	12	1.20	14.40
Goa	G3	14	1.20	16.80
Gujarat	G3	14	1.35	18.90
Haryana	G3	14	1.35	18.90
Himachal Pradesh	G2	13	1.20	15.60
Jammu & Kashmir	G1	12	1.10	13.20
Karnataka	G3	14	1.20	16.80
Kerala	G3	14	1.20	16.80
Madhya Pradesh	G2	13	1.30	16.90
Maharashtra	G3	14	1.35	18.90
Manipur	G1	12	1.10	13.20
Meghalaya	G2	13	1.10	14.30
Mizoram	G2	13	1.10	14.30
Nagaland	G2	13	1.10	14.30
Orissa	G1	12	1.20	14.40
Punjab	G3	14	1.35	18.90
Rajasthan	G3	14	1.30	18.20
Sikkim	G2	13	1.10	14.30
Tamil Nadu	G3	14	1.20	16.80
Tripura	G1	12	1.20	14.40
Uttar Pradesh	G2	13	1.30	16.90
West Bengal	G2	13	1.30	16.90

Annexure V.4

Estimated Net Return on Investments by States in the Power Sector*
(Para 5.31)

(Rs. in lakhs)

	2000-01	2001-02	2002-03	2003-04	2004-05
Andhra Pradesh					
Return on o/s State Loans to SEBs	11231	13325	15440	17534	19627
Return on State Equity to SEBs	2640	3630	4619	5609	6599
Assam					
Return on o/s State Loans to SEBs	3540	7080	10620	14160	17700
Return on State Equity to SEBs	0	0	0	0	0
Bihar					
Return on o/s State Loans to SEBs	6382	12557	18697	24872	31047
Return on State Equity to SEBs	204	281	357	434	510
Gujarat					
Return on o/s State Loans to SEBs	6882	13398	19914	26430	32946
Return on State Equity to SEBs	1339	1841	2344	2846	3348
Haryana**					
Return on o/s State Loans to SEBs	464	759	1055	1349	1645
Return on State Equity to SEBs	0	0	0	0	0
Himachal Pradesh					
Return on o/s State Loans to SEBs	200	355	510	665	819
Return on State Equity to SEBs	17	23	29	36	42
Karnataka					
Return on o/s State Loans to SEBs	10983	11559	12134	12710	13286
Return on State Equity to SEBs & KPCL	2219	3051	3883	4715	5547
Kerala					
Return on o/s State Loans to SEBs	3689	5462	7234	9007	10779
Return on State Equity to SEBs	0	0	0	0	0
Madhaya Pradesh					
Return on o/s State Loans to SEBs	2656	3653	4649	5645	6641
Return on State Equity to SEBs	10	20	30	40	50
Maharashtra					
Return on o/s State Loans to SEBs	19646	24524	29403	34325	39204
Return on State Equity to SEBs	2957	4066	5175	6284	7393
Meghalaya					
Return on o/s State Loans to SEBs	263	527	790	1053	1316
Return on State Equity to SEBs	0	0	0	0	0
Orissa					
Return on o/s State Loans to Power Companies	1064	1689	2310	2935	3560
Return on State Equity to Power Companies & Other Projects	1073	1476	1878	2281	2683
Punjab					
Return on o/s State Loans to SEBs	7502	13683	19827	26008	32152
Return on State Equity to SEBs	3234	4447	5660	6872	8085
Rajasthan					
Return on o/s State Loans to SEBs	12707	12707	12707	12707	12707
Return on State Equity to SEBs	3549	4880	6211	7542	8873
Tamil Nadu					
Return on o/s State Loans to SEBs	2894	3223	3556	3889	4222
Return on State Equity to SEBs	439	603	768	933	1097
Uttar Pradesh					
Return on o/s State Loans to SEBs	25808	47929	70051	92299	114420
Return on State Equity	801	1101	1401	1701	2002
West Bengal					
Return on o/s State Loans to SEBs	6168	11884	17633	23349	29065
Return on State Equity to SEBs	6853	9423	11993	14563	32

* The Returns on loans and equity have been calculated for the investments made in SEBs, power companies and other power projects etc. of the State.

** For Haryana, State Governments investment in equity in the four companies established in August 1999 is not yet available.

Note : In the reassessment exercise the gross returns on loans were taken at 9% and gross returns on equity were taken at 5%, in the last year of the forecast period, i.e. 2004-05. In the intervening years the returns were accordingly stepped up. Here too, the same percentages as adopted in the State's reassessment exercise, have been taken. The returns have been calculated on the stock of loans and investments in equity as on 31st March 1999, as indicated in the Finance Accounts of 1998-99.

Annexure V.5

Estimated Net Return on the Investments by State Government in the Transport Sector
(Para 5.31)

(Rs. in lakhs)

	2000-01	2001-02	2002-03	2003-04	2004-05
Andhra Pradesh					
Return on o/s State Loans to SRTC	0	0	0	0	0
Return on State Equity to SRTC	263	361	460	558	657
Total Return	263	361	460	558	657
Assam					
Return on o/s State Loans to SRTC	0	0	0	0	0
Return on State Equity to SRTC	427	588	748	908	1069
Total Return	427	588	748	908	1069
Bihar					
Return on o/s State Loans to SRTC	55	108	161	214	267
Return on State Equity to SRTC	149	204	260	316	372
Total Return	204	313	421	530	639
Gujarat					
Return on o/s State Loans to SRTC	0	0	0	0	0
Return on State Equity to SRTC	659	907	1154	1401	1649
Total Return	659	907	1154	1401	1649
Himachal Pradesh					
Return on o/s State Loans to SRTC	0	0	0	0	0
Return on State Equity to SRTC	3	4	5	6	7
Total Return	3	4	5	6	7
Jammu and Kashmir					
Return on o/s State Loans to SRTC	244	489	733	977	1222
Return on State Equity to SRTC	162	223	284	345	406
Total Return	407	712	1017	1323	1628
Karnataka					
Return on o/s State Loans to SRTC	37	39	41	43	45
Return on State Equity to SRTC	718	987	1256	1525	1794
Total Return	755	1026	1297	1568	1839
Kerala					
Return on o/s State Loans to SRTC	253	375	497	619	740
Return on State Equity to SRTC	122	167	213	258	304
Total Return	375	542	710	877	1044
Madhaya Pradesh					
Return on o/s State Loans to SRTC	130	150	169	189	209
Return on State Equity to SRTC	135	271	406	541	677
Total Return	266	421	575	731	885
Maharashtra					
Return on o/s State Loans to SRTC	0	0	0	0	0
Return on State Equity to SRTC	257	354	450	547	643
Total Return	257	354	450	547	643
Meghalaya					
Return on o/s State Loans to SRTC	0	0	0	0	0
Return on State Equity to SRTC	44	61	78	94	111
Total Return	44	61	78	94	111
Manipur					
Return on o/s State Loans to SRTC					
Return on State Equity to SRTC	48	66	85	103	121
Total Return	48	66	85	103	121
Orissa					
Return on o/s State Loans to SRTC	0	0	0	0	0
Return on State Equity to SRTC	98	196	294	392	490
Total Return	98	196	294	392	490
Punjab					
Return on o/s State Loans to SRTC	97	177	257	337	417
Return on State Equity to SRTC	174	239	305	370	435
Total Return	271	417	562	707	852

Contd....

(Rs. in lakhs)

	2000-01	2001-02	2002-03	2003-04	2004-05
Rajasthan					
Return on o/s State Loans to SRTC	0	0	0	0	0
Return on State Equity to SRTC	81	162	243	325	406
Total Return	81	162	243	325	406
Tamil Nadu					
Return on o/s State Loans to SRTC	292	325	359	392	426
Return on State Equity to SRTC	1224	1683	2142	2601	3060
Total Return	1516	2008	2501	2994	3486
Tripura					
Return on o/s State Loans to SRTC	0	1	1	1	1
Return on State Equity to SRTC	51	102	153	204	255
Total Return	51	103	154	205	256
Uttar Pradesh					
Return on o/s State Loans to SRTC	32	59	87	114	142
Return on State Equity to SRTC	192	383	575	766	958
Total Return	223	442	661	880	1099
West Bengal					
Return on o/s State Loans to SRTC	1009	1945	2885	3820	4756
Return on State Equity to SRTC	27	37	47	57	67
Total Return	1036	1982	2932	3878	4823

Note : In the reassessment exercise the gross returns on loans were taken at 9% and gross returns on equity were taken at 5%, in the last year of the forecast period, i.e. 2004-05. In the intervening years the returns were stepped up from the returns reported in 1998-99 to the desired returns of 2004-05. Here too, the same percentages as adopted in the State's reassessment exercise, have been taken. The returns have been calculated on the stock of loans and investments in equity as on 31st March 1999, as indicated in the Finance Accounts of 1998-99.

Annexure V.6

Maintenance Expenditure Provided for Major and Medium Irrigation (2701)
(Para 5.44)

(Rs. in lakhs)

States	2000-01	2001-02	2002-03	2003-04	2004-05	Total 2000-2005
Andhra Pradesh	14145	14937	15797	16697	17639	79215
Arunachal Pradesh	0	0	0	0	0	0
Assam	868	912	957	1005	1055	4798
Bihar	19233	20194	21204	22264	23378	106274
Goa	648	680	714	750	787	3580
Gujarat	16859	17702	18587	19516	20492	93156
Haryana	9295	9818	10388	11059	11685	52244
Himachal Pradesh	137	143	150	158	166	754
Jammu & Kashmir	1035	1108	1179	1256	1329	5907
Karnataka	8303	8771	9279	9809	10365	46526
Kerala	2622	2790	2972	3162	3341	14887
Madhya Pradesh	20377	21396	22466	23589	24769	112598
Maharashtra	18072	18975	19924	20920	21966	99857
Manipur	932	979	1028	1079	1133	5152
Meghalaya	0	0	0	0	0	0
Mizoram	0	0	0	0	0	0
Nagaland	0	0	0	0	0	0
Orissa	7507	7875	8330	8776	9494	41983
Punjab	12154	12791	13482	14154	14953	67534
Rajasthan	13475	14148	14856	15599	16379	74456
Sikkim	0	0	0	0	0	0
Tamil Nadu	15665	16448	17271	18134	19041	86559
Tripura	12	13	14	14	15	68
Uttar Pradesh	40906	42951	45099	47354	49721	226031
West Bengal	8928	9375	9843	10335	10852	49334
All India Total	**211172**	**222008**	**233539**	**245631**	**258559**	**1170910**

Annexure V.7

Maintenance Expenditure Provided for Minor Irrigation (2702)
(Para 5.44)

(Rs. in lakhs)

States	2000-01	2001-02	2002-03	2003-04	2004-05	Total 2000-2005
Andhra Pradesh	6471	6875	7359	7886	8375	36966
Arunachal Pradesh	525	551	579	608	638	2901
Assam	3068	3222	3383	3552	3729	16953
Bihar	12537	13164	13822	14513	15239	69275
Goa	558	585	615	645	678	3081
Gujarat	7286	7650	8033	8434	8856	40259
Haryana	3684	3913	4102	4351	4621	20671
Himachal Pradesh	2662	2795	2935	3081	3235	14708
Jammu & Kashmir	5390	5659	5942	6239	6551	29781
Karnataka	5841	6133	6440	6762	7100	32276
Kerala	3687	3871	4064	4268	4481	20371
Madhya Pradesh	5899	6336	6784	7272	7801	34091
Maharashtra	11221	11782	12372	12990	13640	62005
Manipur	247	259	272	286	300	1363
Meghalaya	540	567	595	625	656	2982
Mizoram	48	51	53	56	59	267
Nagaland	389	408	428	450	472	2147
Orissa	3189	3348	3516	3691	3876	17620
Punjab	7843	8286	8731	9168	9735	43762
Rajasthan	7166	7525	7901	8296	8711	39598
Sikkim	110	116	122	128	134	609
Tamil Nadu	4993	5250	5506	5783	6082	27614
Tripura	860	903	948	995	1045	4752
Uttar Pradesh	60487	64234	68044	72182	77433	342380
West Bengal	22211	23321	24487	25712	26997	122728
All India Total	**176909**	**186804**	**197032**	**207973**	**220442**	**989161**

Annexure V.8

Maintenance Expenditure provided for Roads & Bridges
(MH-3054)
(Para 5.47)

(Rs. in lakhs)

States	2000-01	2001-02	2002-03	2003-04	2004-05	Total 2000-2005
Andhra Pradesh	46809	49149	51607	54187	56897	258649
Arunachal Pradesh	359	377	396	416	436	1984
Assam	15381	16151	16958	17806	18696	84992
Bihar	25467	26740	28077	29481	30955	140720
Goa	2020	2121	2227	2339	2456	11163
Gujarat	43651	45833	48125	50531	53058	241197
Haryana	16409	17230	18091	18996	19946	90672
Himachal Pradesh	17647	18530	19456	20429	21450	97513
Jammu & Kashmir	3277	3441	3613	3794	3984	18109
Karnataka	23668	24852	26094	27399	28769	130782
Kerala	22100	23205	24366	25584	26863	122119
Madhya Pradesh	48796	51235	53797	56487	59311	269626
Maharashtra	93747	98435	103356	108524	113950	518012
Manipur	242	254	266	280	294	1334
Meghalaya	3810	4001	4201	4411	4632	21055
Mizoram	1993	2093	2197	2307	2422	11012
Nagaland	2124	2230	2341	2458	2581	11734
Orissa	13284	13948	14645	15378	16147	73401
Punjab	15158	15916	16711	17547	18424	83756
Rajasthan	23737	24923	26170	27478	28852	131159
Sikkim	1517	1593	1673	1756	1844	8384
Tamil Nadu	36333	38150	40057	42060	44163	200764
Tripura	1043	1096	1150	1208	1268	5766
Uttar Pradesh	41248	43310	45476	47750	50137	227921
West Bengal	16260	17073	17927	18823	19764	89848
All States	**516081**	**541885**	**568980**	**597429**	**627300**	**2851675**

Annexure V.9

Maintenance Expenditure provided for Buildings
(MH-2059 & 2216)
(Para 5.50)

(Rs. in lakhs)

States	Forecast Period Projections (5%)					Total Provision
	2000-01	2001-02	2002-03	2003-04	2004-05	2000-2005
Andhra Pradesh	9371	9840	10332	10848	11391	51782
Arunachal Pradesh	2199	2309	2424	2545	2673	12149
Assam	5986	6286	6600	6930	7276	33078
Bihar	11984	12583	13212	13873	14566	66217
Goa	1866	1959	2057	2160	2268	10310
Gujarat	18636	19568	20547	21574	22653	102978
Haryana	4086	4290	4504	4730	4966	22575
Himachal Pradesh	4829	5070	5324	5590	5870	26683
Jammu & Kashmir	9520	9996	10496	11021	11572	52606
Karnataka	17707	18593	19522	20498	21523	97843
Kerala	5188	5448	5720	6006	6306	28669
Madhya Pradesh	10577	11105	11661	12244	12856	58443
Maharashtra	52487	55112	57867	60761	63799	290026
Manipur	942	989	1039	1091	1145	5207
Meghalaya	3023	3174	3333	3499	3674	16704
Mizoram	1447	1519	1595	1675	1759	7995
Nagaland	4975	5224	5485	5759	6047	27489
Orissa	12872	13515	14191	14901	15646	71124
Punjab	12919	13565	14243	14956	15703	71387
Rajasthan	7506	7882	8276	8690	9124	41478
Sikkim	885	929	975	1024	1075	4888
Tamil Nadu	12642	13274	13938	14635	15366	69855
Tripura	3514	3689	3874	4067	4271	19415
Uttar Pradesh	24635	25867	27160	28518	29944	136124
West Bengal	18462	19385	20355	21372	22441	102015
All States	**258259**	**271171**	**284730**	**298967**	**313915**	**1427041**

Annexure V.10

Provision for Committed Liabilities for
maintenance of Plan Scheme
(Para 5.55)

(Rs. in lakhs)

States	Projected Committed Liabilities		
	2002-03	2003-04	2004-05
Andhra Pradesh	138403	152244	167468
Bihar	66200	72820	80102
Goa	4293	4722	5195
Gujarat	87941	96735	106408
Haryana	28196	31015	34117
Karnataka	99454	109400	120340
Kerala	85819	94401	103841
Madhya Pradesh	80395	88434	97278
Maharashtra	135982	149580	164539
Orissa	63944	70338	77372
Punjab	22891	25180	27698
Rajasthan	46841	51525	56677
Tamil Nadu	95008	104509	114960
Uttar Pradesh	133826	147208	161929
West Bengal	67962	74758	82234
All State	**1157155**	**1272871**	**1400158**

Annexure V.11
STATE: Andhra Pradesh

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	1102798	1311226	1559048	1853708	2204059	8030839
2	Own Non Tax Revenue	140547	162991	188372	217397	264815	974122
3	Other Non-Plan Grants	1851	2036	2240	2464	2710	11302
	Total	**1245195**	**1476254**	**1749660**	**2073570**	**2471584**	**9016263**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	334442	367886	404675	445142	489656	2041801
(ii)	Pension	173742	191116	210227	231250	254375	1060710
(iii)	Elections	3578	4071	4562	5048	33247	50506
(iv)	Other General Services	181415	190855	200793	211255	222270	1006588
	Total (i) to (iv)	**693177**	**753928**	**820257**	**892695**	**999548**	**4159605**
II	**Social Services**	388264	433375	484595	542810	609033	2458077
III	**Economic Services**	214004	229510	246391	264696	284481	1239082
IV	**Compensation and Assignment to Local Bodies**	18996	21466	24257	27410	30973	123102
V	**Committed Liabilities**			138403	152244	167468	458115
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**1314441**	**1438279**	**1713902**	**1879855**	**2091503**	**8437981**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-69246**	**37975**	**35758**	**193715**	**380081**	**578282**

Annexure V.12
STATE: Arunachal Pradesh

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	2074	2398	2772	3204	3704	14152
2	Own Non Tax Revenue	7966	8889	9988	11308	14431	52582
3	Other Non-Plan Grants	234	257	283	311	343	1428
	Total	**10274**	**11544**	**13042**	**14823**	**18478**	**68162**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	8855	9741	10715	11786	12965	54061
(ii)	Pension	3300	3630	3993	4392	4832	20147
(iii)	Elections	490	551	612	674	3796	6123
(iv)	Other General Services	11764	12436	13147	13900	14697	65944
	Total (i) to (iv)	**24409**	**26357**	**28467**	**30752**	**36289**	**146275**
II	**Social Services**	12964	14016	15182	16476	17915	76554
III	**Economic Services**	10555	11222	11939	12708	13534	59957
IV	**Compensation and Assignment to Local Bodies**						
V	**Committed Liabilities**						
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**47928**	**51596**	**55587**	**59936**	**67738**	**282785**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-37653**	**-40052**	**-42545**	**-45113**	**-49260**	**-214624**

Annexure V.13
STATE: Assam

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	126952	143709	162679	184152	208460	825952
2	Own Non Tax Revenue	67819	79149	91516	105161	125725	469370
3	Other Non-Plan Grants	21783	23962	26358	28994	31893	132989
	Total	**216554**	**246820**	**280553**	**318307**	**366078**	**1428311**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	65425	71968	79165	87081	95789	399429
(ii)	Pension	38374	42211	46432	51075	56183	234274
(iii)	Elections	1709	7264	2137	2350	7905	21365
(iv)	Other General Services	85705	90425	95411	100679	106246	478466
	Total (i) to (iv)	**191213**	**211868**	**223145**	**241186**	**266123**	**1133534**
II	**Social Services**	151550	162330	174130	187073	201298	876381
III	**Economic Services**	61893	65959	70334	75045	80228	353459
IV	**Compensation and Assignment to Local Bodies**	553	624	706	797	901	3581
V	**Committed Liabilities**						
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**405209**	**440781**	**468315**	**504101**	**548550**	**2366955**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-188655**	**-193961**	**-187762**	**-185794**	**-182471**	**-938644**

Annexure V.14
STATE: Bihar

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	368023	421018	481644	551001	630345	2452031
2	Own Non Tax Revenue	141530	164506	189629	217392	268128	981185
3	Other Non-Plan Grants	5249	5774	6352	6987	7685	32047
	Total	**514801**	**591298**	**677625**	**775379**	**906159**	**3465262**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	297069	326776	359454	395399	434939	1813638
(ii)	Pension	129556	142511	156763	172439	189683	790951
(iii)	Elections	5511	6199	6888	7577	42709	68884
(iv)	Other General Services	171363	180973	191137	201886	213257	958617
	Total (i) to (iv)	**603500**	**656460**	**714241**	**777302**	**880588**	**3632091**
II	**Social Services**	412822	456916	506733	563086	626909	2566466
III	**Economic Services**	141850	151181	161225	172046	183711	810013
IV	**Compensation and Assignment to Local Bodies**	229	259	293	331	374	1487
V	**Committed Liabilities**			66200	72820	80102	219122
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**1158401**	**1264816**	**1448692**	**1585584**	**1771684**	**7229178**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-643599**	**-673518**	**-771067**	**-810205**	**-865526**	**-3763915**

Annexure V.15
STATE: Goa

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	50328	58783	68659	80193	93666	351629
2	Own Non Tax Revenue	12012	14531	17632	21460	26456	92091
3	Other Non-Plan Grants	563	620	681	750	825	3438
	Total	**62903**	**73934**	**86972**	**102403**	**120946**	**447158**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	18034	19837	21821	24003	26403	110098
(ii)	Pension	4950	5445	5990	6588	7247	30220
(iii)	Elections	65	74	83	92	625	939
(iv)	Other General Services	7749	8183	8643	9129	9643	43348
	Total (i) to (iv)	**30798**	**33540**	**36536**	**39813**	**43919**	**184605**
II	**Social Services**	31790	35508	39732	44534	49999	201563
III	**Economic Services**	7037	7442	7874	8335	8826	39515
IV	**Compensation and Assignment to Local Bodies**						
V	**Committed Liabilities**			4293	4722	5195	14210
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**69624**	**76489**	**88436**	**97404**	**107939**	**439893**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-6721**	**-2556**	**-1464**	**4999**	**13007**	**7265**

Annexure V.16
STATE: Gujarat

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	1048188	1246295	1481845	1761914	2094916	7633158
2	Own Non Tax Revenue	190776	220168	251830	286228	331257	1280259
3	Other Non-Plan Grants	1102	1212	1333	1467	1613	6728
	Total	**1240066**	**1467676**	**1735008**	**2049609**	**2427786**	**8920145**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	285190	313709	345080	379588	417547	1741116
(ii)	Pension	97232	106956	117651	129416	142358	593613
(iii)	Elections	2338	2630	10229	3215	10813	29225
(iv)	Other General Services	126937	133927	141312	149115	157359	708650
	Total (i) to (iv)	**511697**	**557222**	**614273**	**661334**	**728077**	**3072604**
II	**Social Services**	469715	524420	586543	657158	737496	2975332
III	**Economic Services**	147973	157453	167638	178582	190360	842006
IV	**Compensation and Assignment to Local Bodies**	6334	7157	8087	9139	10327	41044
V	**Committed Liabilities**			87941	96735	106408	291084
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**1135719**	**1246252**	**1464482**	**1602948**	**1772668**	**7222069**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**104347**	**221424**	**270527**	**446661**	**655118**	**1698076**

Annexure V.17
STATE: Haryana

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	434222	516289	613868	729889	867838	3162107
2	Own Non Tax Revenue	67355	78748	91981	107497	127507	473088
3	Other Non-Plan Grants	752	828	910	1001	1102	4593
	Total	**502329**	**595865**	**706760**	**838388**	**996447**	**3639788**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	124626	137088	150797	165877	182465	760853
(ii)	Pension	41327	45460	50006	55006	60507	252305
(iii)	Elections	532	2262	665	732	2462	6653
(iv)	Other General Services	64423	67905	71580	75459	79552	358920
	Total (i) to (iv)	**230907**	**252715**	**273048**	**297074**	**324986**	**1378732**
II	**Social Services**	169464	187521	207919	230989	257114	1053008
III	**Economic Services**	63131	67217	71565	76357	81428	359698
IV	**Compensation and Assignment to Local Bodies**	55	63	71	80	90	359
V	**Committed Liabilities**			28196	31015	34117	93328
VI	**Total Non-Plan Revenue Expenditure (I to V)**	**463559**	**507516**	**580799**	**635515**	**697736**	**2885124**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**38770**	**88349**	**125961**	**202873**	**298711**	**754664**

Annexure V.18
STATE: Himachal Pradesh

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	77141	89175	103086	119168	137758	526328
2	Own Non Tax Revenue	26497	32054	38773	46083	56614	200021
3	Other Non-Plan Grants	296	325	358	393	432	1805
	Total	**103934**	**121555**	**142217**	**165644**	**194804**	**728154**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	59304	65235	71758	78934	86828	362059
(ii)	Pension	28128	30941	34035	37439	41182	171725
(iii)	Elections	491	553	2150	676	2273	6143
(iv)	Other General Services	35075	37006	39047	41203	43481	195811
	Total (i) to (iv)	**122998**	**133735**	**146990**	**158251**	**173764**	**735738**
II	**Social Services**	77828	83368	89434	96087	103400	450117
III	**Economic Services**	44978	47715	50643	53777	57135	254248
IV	**Compensation and Assignment to Local Bodies**						
V	**Committed Liabilities**						
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**245804**	**264818**	**287067**	**308116**	**334299**	**1440103**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-141870**	**-143264**	**-144850**	**-142472**	**-139495**	**-711949**

Annexure V.19
STATE: Jammu & Kashmir

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	58666	66410	75176	85100	96333	381685
2	Own Non Tax Revenue	27536	29718	32023	34703	44107	168087
3	Other Non-Plan Grants	28593	31453	34598	38058	41864	174566
	Total	**114796**	**127581**	**141797**	**157860**	**182304**	**724338**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	82721	90993	100093	110102	121112	505022
(ii)	Pension	32046	35251	38776	42654	46919	195646
(iii)	Elections	2003	8513	2504	2755	9266	25041
(iv)	Other General Services	101214	106992	113109	119586	126444	567344
	Total (i) to (iv)	**217985**	**241749**	**254482**	**275096**	**303741**	**1293053**
II	**Social Services**	125590	135853	147228	159858	173910	742439
III	**Economic Services**	52125	55368	58835	62554	66534	295415
IV	**Compensation and Assignment to Local Bodies**						
V	**Committed Liabilities**						
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**395700**	**432970**	**460545**	**497508**	**544185**	**2330907**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-280904**	**-305390**	**-318748**	**-339648**	**-361881**	**-1606570**

Annexure V.20
STATE: Karnataka

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	941101	1099206	1283872	1499563	1751489	6575231
2	Own Non Tax Revenue	114186	131912	152808	177659	219763	796328
3	Other Non-Plan Grants	1800	1980	2178	2396	2635	10988
	Total	**1057086**	**1233097**	**1438858**	**1679618**	**1973887**	**7382547**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	204501	224951	247446	272191	299410	1248499
(ii)	Pension	122921	135213	148734	163607	179968	750443
(iii)	Elections	3031	3460	3884	4305	29372	44052
(iv)	Other General Services	140005	147574	155561	163990	172886	780015
	Total (i) to (iv)	**470458**	**511197**	**555625**	**604093**	**681636**	**2823008**
II	**Social Services**	402171	445194	493804	548797	611086	2501051
III	**Economic Services**	116593	124176	132340	141117	150563	664790
IV	**Compensation and Assignment to Local Bodies**	42742	48299	54578	61673	69690	276981
V	**Committed Liabilities**			99454	109400	120340	329194
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**1031964**	**1128866**	**1335800**	**1465080**	**1633314**	**6595025**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**25122**	**104231**	**103058**	**214538**	**340573**	**787522**

Annexure V.21
STATE: Kerala

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	635998	742846	867644	1013408	1183661	4443557
2	Own Non Tax Revenue	68478	82578	98424	116436	144108	510024
3	Other Non-Plan Grants	1154	1270	1397	1536	1690	7047
	Total	**705630**	**826694**	**967465**	**1131380**	**1329458**	**4960628**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	180674	198741	218615	240477	264525	1103032
(ii)	Pension	146021	160623	176685	194353	213789	891470
(iii)	Elections	1880	9094	2385	2636	9846	25841
(iv)	Other General Services	95557	100626	105969	111601	117538	531289
	Total (i) to (iv)	**424131**	**469084**	**503654**	**549067**	**605697**	**2551633**
II	**Social Services**	328630	363776	403486	448410	499293	2043594
III	**Economic Services**	82970	88825	95162	102020	109425	478402
IV	**Compensation and Assignment to Local Bodies**	6215	7023	7936	8968	10133	40275
V	**Committed Liabilities**			85819	94401	103841	284061
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**841946**	**928707**	**1096057**	**1202866**	**1328389**	**5397965**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-136316**	**-102013**	**-128592**	**-71486**	**1069**	**-437337**

Annexure V.22
STATE: Madhya Pradesh

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	697423	815288	953071	1114140	1302430	4882352
2	Own Non Tax Revenue	219208	242560	269326	300290	344199	1375583
3	Other Non-Plan Grants	25220	27742	30516	33567	36924	153969
	Total	**941851**	**1085589**	**1252913**	**1447998**	**1683553**	**6411904**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	232097	255306	280837	308921	339813	1416974
(ii)	Pension	126894	139583	153541	168896	185785	774699
(iii)	Elections	1099	1236	1374	4946	5083	13738
(iv)	Other General Services	180319	190068	200354	211210	222668	1004620
	Total (i) to (iv)	**540409**	**586193**	**636107**	**693973**	**753349**	**3210031**
II	**Social Services**	396160	438515	486370	540507	601824	2463375
III	**Economic Services**	215731	231058	247627	265578	285040	1245035
IV	**Compensation and Assignment to Local Bodies**	56105	63398	71640	80953	91477	363572
V	**Committed Liabilities**			80395	88434	97278	266107
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**1208404**	**1319164**	**1522139**	**1669445**	**1828967**	**7548119**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-266554**	**-233575**	**-269226**	**-221447**	**-145414**	**-1136216**

Annexure V.23
STATE: Maharashtra

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	1988217	2363990	2810784	3342023	3973665	14478680
2	Own Non Tax Revenue	260306	311197	371853	444354	539572	1927282
3	Other Non-Plan Grants	2297	2527	2780	3058	3363	14025
	Total	**2250820**	**2677714**	**3185417**	**3789434**	**4516601**	**16419987**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	464651	511116	562228	618450	680296	2836741
(ii)	Pension	120579	132637	145900	160490	176539	736145
(iii)	Elections	2660	2993	3325	3658	20617	33253
(iv)	Other General Services	294818	310158	326308	343310	361210	1635804
	Total (i) to (iv)	**882707**	**956904**	**1037761**	**1125909**	**1238662**	**5241943**
II	**Social Services**	890467	994424	1112494	1246719	1399447	5643550
III	**Economic Services**	244675	258834	273911	289978	307108	1374506
IV	**Compensation and Assignment to Local Bodies**	14670	16577	18732	21167	23918	95063
V	**Committed Liabilities**			135982	149580	164539	450101
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**2032519**	**2226738**	**2578879**	**2833352**	**3133674**	**12805163**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**218301**	**450976**	**606538**	**956082**	**1382926**	**3614823**

Annexure V.24
STATE: Manipur

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	5815	6583	7451	8435	9548	37833
2	Own Non Tax Revenue	2225	2795	3456	4238	5857	18571
3	Other Non-Plan Grants	1875	2063	2269	2496	2745	11447
	Total	**9915**	**11440**	**13176**	**15169**	**18151**	**67851**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	10859	11945	13140	14454	15899	66297
(ii)	Pension	6789	7468	8215	9036	9940	41449
(iii)	Elections	219	247	274	302	1704	2746
(iv)	Other General Services	15281	16107	16979	17899	18870	85135
	Total (i) to (iv)	**33148**	**35767**	**38607**	**41691**	**46413**	**195626**
II	**Social Services**	24469	26217	28131	30231	32540	141587
III	**Economic Services**	7552	8026	8535	9082	9668	42863
IV	**Compensation and Assignment to Local Bodies**						
V	**Committed Liabilities**						
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**65169**	**70010**	**75273**	**81004**	**88621**	**380076**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-55254**	**-58570**	**-62097**	**-65835**	**-70470**	**-312225**

Annexure V.25
STATE: Meghalaya

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	11979	13692	15650	17888	20446	79657
2	Own Non Tax Revenue	6527	7831	9290	10940	13617	48205
3	Other Non-Plan Grants	800	880	969	1065	1172	4886
	Total	**19306**	**22403**	**25909**	**29893**	**35235**	**132747**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	8785	9663	10629	11692	12862	53631
(ii)	Pension	4489	4938	5432	5975	6572	27406
(iii)	Elections	252	283	1102	346	1165	3148
(iv)	Other General Services	16697	17634	18624	19672	20780	93407
	Total (i) to (iv)	**30223**	**32518**	**35787**	**37685**	**41379**	**177592**
II	**Social Services**	26258	28407	30788	33433	36375	155261
III	**Economic Services**	15126	16075	17092	18183	19356	85833
IV	**Compensation and Assignment to Local Bodies**						
V	**Committed Liabilities**						
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**71608**	**77000**	**83668**	**89301**	**97110**	**418686**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-52301**	**-54597**	**-57759**	**-59408**	**-61875**	**-285939**

Annexure V.26
STATE: Mizoram

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	1716	1962	2242	2563	2930	11414
2	Own Non Tax Revenue	3709	4717	5879	7240	10164	31709
3	Other Non-Plan Grants	340	374	412	453	498	2077
	Total	**5765**	**7053**	**8533**	**10256**	**13592**	**45200**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	9389	10327	11360	12496	13746	57318
(ii)	Pension	1889	2078	2285	2514	2765	11531
(iii)	Elections	421	473	526	1892	1945	5257
(iv)	Other General Services	12507	13221	13977	14778	15625	70109
	Total (i) to (iv)	**24206**	**26099**	**28149**	**31680**	**34081**	**144215**
II	**Social Services**	17286	18700	20268	22008	23945	102208
III	**Economic Services**	7256	7690	8151	8646	9175	40918
IV	**Compensation and Assignment to Local Bodies**						
V	**Committed Liabilities**						
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**48748**	**52489**	**56568**	**62334**	**67201**	**287340**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-42982**	**-45437**	**-48034**	**-52078**	**-53609**	**-242140**

Annexure V.27
STATE: Nagaland

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	5167	5906	6750	7715	8819	34356
2	Own Non Tax Revenue	1517	1817	2140	2499	4517	12490
3	Other Non-Plan Grants	1419	1561	1717	1889	2078	8663
	Total	**8103**	**9283**	**10607**	**12103**	**15413**	**55510**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	17056	18761	20637	22701	24971	104126
(ii)	Pension	4896	5386	5924	6517	7168	29891
(iii)	Elections	518	582	2264	711	2392	6467
(iv)	Other General Services	26130	27595	29145	30784	32518	146171
	Total (i) to (iv)	**48599**	**52324**	**57970**	**60712**	**67049**	**286655**
II	**Social Services**	25973	27829	29861	32091	34543	150297
III	**Economic Services**	9856	10392	10960	11563	12201	54973
IV	**Compensation and Assignment to Local Bodies**						
V	**Committed Liabilities**						
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**84428**	**90545**	**98791**	**104367**	**113794**	**491925**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-76325**	**-81262**	**-88184**	**-92264**	**-98380**	**-436415**

Annexure V.28
STATE: Orissa

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	201223	230199	263347	301269	344652	1340691
2	Own Non Tax Revenue	67322	77184	88295	100946	120746	454493
3	Other Non-Plan Grants	18943	20837	22921	25213	27734	115649
	Total	**287488**	**328220**	**374563**	**427429**	**493132**	**1910833**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	177141	194855	214341	235775	259352	1081464
(ii)	Pension	48528	53380	58718	64590	71049	296266
(iii)	Elections	758	853	948	1042	5874	9475
(iv)	Other General Services	82369	86656	91168	95918	100919	457029
	Total (i) to (iv)	**308796**	**335744**	**365175**	**397325**	**437195**	**1844234**
II	**Social Services**	189906	210115	232941	258757	287989	1179708
III	**Economic Services**	95927	102359	109363	116887	125259	549795
IV	**Compensation and Assignment to Local Bodies**	2035	2300	2599	2936	3318	13188
V	**Committed Liabilities**			63944	70338	77372	211654
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**596665**	**650518**	**774022**	**846243**	**931132**	**3798579**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-309176**	**-322298**	**-399459**	**-418814**	**-438000**	**-1887747**

Annexure V.29
STATE: Punjab

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	444933	529026	629012	747895	889247	3240112
2	Own Non Tax Revenue	104137	107388	115199	124388	139075	590188
3	Other Non-Plan Grants	3676	4043	4448	4893	5382	22442
	Total	**552747**	**640457**	**748658**	**877176**	**1033704**	**3852742**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	158115	181464	206768	234257	264130	1044735
(ii)	Pension	66033	72636	79900	87890	96679	403138
(iii)	Elections	1223	5200	1529	1682	5659	15293
(iv)	Other General Services	121962	128679	135775	143271	151193	680880
	Total (i) to (iv)	**347333**	**387979**	**423972**	**467101**	**517661**	**2144045**
II	**Social Services**	212451	235059	260594	289474	322176	1319755
III	**Economic Services**	73995	78497	83303	88357	93960	418112
IV	**Compensation and Assignment to Local Bodies**	9395	10616	11996	13556	15318	60881
V	**Committed Liabilities**			22891	25180	27698	75769
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**643174**	**712151**	**802757**	**883668**	**976812**	**4018561**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-90428**	**-71694**	**-54098**	**-6491**	**56892**	**-165820**

Annexure V.30
STATE: Rajasthan

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	561800	664047	784904	927757	1096608	4035116
2	Own Non Tax Revenue	119863	135661	154535	177241	212256	799556
3	Other Non-Plan Grants	12834	14117	15529	17082	18790	78351
	Total	**694497**	**813826**	**954968**	**1122079**	**1327654**	**4913023**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	275026	302529	332782	366060	402666	1679064
(ii)	Pension	111244	122369	134605	148066	162872	679156
(iii)	Elections	2153	2422	2692	9689	9957	26913
(iv)	Other General Services	143089	150969	159293	168089	177382	798822
	Total (i) to (iv)	**531512**	**578288**	**629373**	**691904**	**752878**	**3183955**
II	**Social Services**	446943	494577	548385	609246	678167	2777318
III	**Economic Services**	104195	111174	118698	126812	135573	596452
IV	**Compensation and Assignment to Local Bodies**	3243	3665	4141	4679	5288	21016
V	**Committed Liabilities**			46841	51525	56677	155043
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**1085893**	**1187704**	**1347438**	**1484167**	**1628582**	**6733784**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-391397**	**-373878**	**-392470**	**-362088**	**-300928**	**-1820761**

Annexure V.31
STATE: Sikkim

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	3615	4132	4723	5399	6171	24040
2	Own Non Tax Revenue	4451	4880	5398	6030	7204	27963
3	Other Non-Plan Grants	787	865	952	1047	1152	4802
	Total	**8853**	**9877**	**11073**	**12475**	**14526**	**56805**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	6637	7301	8031	8834	9718	40522
(ii)	Pension	1860	2046	2251	2476	2723	11356
(iii)	Elections	128	144	160	176	989	1597
(iv)	Other General Services	7051	7439	7849	8282	8740	39361
	Total (i) to (iv)	**15676**	**16930**	**18291**	**19769**	**22171**	**92836**
II	**Social Services**	12168	13160	14259	15478	16835	71900
III	**Economic Services**	7926	8457	9029	9645	10311	45369
IV	**Compensation and Assignment to Local Bodies**						
V	**Committed Liabilities**						
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**35770**	**38547**	**41579**	**44892**	**49316**	**210105**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-26918**	**-28670**	**-30506**	**-32417**	**-34790**	**-153300**

Annexure V.32
STATE: Tamil Nadu

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	1319028	1540625	1799450	2101758	2454853	9215714
2	Own Non Tax Revenue	129660	151548	177602	208853	265315	932978
3	Other Non-Plan Grants	4905	5395	5935	6528	7181	29945
	Total	**1453593**	**1697568**	**1982987**	**2317139**	**2727349**	**10178637**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	264143	290557	319613	351574	386732	1612619
(ii)	Pension	205337	225871	248458	273304	300634	1253603
(iii)	Elections	5153	24571	6531	7213	26616	70084
(iv)	Other General Services	215656	227314	239617	252600	266303	1201491
	Total (i) to (iv)	**690289**	**768313**	**814219**	**884691**	**980285**	**4137797**
II	**Social Services**	679670	752411	834602	927589	1032914	4227187
III	**Economic Services**	179460	192155	205880	220752	236879	1035127
IV	**Compensation and Assignment to Local Bodies**	103978	117495	132770	150030	169534	673806
V	**Committed Liabilities**			95008	104509	114960	314477
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**1653397**	**1830375**	**2082479**	**2287571**	**2534572**	**10388393**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-199804**	**-132806**	**-99492**	**29568**	**192778**	**-209757**

Annexure V.33
STATE: Tripura

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	11844	13550	15501	17733	20287	78916
2	Own Non Tax Revenue	3559	4384	5341	6472	8573	28329
3	Other Non-Plan Grants	2976	3273	3600	3960	4356	18166
	Total	**18379**	**21207**	**24443**	**28166**	**33217**	**125411**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	17784	19562	21518	23670	26037	108571
(ii)	Pension	8747	9622	10584	11643	12807	53403
(iii)	Elections	243	273	1062	333	1123	3034
(iv)	Other General Services	20318	21458	22663	23938	25286	113663
	Total (i) to (iv)	**47092**	**50915**	**55827**	**59583**	**65253**	**278671**
II	**Social Services**	33664	36068	38700	41588	44764	194784
III	**Economic Services**	11181	11848	12560	13319	14133	63041
IV	**Compensation and Assignment to Local Bodies**	2098	2371	2679	3028	3421	13597
V	**Committed Liabilities**						
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**94035**	**101202**	**109766**	**117519**	**127571**	**550093**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-75656**	**-79995**	**-85324**	**-89353**	**-94354**	**-424682**

Annexure V.34
STATE: Uttar Pradesh

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	1084380	1267640	1481871	1732307	2025067	7591264
2	Own Non Tax Revenue	188582	249716	317296	392916	494383	1642893
3	Other Non-Plan Grants	2595	2854	3140	3454	3799	15842
	Total	**1275556**	**1520210**	**1802307**	**2128677**	**2523249**	**9249999**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	658282	724110	796521	876173	963790	4018875
(ii)	Pension	194468	213915	235306	258837	284720	1187246
(iii)	Elections	4332	18414	5416	5957	20039	54158
(iv)	Other General Services	356949	376246	396609	418099	440779	1988681
	Total (i) to (iv)	**1214030**	**1332684**	**1433852**	**1559065**	**1709329**	**7248960**
II	**Social Services**	813159	908032	1015781	1138269	1277637	5152878
III	**Economic Services**	319020	339916	362197	386246	412974	1820353
IV	**Compensation and Assignment to Local Bodies**	102274	115570	130594	147571	166755	662763
V	**Committed Liabilities**			133826	147208	161929	442963
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**2448483**	**2696201**	**3076250**	**3378359**	**3728624**	**15327917**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-1172926**	**-1175991**	**-1273943**	**-1249683**	**-1205375**	**-6077918**

Annexure V.35
STATE: West Bengal

Assessed Own Revenue Receipts and Non-Plan Revenue Expenditure
(Para 5.59)

(Rs. in lakhs)

	Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
A	**Revenue Receipts**						
1	Own Tax Revenue	710290	830329	970655	1134696	1326459	4972429
2	Own Non Tax Revenue	99374	126738	156963	189724	242530	815329
3	Other Non-Plan Grants	6542	7196	7915	8707	9578	39938
	Total	**816206**	**964263**	**1135534**	**1333127**	**1578567**	**5827696**
B	**Non-Plan Revenue Expenditure**						
I	**General Services**						
(i)	Interest Payments	353628	388991	427890	470679	517747	2158936
(ii)	Pension	110143	121157	133273	146600	161260	672434
(iii)	Elections	5410	22994	6763	7439	25023	67629
(iv)	Other General Services	197776	208667	220174	232331	245176	1104123
	Total (i) to (iv)	**666957**	**741810**	**788100**	**857049**	**949206**	**4003122**
II	**Social Services**	582883	650934	728224	816090	916068	3694200
III	**Economic Services**	161167	171877	183415	195853	209273	921585
IV	**Compensation and Assignment to Local Bodies**	12896	14572	16466	18607	21026	83567
V	**Committed Liabilities**			67962	74758	82234	224954
VI	**Total Non-Plan Revenue Expenditure(I to V)**	**1423902**	**1579193**	**1784168**	**1962358**	**2177807**	**8927428**
VII	**NON PLAN REVENUE DEFICIT/SURPLUS**	**-607696**	**-614930**	**-648634**	**-629231**	**-599240**	**-3099732**

Annexure VI.1

Devolution of Central Taxes to States - 1980 to 2000
- Recommended by the successive Finance Commissions
(Para 6.10)

(Rs. in crores)

Years	Tax Devolution	Gross Tax Revenue (GTR)	Cess and Surcharge (C&S)	Cost of Collection (CoC)	Taxes of UTs (TUT)	Gross Tax Revenue* (TFC) {3-(4+6)}	Net Tax Revenue (NTR) $ {3-(4+5+6)}	As Percentage of (Col.2/7)	As Percentage of (Col. 2/8)
1	2	3	4	5	6	7	8	9	10
1999-2000	43889.50	169979.00	11316.59	1798.51	325.00	158337.40	156538.90	27.72	28.04
1998-99	39525.00	143797.00	3875.95	1728.28	317.00	139604.10	137875.80	28.31	28.67
1997-98	36333.69	139220.40	3555.96	1139.39	313.00	135351.50	134212.10	26.84	27.07
1996-97	35440.67	128761.80	4327.83	810.06	278.00	124155.90	123345.90	28.55	28.73
1995-96	29664.84	111224.10	4214.62	703.51	246.00	106763.50	106060.00	27.79	27.97
1994-95	24992.79	92297.22	3777.12	616.80	201.00	88319.10	87702.30	28.30	28.50
1993-94	22390.05	75742.26	3120.20	542.76	1201.00	71421.06	70878.30	31.35	31.59
1992-93	20674.40	74638.72	3226.86	480.86	1515.00	69896.86	69416.00	29.58	29.78
1991-92	17346.88	67361.25	3505.89	402.79	1265.00	62590.36	62187.57	27.71	27.89
1990-91	14683.67	57575.37	3372.66	345.18	1118.00	53084.71	52739.53	27.66	27.84
1989-90	13326.25	51635.24	3459.26	317.07	969.00	47206.98	46889.91	28.23	28.42
1988-89	10762.84	44474.07	2402.36	267.70	881.00	41190.71	40923.01	26.13	26.30
1987-88	9686.61	37665.88	2086.50	248.92	723.00	34856.38	34607.46	27.79	27.99
1986-87	8560.58	32838.46	1189.19	212.60	607.00	31042.27	30829.67	27.58	27.77
1985-86	7566.85	28669.82	1314.95	167.54	536.00	26818.87	26651.33	28.21	28.39
1984-85	5812.99	23502.27	1289.26	151.04	453.00	21760.01	21608.97	26.71	26.90
1983-84	5251.85	20716.55	1252.23	134.25	392.00	19072.32	18938.07	27.54	27.73
1982-83	4660.19	17696.18	496.83	115.05	356.00	16843.35	16728.30	27.67	27.86
1981-82	4276.26	15850.22	357.40	99.01	308.00	15184.82	15085.81	28.16	28.35
1980-81	3796.21	13180.49	299.34	87.76	255.00	12626.15	12538.39	30.07	30.28

Notes:- * *TFC Gross in Col.7 is the definition adopted by the Tenth Finance Commission.*

$ *Net Tax Revenue in Col. 8 is the concept adopted in the 80th Constitution (Amendment) Act. The figures from 1980-81 to 1997-98 are based on the Finance Accounts and for 1998-99 & 1999-2000 are the Actuals and Revised Estimates respectively taken from the Receipts Budget. The figures of Taxes of UTs in Col.6 have been taken from Receipts Budgets of the relevant years.*

Annexure VI.2

Population of States
(Para 6.34)

(lakhs)

State	1971	1991
Andhra Pradesh	435.03	665.08
Arunachal Pradesh	4.68	8.64
Assam	146.25	224.14
Bihar	563.53	863.74
Goa	7.95	11.70
Gujarat	266.97	413.10
Haryana	100.37	164.64
Himachal Pradesh	34.60	51.71
Jammu & Kashmir	46.17	77.19
Karnataka	292.99	449.77
Kerala	213.47	290.99
Madhya Pradesh	416.54	661.81
Maharashtra	504.12	789.37
Manipur	10.73	18.37
Meghalaya	10.12	17.75
Mizoram	3.32	6.90
Nagaland	5.16	12.10
Orissa	219.45	316.60
Punjab	135.51	202.82
Rajasthan	257.66	440.06
Sikkim	2.10	4.07
Tamilnadu	411.99	558.59
Tripura	15.56	27.57
Uttar Pradesh	883.41	1391.12
West Bengal	443.12	680.78
All States	5430.80	8348.61

Source: *Registrar General of India*

Annexure VI.3

Per Capita GSDP of States
Comparable Estimates : New Series
(Para 6.34)

(In Rupees)

States	1994-95	1995-96	1996-97	Average
Andhra Pradesh	9992.00	11316.00	12791.00	11366.33
Arunachal Pradesh	9708.00	11371.00	11037.00	10705.33
Assam	7457.00	8042.00	8406.00	7968.33
Bihar	5099.00	5242.00	6245.00	5528.67
Goa	21110.00	24569.00	29548.00	25075.67
Gujarat	14560.00	16105.00	18330.00	16331.67
Haryana	14728.00	16347.00	19707.00	16927.33
Himachal Pradesh	11018.00	11693.00	13750.00	12153.67
Jammu & Kashmir	8820.00	10139.00	11063.00	10007.33
Karnataka	10890.00	12244.00	13968.00	12367.33
Kerala	10874.00	13203.00	15197.00	13091.33
Madhya Pradesh	8383.00	9602.00	10783.00	9589.33
Maharashtra	16109.00	19644.00	21541.00	19098.00
Manipur	7817.00	8218.00	10363.00	8799.33
Meghalaya	9055.00	10145.00	10271.00	9823.67
Mizoram	10378.00	12489.00	14267.00	12378.00
Nagaland	12153.00	12919.00	13726.00	12932.67
Orissa	7340.00	8246.00	8141.00	7909.00
Punjab	16620.00	18177.00	20908.00	18568.33
Rajasthan	9053.00	10068.00	12010.00	10377.00
Sikkim	10133.00	11067.00	12128.00	11109.33
Tamilnadu	12171.00	13679.00	15929.00	13926.33
Tripura	7460.00	7474.00	9017.00	7983.67
Uttar Pradesh	6748.00	7409.00	8950.00	7702.33
West Bengal	8922.00	10271.00	11320.00	10171.00

Source : *Central Statistical Organisation, Government of India*

Annexure VI.4

Area of States
(Para 6.34)

State	'000 sq km.	Percent to total	Adjusted percentage
Andhra Pradesh	275.05	8.40	7.26
Arunachal Pradesh	83.74	2.56	2.21
Assam	78.44	2.39	2.07
Bihar	173.88	5.31	4.59
Goa	3.70	0.11	2.00
Gujarat	196.02	5.98	5.17
Haryana	44.21	1.35	2.00
Himachal Pradesh	55.67	1.70	2.00
Jammu & Kashmir	222.24	6.78	5.87
Karnataka	191.79	5.85	5.06
Kerala	38.86	1.19	2.00
Madhya Pradesh	443.45	13.54	10.00
Maharashtra	307.71	9.39	8.12
Manipur	22.33	0.68	2.00
Meghalaya	22.43	0.68	2.00
Mizoram	21.08	0.64	2.00
Nagaland	16.58	0.51	2.00
Orissa	155.71	4.75	4.11
Punjab	50.36	1.54	2.00
Rajasthan	342.24	10.45	10.00
Sikkim	7.10	0.22	2.00
Tamilnadu	130.06	3.97	3.43
Tripura	10.49	0.32	2.00
Uttar Pradesh	294.41	8.99	7.77
West Bengal	88.75	2.71	2.34
All States	3276.30	100.00	100.00

Source : *Area Census 1991, Series1, Paper II. Registrar General of India.*

Annexure VI.5

Index of Social and Economic Infrastructure
(Para 6.34)

States	Index
Andhra Pradesh	103.30
Arunachal Pradesh	69.71
Assam	77.72
Bihar	81.33
Goa	200.57
Gujarat	124.31
Haryana	137.54
Himachal Pradesh	95.03
Jammu & Kashmir	71.46
Karnataka	104.88
Kerala	178.68
Madhya Pradesh	76.79
Maharashtra	112.80
Manipur	75.39
Meghalaya	75.49
Mizoram	82.13
Nagaland	76.14
Orissa	81.00
Punjab	187.57
Rajasthan	75.86
Sikkim	108.99
Tamilnadu	149.10
Tripura	74.87
Uttar Pradesh	101.23
West Bengal	111.25

Source : *T.C.A.Anant,K.L.Krishna and UmaDatta Roychoudhry(1999), Measuring Inter State Differentials in Infrastructure.*

Annexure VI.6

Tax GSDP Ratio
(Para 6.34)
Average 1994/95 to 1996/97

States	Per cent
Andhra Pradesh	5.45
Arunachal Pradesh	0.66
Assam	3.58
Bihar	3.83
Goa	7.77
Gujarat	7.29
Haryana	6.72
Himachal Pradesh	4.82
Jammu & Kashmir	3.10
Karnataka	8.43
Kerala	8.33
Madhya Pradesh	4.94
Maharashtra	6.55
Manipur	1.46
Meghalaya	3.23
Mizoram	0.56
Nagaland	1.30
Orissa	4.16
Punjab	6.52
Rajasthan	5.33
Sikkim	3.49
Tamilnadu	8.47
Tripura	1.94
Uttar Pradesh	4.66
West Bengal	5.39

Source (Basic Data) : *Finance Accounts of State Governments(various issues)*

Annexure VI.7

Index of Fiscal Self Reliance
(Para 6.34)

State	Own Rev/Rev Expenditure		Relative to All States		Improve-ment
	Average 1990/91-92/93	Average 1996/97-98/99	Average 1990/91-92/93	Average 1996/97-98/99	Index
Andhra Pradesh	0.5965	0.5611	1.0620	1.0344	97.40
Arunachal Pradesh	0.1628	0.0926	0.2899	0.1707	58.88
Assam	0.3784	0.3142	0.6738	0.5793	85.97
Bihar	0.3429	0.3537	0.6105	0.6521	106.82
Goa	0.5250	0.6701	0.9347	1.2354	132.18
Gujarat	0.8297	0.7850	1.4772	1.4472	97.97
Haryana	0.7954	0.7385	1.4162	1.3615	96.14
Himachal Pradesh	0.2580	0.2497	0.4593	0.4603	100.21
Jammu & Kashmir	0.1621	0.1299	0.2885	0.2395	83.01
Karnataka	0.7273	0.7418	1.2950	1.3676	105.61
Kerala	0.5710	0.6042	1.0166	1.1138	109.56
Madhya Pradesh	0.6011	0.5546	1.0703	1.0224	95.53
Maharashtra	0.8359	0.8013	1.4882	1.4772	99.26
Manipur	0.0855	0.0862	0.1523	0.1589	104.37
Meghalaya	0.1683	0.1739	0.2996	0.3206	107.01
Mizoram	0.0740	0.0625	0.1317	0.1151	87.39
Nagaland	0.0851	0.0500	0.1515	0.0922	60.82
Orissa	0.3808	0.3418	0.6780	0.6302	92.95
Punjab	0.6742	0.6741	1.2004	1.2427	103.52
Rajasthan	0.5600	0.5115	0.9970	0.9430	94.58
Sikkim	0.2023	0.1395	0.3601	0.2573	71.44
Tamil Nadu	0.6381	0.6469	1.1361	1.1925	104.96
Tripura	0.0813	0.0966	0.1447	0.1781	123.08
Uttar Pradesh	0.3985	0.3781	0.7096	0.6970	98.22
West Bengal	0.4997	0.4241	0.8897	0.7818	87.88
Total All States	0.5617	0.5424	1.0000	1.0000	100.00

Source(Basic Data) : *Finance Accounts of State governments (various issues).*

Annexure VI.8

States' Share in Central Tax Revenues as Per Assessment
(Para 6.36)

(Rs. in crores)

States	2000-01	2001-02	2002-03	2003-04	2004-05	2000-05
1	2	3	4	5	6	7
Andhra Pradesh	4163	4854	5660	6602	7702	28980
Arunachal Pradesh	132	154	179	209	244	918
Assam	1776	2070	2414	2816	3285	12362
Bihar	7892	9200	10729	12514	14600	54935
Goa	111	130	151	177	206	775
Gujarat	1525	1778	2073	2418	2821	10616
Haryana	510	595	694	809	944	3552
Himachal Pradesh	369	430	502	585	683	2570
Jammu & Kashmir	697	813	948	1106	1290	4855
Karnataka	2665	3107	3623	4226	4931	18552
Kerala	1653	1927	2247	2621	3057	11504
Madhya Pradesh	4778	5570	6495	7576	8839	33259
Maharashtra	2504	2919	3404	3971	4633	17431
Manipur	198	231	269	314	366	1377
Meghalaya	185	216	251	293	342	1287
Mizoram	107	125	146	170	198	745
Nagaland	119	139	162	189	220	828
Orissa	2733	3187	3716	4334	5057	19027
Punjab	620	723	843	983	1147	4316
Rajasthan	2959	3449	4022	4692	5474	20596
Sikkim	99	116	135	158	184	692
Tamil Nadu	2911	3394	3958	4616	5386	20265
Tripura	263	307	358	417	487	1833
Uttar Pradesh	10703	12477	14550	16971	19800	74502
West Bengal	4387	5115	5964	6957	8117	30540
Total of All States	54059	63026	73493	85724	100013	376318

Annexure VII.1

Overview of States' Demands for Upgradation and Special Problem Grants for 2000-05
(Para No.7.5)

(Rs. in lakhs)

State	District adminis- tration	Education	Fire services	Fiscal adminis- tration	Health services	Prisons adminis- tration	Judicial adminis- tration	Police adminis- tration	Training infra- structure	Others	Special problems	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Andhra Pradesh	125946	64377	6000	3767	35378	2150	20140	32207	11889	417151	140870	859875
2. Arunachal Pradesh	...	4382	460	348	...	4900	191	6023	...	...	71227	87531
3. Assam	9472	53232	5680	6825	...	17500	6619	70324	2885	12990	2248	187775
4. Bihar	34728	139247	2372	25323	276571	26293	23918	87024	...	25526	5000	646002
5. Goa	100	1852	1200	...	2375	...	375	907	...	...	20711	27520
6. Gujarat	...	399700	...	...	...	3470	...	103117	...	536315	526200	1568802
7. Haryana	80768	247627	5007	1598	91179	21306	38927	84020	...	142	160000	730574
8. Himachal Pradesh	13120	44636	6600	8543	109395	2857	6844	10271	844	590	67100	270800
9. Jammu & Kashmir	8117	43500	3010	2000	58243	4025	872	42459	600	44132	269600	476558
10. Karnataka	...	100670	4024	21663	45777	73579	5443	399202	3088	...	24234	677680
11. Kerala	17976	50859	9661	83318	61246	63137	31468	15547	4642	65888	66853	470595
12. Madhya Pradesh	251325	606680	13165	6415	76123	16657	74740	316256	5056	157881	20047	1544345
13. Maharashtra	...	374100	...	...	...	36400	110000	1126166	...	2161756	827500	4635922
14. Manipur	11895	51293	1976	1005	5245	7797	972	89953	105	...	181648	351889
15. Meghalaya	227	36437	839	665	4780	1619	949	27266	395	5420	...	78597
16. Mizoram	6030	1626	1975	2740	7925	828	422	46374	720	58628	20000	147268
17. Nagaland	5164	2740	1025	2443	425	1450	1989	64087	4069	71795	6555	161742
18. Orissa	16810	31136	4300	320	10900	5789	4416	32139	5175	...	852745	963730
19. Punjab	...	5000	...	...	...	...	...	...	...	...	856700	861700
20. Rajasthan	27165	51274	5498	1245	20839	16085	13899	209946	9103	245908	10002	610964
21. Sikkim	703	...	761	200	776	415	1148	1013	705	...	336000	341721
22. Tamil Nadu	37222	31053	2626	9850	10000	2585	8234	11500	2239	5570	25720	146599
23. Tripura	15091	2847	...	480	995	1346	450	26402	...	35369	34742	117722
24. Uttar Pradesh	203609	24388	4824	29949	46467	60041	135001	201871	2889	222737	39200	970976
25. West Bengal	...	...	...	...	...	...	...	...	...	...	1164200	1164200
Total - All States	**865468**	**2368656**	**81003**	**208697**	**864639**	**370229**	**487017**	**3004074**	**54404**	**4067798**	**5729102**	**18101087**

Annexure VII.2

Basic data used for determination of upgradation grants
(Para No.7.5)

State	District administration: No. districts created during 1995-2000	District administration: No. districts, as on 31.3.2000	Elementary education: Average annual expenditure under 2202-General education during 1995-98 (Rs. in lakhs)	Elementary education: Average population during 1995-98 (in lakhs)	Elementary education: No. of illiterates in age group 7-14 (1991 Census (in lakhs)	Fire services: Area-Rural, 1991 (Sq. Kms.)	Fire services: Area-Urban, 1991 (Sq. Kms.)	Fire services: Existing No. of Fire Stations (1.1.1998)	Fiscal administration: Tax Revenue Receipts during 1997-98 (Rs. in lakhs)	Prisons administration: Authorised accommodation in prisons during 1996-97	District & subordinate courts: No. of courts (as in Sept. 1999)	District & subordinate courts: Closing balance of cases, as on 31.12.1998	District & subordinate courts: Average disposal rate per court per year (1995-98)	Police administration: No. of police stations (as on 1.1.1998)	Police administration: No. of police stations housed in own building (1.1.1998)	Water harvesting: Unirrigated geographical, area, as in 1993-94 (in thousand hectares)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. Andhra Pradesh		23	187038	725.50	48.48	269874	5171	226	711353	9269	672	1302172	1553	1477	1056	23615
2. Arunachal Pradesh		13	8610	10.30	0.74	83743	…	11	983	…	48	1849	15	68	55	8338
3. Assam		23	101620	248.32	17.20	77610	828	72	88193	6041	221	186799	547	239	191	7272
4. Bihar		55	221656	942.57	90.58	170133	3744	49	239983	40424	1648	1223190	200	1159	1117	13935
5. Goa		2	12675	13.86	0.15	3317	385	11	36530	306	44	43299	532	25	14	347
6. Gujarat	6	25	198521	456.88	16.16	190887	5137	22	659106	5077	640	3000330	2918	457	377	17062
7. Haryana	3	19	71453	185.51	7.81	43245	967	27	236863	3580	266	416768	820	175	122	1758
8. Himachal Pradesh		12	41357	59.61	1.41	55403	270	21	47616	505	94	136443	1422	84	77	5467
9. Jammu & Kashmir		14	41447	88.67	7.82	101134	393	102	36828	2060	162	121841	697	126	114	21912
10. Karnataka	7	27	182511	495.67	23.68	187521	4270	88	641189	7285	632	1254655	1151	770	177	16852
11. Kerala		14	150226	313.33	1.21	35498	3365	55	450105	5495	382	601696	1872	414	311	3562
12. Madhya Pradesh	16	61	173794	742.82	53.90	435538	7908	154	456432	17762	988	1446853	977	1208	1087	38999
13. Maharashtra	4	35	391023	869.84	27.97	301485	6228	47	1371925	16491	1250	2955103	1795	886	763	28091
14. Manipur	1	9	16145	21.82	0.98	22182	145	14	3572	1247	30	7996	329	54	22	2168
15. Meghalaya		7	11866	21.09	1.75	22275	154	1	7355	560	8	2229	155	26	15	2198
16. Mizoram	5	8	9264	8.22	0.23	20588	493	7	787	561	53	3732	87	31	23	2100
17. Nagaland	1	8	11439	14.49	0.75	16432	147	8	3157	1180	22	1660	19	47	7	1597
18. Orissa		30	103055	345.90	24.32	153163	2544	113	142173	7428	457	647665	533	416	385	13481
19. Punjab	3	17	101974	224.36	8.04	48921	1441	12	304468	9119	301	350428	933	229	207	1109
20. Rajasthan	1	32	189497	497.23	47.97	337375	4864	55	361057	13330	761	875065	693	700	519	29627
21. Sikkim		4	5272	4.84	0.22	7096	…	8	2744	75	12	1780	270	26	24	694
22. Tamil Nadu	7	29	240058	600.98	14.61	123882	6176	277	868565	17318	602	828097	2292	1139	752	10207
23. Tripura	1	4	19502	32.76	1.65	10339	147	23	7164	772	73	18853	337	45	34	1014
24. Uttar Pradesh	17	83	367463	1568.02	137.98	288808	5603	162	699795	32259	2239	3244351	790	1444	1050	17877
25. West Bengal		17	221823	750.27	50.03	85674	3078	84	451678	18663	773	1311518	492	390	340	6964
Total - All States	**72**	**571**	**3079289**	**9242.85**	**585.64**	**3092123**	**63458**	**1649**	**7829621**	**216807**	**12378**	**19984372**	**1048**	**11635**	**8839**	**276246**

Source : *For Cols.2, 3, 9, 11, 13 & 14, State Governments; Cols.4 & 10, Finance Accounts; Col.5, Registrar General of India, Cols.6, 7 & 8, Census 1991; Col.12, State Governments and the report of the First National Judicial Pay Commission (1999); Cols.15 & 16, BPR&D; and Col.17, Central Water Commission.*

Annexure VII.3

Upgradation and Special Problem Grants for 2000-2005
(Para No.7.7)

(Rs. in crores)

State	District adminis-tration	Police adminis-tration	Prisons adminis-tration	Fire services	Judicial adminis-tration	Fiscal adminis-tration	Health services	Elementary education (Classes I-VIII)	Computer training for school children	Public libraries	Heritage protection	Augmen-tation of traditional water sources	Special problems	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Andhra Pradesh	...	29.00	4.00	17.00	25.00	18.00	18.00	51.00	9.89	5.60	5.00	42.74	60.00	285.23
2. Arunachal Pradesh	...	7.00	10.00	5.00	1.31	1.00	9.00	1.00	5.59	3.60	2.00	15.09	30.00	90.59
3. Assam	...	24.00	3.00	5.00	5.89	3.00	18.00	10.00	9.89	5.60	5.00	13.16	30.00	132.54
4. Bihar	...	30.00	19.00	11.00	78.73	6.00	42.00	84.00	23.65	12.00	10.00	25.22	60.00	401.60
5. Goa	...	5.00	1.00	1.00	1.39	1.00	3.00	1.00	0.86	1.40	1.00	0.63	10.00	27.28
6. Gujarat	...	25.00	2.00	13.00	48.22	17.00	18.00	9.00	10.75	6.00	5.00	30.88	50.00	234.85
7. Haryana	...	19.00	2.00	3.00	10.50	6.00	15.00	6.00	8.17	4.80	5.00	3.18	50.00	132.65
8. Himachal Pradesh	...	8.00	1.00	3.00	2.70	1.00	9.00	1.00	5.16	3.40	2.00	9.90	45.00	91.16
9. Jammu & Kashmir	...	9.00	1.00	6.00	3.34	1.00	12.00	3.00	6.02	3.80	2.00	39.66	41.00	127.82
10. Karnataka	70.00	30.00	3.00	12.00	27.02	16.00	21.00	19.00	11.61	6.40	10.00	30.50	55.00	311.53
11. Kerala	...	23.00	3.00	3.00	10.87	11.00	9.00	1.00	6.02	3.80	2.00	6.45	50.00	129.14
12. Madhya Pradesh	94.00	38.00	8.00	28.00	33.50	12.00	45.00	56.00	26.23	13.20	10.00	70.59	60.00	494.52
13. Maharashtra	...	36.00	8.00	20.00	54.08	30.00	27.00	13.00	15.05	8.00	10.00	50.84	60.00	331.97
14. Manipur	5.00	9.00	1.00	1.00	1.00	1.00	6.00	1.00	3.87	2.80	1.00	3.92	22.00	58.59
15. Meghalaya	...	6.00	1.00	1.00	1.00	1.00	6.00	1.00	3.01	2.40	1.00	3.98	30.00	57.39
16. Mizoram	17.00	4.00	1.00	1.00	1.00	1.00	6.00	1.00	3.44	2.60	1.00	3.80	47.00	89.84
17. Nagaland	...	12.00	1.00	1.00	0.91	1.00	6.00	1.00	3.44	2.60	1.00	2.89	30.00	62.84
18. Orissa	...	17.00	3.00	10.00	20.74	4.00	24.00	22.00	12.90	7.00	10.00	24.41	60.00	215.05
19. Punjab	...	26.00	4.00	3.00	8.29	8.00	12.00	3.00	7.31	4.40	2.00	2.01	30.00	110.01
20. Rajasthan	...	42.00	6.00	22.00	24.07	9.00	24.00	28.00	13.76	7.40	10.00	53.62	60.00	299.85
21. Sikkim	...	3.00	1.00	1.00	1.00	1.00	3.00	1.00	1.72	1.80	1.00	1.26	50.00	66.78
22. Tamil Nadu	44.00	27.00	8.00	8.00	14.12	20.00	21.00	13.00	12.47	6.80	10.00	18.47	49.00	251.86
23. Tripura	10.00	6.00	1.00	1.00	0.82	1.00	3.00	1.00	1.72	1.80	1.00	1.84	30.00	60.18
24. Uttar Pradesh	130.00	54.00	15.00	19.00	83.26	18.00	63.00	132.00	35.69	17.60	10.00	32.36	60.00	669.91
25. West Bengal	...	20.00	9.00	6.00	44.14	12.00	12.00	47.00	7.31	4.40	5.00	12.60	60.00	239.45
Total - All States	**370.00**	**509.00**	**116.00**	**201.00**	**502.90**	**200.00**	**432.00**	**506.00**	**245.53**	**139.20**	**122.00**	**500.00**	**1129.00**	**4972.63**

Annexure VII.4

Year-wise phasing of the grants for upgradation and special problems
(Para 7.7)

(Rs. in crores)

	State	2000-01	2001-02	2002-03	2003-04	2004-05	Total
	1	2	3	4	5	6	7
1.	Andhra Pradesh	114.72	57.36	57.36	55.79	...	285.23
2.	Arunachal Pradesh	36.43	18.22	18.22	17.72	...	90.59
3.	Assam	53.31	26.65	26.65	25.93	...	132.54
4.	Bihar	161.53	80.76	80.76	78.55	...	401.60
5.	Goa	10.97	5.49	5.49	5.33	...	27.28
6.	Gujarat	94.46	47.23	47.23	45.93	...	234.85
7.	Haryana	53.35	26.68	26.68	25.94	...	132.65
8.	Himachal Pradesh	36.66	18.33	18.33	17.84	...	91.16
9.	Jammu & Kashmir	51.41	25.70	25.70	25.01	...	127.82
10.	Karnataka	125.30	62.65	62.65	60.93	...	311.53
11.	Kerala	51.94	25.97	25.97	25.26	...	129.14
12.	Madhya Pradesh	198.90	99.45	99.45	96.72	...	494.52
13.	Maharashtra	133.52	66.76	66.76	64.93	...	331.97
14.	Manipur	23.57	11.78	11.78	11.46	...	58.59
15.	Meghalaya	23.08	11.54	11.54	11.23	...	57.39
16.	Mizoram	36.13	18.07	18.07	17.57	...	89.84
17.	Nagaland	25.27	12.64	12.64	12.29	...	62.84
18.	Orissa	86.49	43.24	43.25	42.07	...	215.05
19.	Punjab	44.25	22.12	22.12	21.52	...	110.01
20.	Rajasthan	120.60	60.30	60.30	58.65	...	299.85
21.	Sikkim	26.86	13.43	13.43	13.06	...	66.78
22.	Tamil Nadu	101.30	50.65	50.65	49.26	...	251.86
23.	Tripura	24.20	12.11	12.10	11.77	...	60.18
24.	Uttar Pradesh	269.44	134.72	134.72	131.03	...	669.91
25.	West Bengal	96.31	48.15	48.15	46.84	...	239.45
Total - All States		**2000.00**	**1000.00**	**1000.00**	**972.63**	**...**	**4972.63**

Annexure VII.5

Estimates for setting up a new State/Regional Forensic Science Laboratory
(Para No.7.11)

	Item	Cost *(Rs. in lakhs)*
I.	**Equipment**	
	A. Physical Science	
	1. Comparison microscope & accessories	25.00
	2. Screwgauges	0.60
	3. Infra-red and ultra-violet spectrometers	20.00
	4. Refractometer	1.00
	5. Glassware, labware, chemicals. etc.	2.00
	TOTAL (Physical science)	**48.60**
	B. Biological science	
	1. Microscope- 2 Nos.	2.00
	2. Microtome unit with accessories	1.50
	3. Electronic balance	1.50
	4. Refrigerators- 2 Nos.	0.30
	5. Incubator	0.25
	6. Hot air oven	0.25
	7. Dissection set- 2 Nos.	0.50
	8. Glassware, labware, chemicals. etc.	10.00
	9. Centrifuge equipment	3.00
	10. X-ray machine	5.00
	11. Anthropology equipment	5.00
	TOTAL (Biological science)	**29.30**
	C. Chemical science	
	1. Ultra-violet visible spectro-photometer	10.00
	2. Gas chromatograph with capillary facility- Flame ionisation/Electron capture detector	10.00
	3. High performance liquid chromatograph- with photo-diode array detector	25.00
	4. Meter- Electronic Balance (Range: 0-200 gm; Sensitivity: 1X10)	3.00
	5. Thin layer chromatograph- plate assembles & accessories	2.00
	6. Distillation set- E Marck	2.00
	7. Hot air oven	0.25
	8. Refrigerators-2 Nos.	0.30
	9. Cold room	4.50
	10. Glassware, labware, chemicals. etc.	10.00
	TOTAL (Chemical science)	**67.05**
	D. Document science	
	1. Stereo-microscope	1.00
	2. Wild M-8 microscope	7.00
	3. Magnifying lenses	1.00
	4. Video-spectral comparator: VSC-4 (Porable)	4.00
	5. Electro-static detection apparatus	2.00
	TOTAL (Document science)	**15.00**
	Grand total - for equipment (A+B+C+D)	***159.95***
II.	**Building**	
	A. For Regional Forensic Science Laboratory	20.00
	B. For State Forensic Science Laboratory	32.00

Annexure VII.6

Upgradation and Special Problem Grants under the Awards of the Ninth and the Tenth Finance Commissions- Recommendations, Approvals and Releases thereof.
(Para No.7.54)

(Rs. in lakhs)

State	Ninth Finance Commission (1st Report, 1989-90)				Tenth Finance Commission (1995-2000)			
	As recom-mended by the Commission	As appro-by the IMEC	Grants released #	Percentage utilisa-tion	As recom-mended by the Commission	As appro-ved by the IMEC*	Grants released*	Percen-tage utilisa-tion
1	2	3	4	5	6	7	8	9
1. Andhra Pradesh	3119.00	3119.00	3102.55	99.47	15387.63	15387.63	12346.73	80.24
2. Arunachal Pradesh	1533.00	1531.99	1467.04	95.70	6831.66	6831.65	1313.03	19.22
3. Assam	1196.46	1196.46	1139.51	95.24	20685.82	20685.32	13711.99	66.29
4. Bihar	6507.77	6507.77	6081.63	93.45	24062.53	24005.11	8454.78	35.14
5. Goa	555.00	554.91	491.48	88.55	1078.99	1076.99	563.31	52.21
6. Gujarat	...	...	...	...	5000.00	5000.00	4500.00	90.00
7. Haryana	2488.00	2488.00	1689.90	67.92	4000.00	4000.00	2999.99	75.00
8. Himachal Pradesh	1363.06	1363.06	1335.47	97.98	10503.06	10503.02	8708.10	82.91
9. Jammu & Kashmir	4532.85	4405.55	1513.08	33.38	10577.03	10572.86	8019.22	75.82
10. Karnataka	1264.00	1264.00	781.50	61.83	2900.00	2900.00	790.25	27.25
11. Kerala	210.95	210.95	165.43	78.42	8182.93	8182.81	6728.90	82.23
12. Madhya Pradesh	4177.87	4170.07	3791.77	90.76	20637.46	20604.32	12998.54	62.99
13. Maharashtra	5000.00	4995.00	4833.00	96.66	10000.00	10000.00	9000.00	90.00
14. Manipur	658.45	658.45	624.53	94.85	7473.76	7467.17	6519.63	87.23
15. Meghalaya	421.41	421.41	319.47	75.81	1671.60	1671.55	1407.65	84.21
16. Mizoram	1705.00	1699.88	1692.88	99.29	6412.61	6412.56	6288.42	98.06
17. Nagaland	1787.39	1787.39	1784.68	99.85	5395.70	5291.72	4441.90	82.32
18. Orissa	2879.99	2879.99	2879.99	100.00	13779.40	13777.83	10047.28	72.92
19. Punjab	8901.00	8717.13	7847.92	88.17	8130.91	8130.91	5148.39	63.32
20. Rajasthan	2943.09	2942.15	2844.93	96.66	14987.33	14979.48	11043.42	73.69
21. Sikkim	319.99	319.99	311.99	97.50	1006.01	1004.36	589.76	58.62
22. Tamil Nadu	2500.00	2500.00	2500.00	100.00	10084.57	10078.43	7199.95	71.40
23. Tripura	305.55	305.55	245.39	80.31	2590.40	2590.40	2139.13	82.58
24. Uttar Pradesh	8805.07	8800.72	8783.19	99.75	27554.30	27554.30	21006.16	76.24
25. West Bengal	9147.07	9145.86	9145.76	99.99	21916.63	21915.53	14519.29	66.25
Total - All States	**72321.97**	**71985.28**	**65373.09**	**90.39**	**260850.33**	**260623.95**	**180485.82**	**69.19**

Up to 31.3.1994.
* *Up to 31.3.2000.*

Annexure VIII.1

Constitution and submission of SFC Reports and Action Taken thereon

[Para 8.11.c]

(Position as on 1.6.2000)

Sl. No.	State	Date of constitution of SFC	Time given for submission of report, as per TOR (months)	Date of submission of SFC report	Date of submission of ATR	Period covered by SFC
1	2	3	4	5	6	7
1	Andhra Pradesh	22.6.1994	36	31.5 1997	November-1997	1997-98 to 1999-2000
2	Arunachal Pradesh	SFC not consitituted yet.				-
3	Assam	23.6.1995	6	29.2.1996	18.3.1996	1996-97 to 2000-01
4	Bihar	23.4.1994/ 2.6.1999*	3	Not submitted .	Not submitted.	-
5	Goa	22.4.1994/29.9.1997*/ 1.4.1999*	3	5.6.1999	Not submitted.	2000-01 to 2004-05
6	Gujarat	15.9.1994/ 13.8.1998*	@	RLBs-13.7.1998/ ULBs-October-98	Not submitted.	1996-97 to 2000-01
7	Haryana	31.5.1994	34	31.3.1997	Not submitted.	1997-98 to 2000-01
8	Himachal Pradesh	23.4.1994	@	November-1996	March-1997	1996-97 to 2000-01
9	Jammu & Kashmir	SFC not consitituted yet.				-
10	Karnataka	10.6.1994	25	RLBs- 5.8.1996/ ULBs-30.1.1996	31.3.1997	1997-98 to 2001-02
11	Kerala	23.4.1994	@	29.2.1996	13.3.1997	1996-97 to 2000-01
12	Madhya Pradesh	17.6.1994/ 25.2.1995*	16	20.7.1996	20/ 21.3.1997	1996-97 to 2000-01
13	Maharashtra	23.4.1994	33	31.1.1997	5.3.1999	1996-97 to 2000-01#
14	Manipur	22.4.1994/ 31.5.1996*	6	December 1996	28.7.1997	1996-97 to 2000-01
15	Meghalaya	SFC not consitituted yet.				-
16	Mizoram	SFC not consitituted yet.				-
17	Nagaland	SFC not consitituted yet.				-
18	Orissa	21.11.1996/ 24.8.1998*	4	30.12.1998	9.7.1999	1998-99 to 2004-05 $
19	Punjab	22.4.1994	20	31.12.1995	13.9.1996	1996-97 to 2000-01
20	Rajasthan	23.4.1994	20	30.12.1995	16.3.1996	1995-96 to 1999-2000
21	Sikkim	23.4.1997/22.7.1998*	@	16.08.1999	Not submitted.	2000-01 to 2004-05
22	Tamil Nadu	23.4.1994	18	29.11.1996	28.4.1997	1997-98 to 2001-02
23	Tripura	RLBs - 23.4.1994 ULBs - 19.8.1996	RLBs - 21 ULBs - 38	RLBs - 12.1.1996 ULBs - 17.9.1999	RLBs- 1st quarter of 1996 ULBs- Not submitted	RLBs - Jan.1996 - Jan. 2001 ULBs - 2000-01 to 2004-05
24	Uttar Pradesh	22.10.1994	26	26.12.1996	20.1.1998	1996-97 to 2000-01
25	West Bengal	30.5.1994	@	27.11.1995	22.7.1996	From 1996-97 till acceptance of the recommendaions of the second SFC.

@ *Time limit not prescribed in the TOR*.

* *Date of re-constitution. In case of Gujarat, the SFC report on RLBs was submitted prior to the reconstitution of the SFC.*

\# *As per the ATR, the SFC recommendations shall be effective from 1.4.1999.*

$ *Though SFC was asked to submit the report covering a period of five years w.e.f. 1.4.1998, its report covers the period from 1998-99 TO 2004-05.*

Source: *State Governments and SFC reports*.

Annexure VIII.2A

State-wise Revenue and Expenditure of Panchayati Raj Institutions (all tiers)

(Para 8.25)

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
1. Andhra pradesh									
Revenue	Own Tax	4574.44	5003.91	4762.89	4621.45	4944.84	5766.94	7748.39	7990.07
	Own Non-Tax	1695.13	3368.16	2896.80	3654.03	4349.83	4784.81	5263.29	5789.62
	Own Revenue	6269.57	8372.07	7659.69	8275.48	9294.67	10551.75	13011.68	13779.69
	Other Revenue	93790.47	107432.44	133170.55	137650.34	148856.74	153050.27	191052.11	237378.88
	Total Revenue	100060.04	115804.51	140830.24	145925.82	158151.41	163602.02	204063.79	251158.57
Expenditure	Exp. on C S	7573.29	12727.08	15634.97	13564.69	15778.76	20187.95	26742.82	40338.49
	Other Exp.	92460.57	103035.71	125646.83	131623.31	144624.47	146503.97	176813.05	210020.08
	Total Exp.	100033.86	115762.79	141281.80	145188.00	160403.23	166691.92	203555.87	250358.57
2. Arunachal Pradesh					PRIs do not exist.				
3. Assam									
Revenue	Own Tax	298.25	304.34	310.51	316.76	323.10	329.56	336.14	342.86
	Own Non-Tax	2.71	2.77	2.83	2.89	2.95	3.01	3.07	3.13
	Own Revenue	300.96	307.11	313.34	319.65	326.05	332.57	339.21	345.99
	Other Revenue	0.00	0.00	42.86	43.72	44.59	45.47	46.39	1204.32
	Total Revenue	300.96	307.11	356.20	363.37	370.64	378.04	385.60	1550.31
Expenditure	Exp. on C S	0.00	0.00	1398.35	1407.93	1431.03	1454.08	1477.93	1082.14
	Other Exp.	213.17	826.95	2006.57	2144.02	2559.65	2623.02	2961.45	2974.77
	Total Exp.	213.17	826.95	3404.92	3551.95	3990.68	4077.10	4439.38	4056.91
4. Bihar									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	359.08	565.13	29494.98	63315.94	59164.15	44218.27	38379.39	36596.09
	Total Revenue	359.08	565.13	29494.98	63315.94	59164.15	44218.27	38379.39	36596.09
Expenditure	6. Exp. on CS*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	13630.18	15087.41	46320.38	89672.76	92655.67	64214.39	59158.97	66039.74
	Total Exp.	13630.18	15087.41	46320.38	89672.76	92655.67	64214.39	59158.97	66039.74
5. Goa									
Revenue	Own Tax	75.15	95.83	103.22	128.54	186.39	211.44	254.13	291.36
	Own Non-Tax	29.70	24.23	31.54	34.35	72.35	92.94	104.44	104.88
	Own Revenue	104.85	120.06	134.76	162.89	258.74	304.38	358.57	396.24
	Other Revenue	262.45	438.11	412.66	473.78	517.52	464.33	323.22	661.24
	Total Revenue	367.30	558.17	547.42	636.67	776.26	768.71	681.79	1057.48
Expenditure	Exp. on C S	47.11	57.28	80.13	88.30	137.46	153.88	175.63	222.55
	Other Exp.	160.81	243.39	208.68	259.95	267.05	319.27	348.95	540.79
	Total Exp.	207.92	300.67	288.81	348.25	404.51	473.15	524.58	763.34
6. Gujarat									
Revenue	Own Tax	1750.89	1900.74	2090.77	2341.96	2504.42	2590.59	2959.83	3093.28
	Own Non-Tax	994.18	949.07	1053.36	1005.66	861.96	967.95	1031.40	942.83
	Own Revenue	2745.07	2849.81	3144.13	3347.62	3366.38	3558.54	3991.23	4036.11
	Other Revenue	99071.21	108972.06	115932.00	120241.71	146078.56	165152.38	229501.80	219217.60
	Total Revenue	101816.28	111821.87	119076.14	123589.33	149444.94	168710.92	233493.03	223253.71
Expenditure	Exp. on C S	883.67	1077.16	1157.75	1191.74	1151.09	1185.98	1533.76	1657.28
	Other Exp.	107213.66	121758.43	133711.66	140314.72	149767.42	178499.78	198333.74	225223.57
	Total Exp.	108097.32	122835.59	134869.41	141506.46	150918.51	179685.76	199867.50	226880.85

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
7. Haryana									
Revenue	Own Tax	98.00	208.00	264.00	260.00	266.00	18.00	334.00	450.00
	Own Non-Tax	2841.00	2685.00	3804.00	3707.00	4006.00	3833.00	3801.00	4851.00
	Own Revenue	2939.00	2893.00	4068.00	3967.00	4272.00	3851.00	4135.00	5301.00
	Other Revenue	1690.00	1447.00	1521.00	1718.00	1884.00	2219.00	2796.00	3221.00
	Total Revenue	4629.00	4340.00	5589.00	5685.00	6156.00	6070.00	6931.00	8522.00
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Expen.	6787.00	5829.40	8615.80	9862.30	10824.80	12230.10	9782.10	14642.90
	Total Expen.	6787.00	5829.40	8615.80	9862.30	10824.80	12230.10	9782.10	14642.90
8. Himachal Pradesh									
Revenue	Own Tax	2.00	67.39	32.14	42.86	54.30	46.49	41.20	67.70
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	2.00	67.39	32.14	42.86	54.30	46.49	41.20	67.70
	Other Revenue	401.72	505.84	486.86	467.89	524.08	574.95	1608.08	2457.34
	Total Revenue	403.72	573.23	519.00	510.75	578.38	621.44	1649.28	2525.04
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	403.76	570.12	519.07	510.76	578.48	621.44	1649.28	2525.04
	Total Exp.	403.76	570.12	519.07	510.76	578.48	621.44	1649.28	2525.04
9. Jammu & Kashmir		Information not furnished							
10. Karnataka									
Revenue	Own Tax	1474.48	1439.56	1620.61	1681.71	2156.29	2320.12	2317.13	2592.43
	Own Non-Tax	258.57	319.96	344.25	257.36	308.18	409.04	454.94	421.29
	Own Revenue	1733.05	1759.52	1964.86	1939.07	2464.47	2729.16	2772.07	3013.72
	Other Revenue	129709.57	159385.99	175708.71	216177.07	243281.12	276679.73	321889.48	373792.82
	Total Revenue	131442.62	161145.51	177673.57	218116.14	245745.59	279408.89	324661.55	376806.54
Expenditure	Exp. on C S	10968.91	13836.07	17655.87	21942.24	20381.74	27621.64	31369.24	36124.04
	Other Exp.	114122.98	136118.90	148223.15	186262.13	178867.45	231474.97	297535.32	333516.85
	Total Exp.	125091.89	149954.97	165879.02	208204.37	199249.19	259096.61	328904.56	369640.89
11. Kerala									
Revenue	Own Tax	2835.23	3504.03	3514.91	4292.66	5104.44	6967.60	7866.22	8755.35
	Own Non-Tax	296.28	219.24	358.04	404.03	456.89	824.52	1073.67	1153.99
	Own Revenue	3131.51	3723.27	3872.95	4696.69	5561.33	7792.12	8939.89	9909.34
	Other Revenue	6530.42	6639.22	9404.58	10932.81	13791.34	20124.30	50232.80	88367.25
	Total Revenue	9661.93	10362.49	13277.53	15629.50	19352.67	27916.42	59172.69	98276.59
Expenditure	Exp. on C S	3160.70	2976.38	3715.94	4357.63	5309.33	3859.99	6220.83	8725.05
	Other Exp.	6712.83	7581.01	9868.74	11553.71	14143.48	26374.29	49491.12	64331.03
	Total Exp.	9873.53	10557.39	13584.68	15911.34	19452.81	30234.28	55711.95	73056.08
12. Madhya Pradesh									
Revenue	Own Tax	294.22	360.71	477.96	635.58	931.55	1066.53	1145.84	1167.10
	Own Non-Tax	899.95	1181.76	1054.94	1041.43	1649.67	1903.53	1992.99	2036.73
	Own Revenue	1194.17	1542.47	1532.90	1677.01	2581.22	2970.06	3138.83	3203.83
	Other Revenue	22173.46	22041.78	30486.24	30489.52	27652.60	45377.35	67354.24	174697.64
	Total Revenue	23367.63	23584.25	32019.14	32166.53	30233.82	48347.41	70493.07	177901.47
Expenditure	Exp. on C S	794.00	1063.19	1502.06	1318.97	1628.64	3958.55	5089.95	5640.33
	Other Exp.	21849.13	22306.04	30930.82	31058.47	28637.01	45133.96	67069.34	172889.57
	Total Exp.	22643.13	23369.23	32432.88	32377.44	30265.65	49092.51	72159.29	178529.90
13. Maharashtra									
Revenue	Own Tax	2425.87	3076.22	3042.93	4482.72	4700.62	5821.72	6900.26	7459.15
	Own Non-Tax	994.63	1085.19	1012.02	1404.11	1606.25	1827.01	2681.32	3757.86
	Own Revenue	3420.51	4161.41	4054.95	5886.82	6306.88	7648.74	9581.58	11217.00
	Other Revenue	101099.43	114407.29	162615.29	164956.48	198381.31	240627.58	279077.82	319530.01
	Total Revenue	104519.94	118568.70	166670.24	170843.30	204688.19	248276.31	288659.40	330747.02
Expenditure	Exp. on C S	10165.49	11793.42	15875.33	17676.57	19949.00	27255.22	32223.91	34154.14
	Other Exp.	134259.58	176536.43	191513.41	230455.78	299746.14	291987.42	362443.10	424384.16
	Total Exp.	144425.07	188329.85	207388.74	248132.35	319695.14	319242.64	394667.01	458538.30

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
14. Manipur									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	33.88	40.66	41.45	58.40	73.39	62.97	36.00	34.81
	Total Revenue	33.88	40.66	41.45	58.40	73.39	62.97	36.00	34.81
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	92.69	96.90	91.76	124.16	165.21	157.06	133.59	208.70
	Total Exp.	92.69	96.90	91.76	124.16	165.21	157.06	133.59	208.70
15. Meghalaya									
Revenue	Own Tax	0.00	0.64	0.71	1.40	5.32	6.95	3.70	4.80
	Own Non-Tax	225.74	254.54	177.44	209.37	132.64	218.72	250.77	311.17
	Own Revenue	225.95	255.18	178.15	210.77	137.96	225.67	254.47	315.97
	Other Revenue	687.61	717.99	694.64	793.02	850.97	948.88	1197.91	1436.25
	Total Revenue	913.56	973.17	872.79	1003.79	988.93	1174.55	1452.38	1752.22
Expenditure	6. Exp. on CS*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	1179.12	1528.97	1523.78	1601.90	1477.88	1964.58	2109.14	2356.28
	Total Exp.	1179.12	1528.97	1523.78	1601.90	1477.88	1964.58	2109.14	2356.28
16. Mizoram									
Revenue	Own Tax	0.00	0.00	0.00	0.11	0.07	0.80	0.17	1.07
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.11	0.07	0.80	0.17	1.07
	Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	74.00	74.00
	Total Revenue	0.00	0.00	0.00	0.11	0.07	0.80	74.17	75.07
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	66.73	75.09	79.09	75.09	81.89	81.89	155.89	149.58
	Total Exp.	66.73	75.09	79.09	75.09	81.89	81.89	155.89	149.58
17. Nagaland									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	2273.13	1937.24	1904.65	2795.39	4769.59	8160.00	9461.08	9283.93
	Total Revenue	2273.13	1937.24	1904.65	2795.39	4769.59	8160.00	9461.08	9283.93
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	2273.13	1937.24	1904.65	2795.39	4769.59	8160.00	9461.08	9283.93
	Total Exp.	2273.13	1937.24	1904.65	2795.39	4769.59	8160.00	9461.08	9283.93
18. Orissa									
Revenue	Tax	355.38	725.75	383.08	411.37	474.53	469.99	449.21	462.34
	Own Non-Tax	234.99	122.15	267.50	291.86	327.37	248.81	264.55	237.04
	Own Revenue	590.37	847.90	650.58	703.23	801.90	718.80	713.76	699.38
	Other Revenue	17222.62	16690.13	20245.96	35244.39	38971.40	51816.49	60622.82	63302.87
	Total Revenue	17812.99	17538.03	20896.54	35947.62	39773.30	52535.29	61336.58	64002.25
Expenditure	Exp. on C S	988.23	1527.73	1601.59	1467.14	1121.03	1300.62	462.21	793.25
	Other Exp.	16824.76	16010.30	19294.95	34480.48	38652.27	51234.67	60874.37	63209.00
	Total Exp.	17812.99	17538.03	20896.54	35947.62	39773.30	52535.29	61336.58	64002.25
19. Punjab									
Revenue	Own Tax	65.02	65.09	65.42	66.14	65.20	67.30	67.99	69.85
	Own Non-Tax	2090.68	2346.70	2941.30	3855.86	4467.96	4925.52	4680.89	5316.77
	Own Revenue	2155.70	2411.79	3006.72	3922.00	4533.16	4992.82	4748.88	5386.62
	Other Revenue	7589.91	8563.48	9687.64	10893.85	12083.11	12747.32	9214.66	8154.42
	Total Revenue	9745.61	10975.27	12694.36	14815.85	16616.27	17740.14	13963.54	13541.04
Expenditure	Exp. on C S	3945.25	4219.64	4752.36	7540.67	7077.72	8464.64	4869.60	3915.10
	Other Exp.	6054.11	7034.02	8050.31	7784.22	8751.77	10149.84	11115.09	12038.01
	Total Exp.	9999.36	11253.66	12802.67	15324.89	15829.49	18614.48	15984.69	15953.11

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
20. Rajasthan									
Revenue	Own Tax	Break up of tax and non-tax is not furnished							
	Own Non-Tax								
	Own Revenue	2427.61	2332.55	2084.36	2359.96	2554.04	2635.68	3204.12	3074.57
	Other Revenue	73022.18	64477.40	68265.69	82349.35	105920.31	126338.02	141603.75	148946.18
	Total Revenue	75449.79	66809.95	70350.05	84709.31	108474.35	128973.70	144807.87	152020.75
Expenditure	Exp. on C S	3.60	48.40	243.50	504.65	810.15	1043.84	1091.00	1163.57
	Other Exp.	74288.48	65692.47	69790.46	84154.95	108075.65	127186.15	144352.01	152574.73
	Total Exp.	74292.08	65740.87	70033.96	84659.60	108885.80	128229.99	145443.01	153738.30
21. Sikkim									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	116.00	71.00	66.00	64.93	122.17	143.84	146.23
	Total Revenue	0.00	116.00	71.00	66.00	64.93	122.17	143.84	146.23
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	116.00	70.90	66.00	64.93	122.17	143.84	146.23
	Total Exp.	0.00	116.00	70.90	66.00	64.93	122.17	143.84	146.23
22. Tamil Nadu									
Revenue	Own Tax	1479.76	1776.61	1580.61	2269.00	2380.20	3121.19	2813.03	3293.80
	Own Non-Tax	91.83	79.82	93.84	85.05	90.95	90.89	101.96	109.97
	Own Revenue	1571.59	1856.43	1674.45	2354.05	2471.15	3212.08	2914.99	3403.77
	Other Revenue	26378.03	29316.70	38211.64	42659.05	30133.58	30655.38	39250.98	38812.64
	Total Revenue	27949.62	31173.13	39886.09	45013.10	32604.73	33867.46	42165.97	42216.41
Expenditure	Exp. on C S	6644.63	5631.30	6825.87	8436.90	7879.21	9287.42	10215.66	16386.42
	Other Exp.	15322.21	13577.40	15480.36	17623.22	18255.16	19250.11	28896.03	32675.45
	Total Exp.	21966.84	19208.70	22306.23	26060.12	26134.37	28537.53	39111.69	49061.87
23. Tripura									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	1.42	2.31	2.59	2.80	3.44	5.02	5.19	6.03
	Own Revenue	1.42	2.31	2.59	2.80	3.44	5.02	5.19	6.03
	Other Revenue	123.35	103.00	94.00	73.53	125.99	508.87	1095.55	6981.00
	Total Revenue	124.77	105.31	96.59	76.33	129.43	513.89	1100.74	6987.03
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	123.35	103.00	94.00	73.53	125.99	508.87	1095.55	6981.00
	Total Exp.	123.35	103.00	94.00	73.53	125.99	508.87	1095.55	6981.00
24. Uttar Pradesh									
Revenue	Own Tax	622.12	671.83	744.58	911.36	900.01	798.53	661.63	865.36
	Own Non-Tax	1653.23	1836.91	2236.67	2804.11	3002.66	2938.46	3288.30	3799.81
	Own Revenue	2275.35	2508.74	2981.25	3715.47	3902.67	3736.99	3949.93	4665.17
	Other Revenue	40655.36	42171.17	43327.35	58923.65	57467.86	67875.95	59166.23	83659.19
	Total Revenue	42930.71	44679.91	46308.60	62639.12	61370.53	71612.94	63116.16	88324.36
Expenditure	Exp. on C S	236.00	307.00	633.00	653.00	673.00	693.00	770.00	5060.44
	Other Exp.	43139.90	44977.45	46645.71	61481.52	60487.57	70956.52	66668.00	85653.63
	Total Exp.	43375.90	45284.45	47278.71	62134.52	61160.57	71649.52	67438.00	90714.07
25. West Bengal									
Revenue	Own Tax	546.73	553.01	576.55	501.69	549.79	593.78	602.58	784.61
	Own Non-Tax	876.69	899.35	876.76	868.53	907.88	896.70	896.73	1174.60
	Own Revenue	1423.42	1452.36	1453.31	1370.22	1457.67	1490.48	1499.31	1959.21
	Other Revenue	5796.96	18859.76	27159.16	41315.26	47312.86	53347.40	50145.79	46816.25
	Total Revenue	7220.38	20312.12	28612.47	42685.48	48770.53	54837.88	51645.10	48775.46
Expenditure	Exp. on C S	192.35	194.68	190.00	192.29	195.49	196.02	197.21	194.51
	Other Exp.	11908.78	31983.50	34866.03	41518.34	53391.86	57855.42	52406.74	55293.40
	Total Exp.	12101.13	32178.18	35056.03	41710.63	53587.35	58051.44	52603.95	55487.91

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Total (All States)									
Revenue	Own Tax	23849.68	19753.66	19570.89	22965.31	25547.08	30197.54	34501.45	37691.13
	Own Non-Tax	13186.73	15377.16	17153.88	19628.43	22246.98	23969.93	25894.51	30016.72
	Own Revenue	37036.41	35130.82	36724.77	42593.74	47794.06	54167.47	60395.96	67707.85
	Other Revenue	624346.53	707160.94	871063.27	1023999.11	1140504.04	1303752.76	1557478.07	1867846.53
	Total Revenue	661382.94	742291.76	907788.05	1066592.85	1188298.10	1357920.23	1617874.02	1935554.38
Expenditure	Exp. on C S	41661.98	55459.33	71266.72	80342.72	83523.65	106662.83	122439.75	155457.31
	Other Exp.	673028.18	773026.13	895457.11	1085496.71	1216971.39	1347609.89	1602997.74	1937658.44
	Total Exp.	714690.16	828485.46	966723.83	1165839.43	1300495.04	1454272.72	1725437.49	2093115.75

Source: State Governments.

CS = Core Services (water supply, street lighting, sanitation and roads).

* *Information/details not furnished.*

Annexure VIII.2B

Statement of Revenue and Exp. of Panchayats at Village level

(Para 8.25)

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
1. Andhra Pradesh									
Revenue	Own Tax	4574.44	5003.91	4762.89	4621.45	4944.84	5766.94	7748.39	7990.07
	Own Non-Tax	645.37	2201.76	1600.80	2214.03	2749.83	3024.81	3327.29	3660.02
	Own Revenue	5219.81	7205.67	6363.69	6835.48	7694.67	8791.75	11075.68	11650.09
	Other Revenue	17762.47	18939.21	20179.01	26088.36	19477.48	14617.48	25979.10	18451.15
	Total Revenue	22982.28	26144.88	26542.70	32923.84	27172.15	23409.23	37054.78	30101.24
Expenditure	Exp. on C S	2842.46	3961.50	4930.57	4629.50	5812.55	7370.49	8476.04	9519.61
	Other Exp.	16763.01	18656.08	19259.21	27202.93	19414.68	14913.30	26109.47	19284.31
	Total Exp.	19605.47	22617.58	24189.78	31832.43	25227.23	22283.79	34585.51	28803.92
2. Arunachal Pradesh					PRIs do not exist.				
3. Assam									
Revenue	Own Tax	201.95	205.99	210.11	214.31	218.60	222.97	227.42	231.97
	Own Non-Tax	2.53	2.58	2.63	2.68	2.73	2.78	2.83	2.88
	Own Revenue	204.48	208.57	212.74	216.99	221.33	225.75	230.25	234.85
	Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1157.00
	Total Revenue	204.48	208.57	212.74	216.99	221.33	225.75	230.25	1391.85
Expenditure	Exp. on C S	INF	0.00	1368.95	1377.93	1400.43	1422.88	1446.10	1049.68
	Other Exp.		291.10	1287.14	1330.92	1644.42	1645.14	1892.63	1870.01
	Total Exp.		291.10	2656.09	2708.85	3044.85	3068.02	3338.73	2919.69
4. Bihar									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	23781.46	51289.74	47020.65	35826.40	30857.30	29529.84
	Total Revenue	0.00	0.00	23781.46	51289.74	47020.65	35826.40	30857.30	29529.84
Expenditure	Exp. on C S*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	2795.05	3173.59	27301.03	54880.59	50953.78	40203.21	35697.81	34823.96
	Total Exp.	2795.05	3173.59	27301.03	54880.59	50953.78	40203.21	35697.81	34823.96
5. Goa									
Revenue	Own Tax	75.15	95.83	103.22	128.54	186.39	211.44	254.13	291.36
	Own Non-Tax	29.70	24.23	31.54	34.35	72.35	92.94	104.44	104.88
	Own Revenue	104.85	120.06	134.76	162.89	258.74	304.38	358.57	396.24
	Other Revenue	262.45	438.11	412.66	473.78	517.52	464.33	323.22	661.24
	Total Revenue	367.30	558.17	547.42	636.67	776.26	768.71	681.79	1057.48
Expenditure	Exp. on C S	47.11	57.28	80.13	88.30	137.46	153.88	175.63	222.55
	Other Exp.	160.81	243.39	208.68	259.95	267.05	319.27	348.95	540.79
	Total Exp.	207.92	300.67	288.81	348.25	404.51	473.15	524.58	763.34
6. Gujarat									
Revenue	Own Tax	1502.92	1648.17	1694.95	1927.84	2051.75	2052.66	2443.20	2571.62
	Own Non-Tax	533.56	543.01	619.77	600.41	428.09	590.95	696.35	586.63
	Own Revenue	2036.48	2191.18	2314.72	2528.25	2479.84	2643.61	3139.55	3158.25
	Other Revenue	7027.18	4135.24	4323.65	4567.62	5032.63	4709.69	11019.66	6180.15
	Total Revenue	9063.65	6326.42	6638.38	7095.87	7512.47	7353.30	14159.21	9338.40
Expenditure	Exp. on C S	883.67	1077.16	1157.75	1191.74	1151.09	1185.98	1533.76	1657.28
	Other Exp.	2285.26	2492.25	2512.74	2815.17	2396.19	2884.71	3817.79	4251.25
	Total Exp.	3168.92	3569.41	3670.49	4006.91	3547.28	4070.69	5351.55	5908.53

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
7. Haryana									
Revenue	Own Tax	98.00	208.00	264.00	260.00	266.00	3.00	328.00	444.00
	Own Non-Tax	2841.00	2685.00	3804.00	3707.00	4006.00	3833.00	3801.00	4851.00
	Own Revenue	2939.00	2893.00	4068.00	3967.00	4272.00	3836.00	4129.00	5295.00
	Other Revenue	1199.00	1001.00	1064.00	1214.00	1345.00	1613.00	2015.00	2449.00
	Total Revenue	4138.00	3894.00	5132.00	5181.00	5617.00	5449.00	6144.00	7744.00
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	6201.00	5288.00	8062.00	9261.00	10187.00	11484.00	8711.00	13652.00
	Total Exp.	6201.00	5288.00	8062.00	9261.00	10187.00	11484.00	8711.00	13652.00
8. Himachal Pradesh									
Revenue	Own Tax	2.00	67.39	32.14	42.86	54.30	46.49	41.20	67.70
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	2.00	67.39	32.14	42.86	54.30	46.49	41.20	67.70
	Other Revenue	390.59	481.75	467.86	440.57	513.32	558.02	1340.33	2013.46
	Total Revenue	392.59	549.14	500.00	483.43	567.62	604.51	1381.53	2081.16
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	392.63	546.03	500.07	483.44	567.72	604.51	1381.53	2081.16
	Total Exp.	392.63	546.03	500.07	483.44	567.72	604.51	1381.53	2081.16
9. Jammu & Kashmir				Information not furnished					
10. Karnataka									
Revenue	Own Tax	1474.48	1439.56	1620.61	1681.71	2156.29	2320.12	2317.13	2592.43
	Own Non-Tax	258.57	319.96	344.25	257.36	308.18	409.04	454.94	421.29
	Own Revenue	1733.05	1759.52	1964.86	1939.07	2464.47	2729.16	2772.07	3013.72
	Other Revenue	10509.57	10947.99	11044.71	12816.07	16545.12	19452.73	20116.23	20351.57
	Total Revenue	12242.62	12707.51	13009.57	14755.14	19009.59	22181.89	22888.30	23365.29
Expenditure	Exp. on C S	2112.90	2708.20	2453.63	2720.43	3222.88	4727.61	5250.33	5727.05
	Other Exp.	9347.01	9775.65	9882.92	11265.62	13650.91	15115.04	18132.16	18637.97
	Total Exp.	11459.91	12483.85	12336.55	13986.05	16873.79	19842.65	23382.49	24365.02
11. Kerala									
Revenue	Own Tax	2835.23	3504.03	3514.91	4292.66	5104.44	6967.60	7866.22	8755.35
	Own Non-Tax	296.28	219.24	358.04	404.03	456.89	824.52	1073.67	1153.99
	Own Revenue	3131.51	3723.27	3872.95	4696.69	5561.33	7792.12	8939.89	9909.34
	Other Revenue	6530.42	6639.22	9404.58	10932.81	13791.34	12708.52	31105.69	64518.05
	Total Revenue	9661.93	10362.49	13277.53	15629.50	19352.67	20500.64	40045.58	74427.39
Expenditure	Exp. on C S	3160.70	2976.38	3715.94	4357.63	5309.33	3520.50	5635.29	7191.05
	Other Exp.	6712.83	7581.01	9868.74	11553.71	14143.48	17402.57	34570.86	36866.84
	Total Exp.	9873.53	10557.39	13584.68	15911.34	19452.81	20923.07	40206.15	44057.89
12. Madhya Pradesh									
Revenue	Own Tax	286.16	351.21	455.69	525.42	838.44	898.51	982.38	1002.03
	Own Non-Tax	885.54	1162.27	1004.77	934.97	1504.88	1587.91	1683.04	1716.21
	Own Revenue	1171.70	1513.48	1460.46	1460.39	2343.32	2486.42	2665.42	2718.24
	Other Revenue	20970.04	20682.32	28939.03	28580.06	25657.87	37625.26	41817.59	65524.43
	Total Revenue	22141.74	22195.80	30399.49	30040.45	28001.19	40111.68	44483.01	68242.67
Expenditure	Exp. on C S	569.00	813.19	1202.06	1018.97	1328.64	1835.88	2441.65	2563.73
	Other Exp.	21380.02	21181.03	29786.01	29592.34	27098.60	39579.35	44162.01	68204.13
	Total Exp.	21949.02	21994.22	30988.07	30611.31	28427.24	41415.23	46603.66	70767.86
13. Maharashtra									
Revenue	Own Tax	2259.91	2870.04	2749.22	4177.56	4355.80	5389.07	6334.56	7096.51
	Own Non-Tax	909.82	952.25	871.28	1217.75	1377.34	1627.67	2387.05	3453.87
	Own Revenue	3169.73	3822.29	3620.50	5395.31	5733.14	7016.74	8721.61	10550.38
	Other Revenue	14035.54	9718.25	12130.78	13235.45	21956.25	27587.20	31994.34	40595.47
	Total Revenue	17205.27	13540.54	15751.28	18630.76	27689.39	34603.94	40715.95	51145.85
Expenditure	Exp. on C S	3134.02	3741.00	3704.25	4358.95	4894.79	5506.25	7351.60	9406.45
	Other Exp.	16909.62	17668.20	18980.27	28681.36	24552.29	16529.22	37070.30	44348.61
	Total Exp.	20043.64	21409.20	22684.52	33040.31	29447.08	22035.47	44421.90	53755.06

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
14. Manipur									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	33.88	40.66	41.45	58.40	73.39	62.97	36.00	34.81
	Total Revenue	33.88	40.66	41.45	58.40	73.39	62.97	36.00	34.81
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	92.69	96.90	91.76	124.16	165.21	157.06	133.59	186.31
	Total Exp.	92.69	96.90	91.76	124.16	165.21	157.06	133.59	186.31
15. Meghalaya									
Revenue	Own Tax	0.21	0.64	0.71	1.40	5.32	6.95	3.70	4.80
	Own Non-Tax	225.74	254.54	177.44	209.37	132.64	218.72	250.77	311.17
	Own Revenue	225.95	255.18	178.15	210.77	137.96	225.67	254.47	315.97
	Other Revenue	687.61	717.99	694.64	793.02	850.97	948.88	1197.91	1436.25
	Total Revenue	913.56	973.17	872.79	1003.79	988.93	1174.55	1452.38	1752.22
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	1179.12	1528.97	1523.78	1601.90	1477.88	1964.58	2109.14	2356.28
	Total Exp.	1179.12	1528.97	1523.78	1601.90	1477.88	1964.58	2109.14	2356.28
16. Mizoram									
Revenue	Own Tax				0.11	0.07	0.80	0.17	1.07
	Own Non-Tax				0.00	0.00	0.00	0.00	0.00
	Own Revenue	INF	INF	INF	0.11	0.07	0.80	0.17	1.07
	Other Revenue				0.00	0.00	0.00	74.00	74.00
	Total Revenue				0.11	0.07	0.80	74.17	75.07
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	66.73	75.09	79.09	75.09	81.89	81.89	155.89	149.58
	Total Exp.	66.73	75.09	79.09	75.09	81.89	81.89	155.89	149.58
17. Nagaland									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	2273.13	1937.24	1904.65	2795.39	4769.59	8160.00	9461.08	9283.93
	Total Revenue	2273.13	1937.24	1904.65	2795.39	4769.59	8160.00	9461.08	9283.93
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	2273.13	1937.24	1904.65	2795.39	4769.59	8160.00	9461.08	9283.93
	Total Exp.	2273.13	1937.24	1904.65	2795.39	4769.59	8160.00	9461.08	9283.93
18. Orissa									
Revenue	Own Tax	355.38	725.75	383.08	411.37	474.53	469.99	449.21	462.34
	Own Non-Tax	234.99	122.15	267.50	291.86	327.37	248.81	264.55	237.04
	Own Revenue	590.37	847.90	650.58	703.23	801.90	718.80	713.76	699.38
	Other Revenue	7926.65	6933.67	8898.35	13612.68	11461.91	13188.31	12495.66	13873.77
	Total Revenue	8517.02	7781.57	9548.93	14315.91	12263.81	13907.11	13209.42	14573.15
Expenditure	Exp. on C S	308.23	476.89	363.82	619.42	407.73	458.46	461.35	436.63
	Other Exp.	8208.79	7304.68	9185.11	13696.49	11856.08	13448.65	12748.07	14136.52
	Total Exp.	8517.02	7781.57	9548.93	14315.91	12263.81	13907.11	13209.42	14573.15
19. Punjab									
Revenue	Own Tax	65.02	65.09	65.42	66.14	65.20	67.30	67.99	69.85
	Own Non-Tax	1750.69	1895.34	2462.71	3283.27	3886.76	4197.64	4016.06	4540.45
	Own Revenue	1815.71	1960.43	2528.13	3349.41	3951.96	4264.94	4084.05	4610.30
	Other Revenue	6299.34	7261.07	8131.11	9349.90	10559.58	10304.25	6439.25	5507.21
	Total Revenue	8115.05	9221.50	10659.24	12699.31	14511.54	14569.19	10523.30	10117.51
Expenditure	Exp. on C S#	3941.25	4215.14	4747.86	7536.07	7072.72	8459.14	4863.60	3910.10
	Other Exp.	4190.35	5014.22	5905.39	5412.43	6145.17	7135.47	7867.99	8472.78
	Total Exp.	8131.60	9229.36	10653.25	12948.50	13217.89	15594.61	12731.59	12382.88

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
20. Rajashtan									
Revenue	Own Tax	Break-up of tax and non-tax not furnished.							
	Own Non-Tax								
	Own Revenue	1672.00	1425.00	1242.00	1292.00	1305.00	1318.00	1331.00	1344.00
	Other Revenue	19804.72	23107.72	26993.26	34917.00	52875.89	65396.68	74341.47	78765.82
	Total Revenue	21476.72	24532.72	28235.26	36209.00	54180.89	66714.68	75672.47	80109.82
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	21003.62	24445.03	28544.93	36671.84	54840.28	68146.65	77388.97	82123.69
	Total Exp.	21003.62	24445.03	28544.93	36671.84	54840.28	68146.65	77388.97	82123.69
21. Sikkim									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	80.00	29.33	26.00	27.17	83.17	101.49	98.23
	Total Revenue	0.00	80.00	29.33	26.00	27.17	83.17	101.49	98.23
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	80.00	29.23	26.00	27.17	83.17	101.49	98.23
	Total Exp.	0.00	80.00	29.23	26.00	27.17	83.17	101.49	98.23
22. Tamil Nadu									
Revenue	Own Tax	974.37	1309.60	1076.86	1733.47	1791.12	2473.21	2100.26	2509.76
	Own Non-Tax	57.45	49.86	52.96	50.19	53.89	51.31	61.04	65.54
	Own Revenue	1031.82	1359.46	1129.82	1783.66	1845.01	2524.52	2161.30	2575.30
	Other Revenue	8171.64	7842.88	15415.32	11159.69	23189.45	23025.30	22051.93	25353.74
	Total Revenue	9203.46	9202.34	16545.14	12943.35	25034.46	25549.82	24213.23	27929.04
Expenditure	Exp. on C S	5697.00	4498.00	5635.00	6894.00	6977.00	8336.00	9169.00	10832.00
	Other Exp.	6149.55	4577.86	5640.28	7518.29	8267.54	9094.70	10546.49	12921.93
	Total Exp.	11846.55	9075.86	11275.28	14412.29	15244.54	17430.70	19715.49	23753.93
23. Tripura									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	1.42	2.31	2.59	2.80	3.44	5.02	5.19	6.03
	Own Revenue	1.42	2.31	2.59	2.80	3.44	5.02	5.19	6.03
	Other Revenue	123.35	103.00	94.00	73.53	117.74	346.48	871.14	4031.48
	Total Revenue	124.77	105.31	96.59	76.33	121.18	351.50	876.33	4037.51
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	123.35	103.00	94.00	73.53	117.74	346.48	871.14	4031.48
	Total Exp.	123.35	103.00	94.00	73.53	117.74	346.48	871.14	4031.48
24. Uttar Pradesh									
Revenue	Own Tax	332.20	349.69	386.65	523.07	484.26	406.29	231.19	382.13
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	332.20	349.69	386.65	523.07	484.26	406.29	231.19	382.13
	Other Revenue	39687.60	41095.88	42132.58	56133.68	53852.99	63653.77	53875.64	72899.09
	Total Revenue	40019.80	41445.57	42519.23	56656.75	54337.25	64060.06	54106.83	73281.22
Expenditure	Exp. on C S	236.00	307.00	633.00	653.00	673.00	693.00	770.00	5060.44
	Other Exp.	40019.80	41445.57	42519.23	56656.75	54301.24	64060.06	54106.83	69301.54
	Total Exp.	40255.80	41752.57	43152.23	57309.75	54974.24	64753.06	54876.83	74361.98
25. West Bengal									
Revenue	Own Tax	546.73	553.01	576.55	501.69	549.79	593.78	602.58	784.61
	Own Non-Tax	312.34	317.72	312.15	286.13	304.02	303.73	308.72	511.90
	Own Revenue	859.07	870.73	888.70	787.82	853.81	897.51	911.30	1296.51
	Other Revenue	4173.66	14810.32	21471.61	28639.42	29565.97	32922.46	27004.38	24210.95
	Total Revenue	5032.73	15681.05	22360.31	29427.24	30419.78	33819.97	27915.68	25507.46
Expenditure	Exp. on C S$	59.62	59.75	59.98	60.12	60.56	61.01	61.29	63.00
	Other Exp.	8935.14	25395.90	27786.31	31196.88	35055.37	37735.83	29403.37	31452.93
	Total Exp.	8994.76	25455.65	27846.29	31257.00	35115.93	37796.84	29464.66	31515.93

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Total (All States)									
Revenue	Own Tax	22577.79	18397.91	17897.01	21109.60	23547.14	27897.12	31997.73	35257.60
	Own Non-Tax	8985.00	10752.22	11912.43	13496.20	15614.41	17018.85	18436.94	21622.90
	Own Revenue	31562.79	29150.13	29809.44	34605.80	39161.55	44915.97	50434.67	56880.50
	Other Revenue	162547.19	178338.52	238796.04	308489.17	340506.83	374572.90	405849.41	488344.64
	Total Revenue	194109.98	207488.65	268605.49	343094.97	379668.38	419488.87	456284.08	545225.14
Expenditure	Exp. on C S	19050.71	24891.49	30052.94	35506.06	38448.18	43731.08	47635.64	57639.57
	Other Exp.	179130.75	198900.79	250952.57	333175.78	341981.28	371094.86	416788.56	479076.23
	Total Exp.	198181.46	223792.28	281005.51	368681.84	380429.46	414825.94	464424.20	536715.79

Source: State Governments.

CS = Core Services (water supply, street lighting, sanitation and roads).

INF= Information/details not furnished.

* *Details not furnished.*

Expenditure on streets/drains only.

$ *Details not furnished except for water supply.*

Annexure VIII. 2C

Statement of Revenue and Expenditure of Panchayats at Intermediate level

(Para 8.25)

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
1. Andhra Pradesh									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	262.44	291.60	324.00	360.00	400.00	440.00	484.00	532.40
	Own Revenue	262.44	291.60	324.00	360.00	400.00	440.00	484.00	532.40
	Other Revenue	45052.99	48463.30	52048.61	57434.74	64083.14	64979.11	75281.32	81304.06
	Total Revenue	45315.43	48754.90	52372.61	57794.74	64483.14	65419.11	75765.32	81836.46
Expenditure	Exp. on C S	1492.83	1435.58	1330.40	1364.34	1765.36	1801.72	1839.91	1880.01
	Other Exp.	44871.23	48499.90	52837.69	58383.99	65788.61	65856.69	76803.60	83006.94
	Total Exp.	46364.06	49935.48	54168.09	59748.33	67553.97	67658.41	78643.51	84886.95
2. Arunachal Pradesh				PRIs do not exist.					
3. Assam									
Revenue	Own Tax	96.30	98.35	100.40	102.45	104.50	106.59	108.72	110.89
	Own Non-Tax	0.18	0.19	0.20	0.21	0.22	0.23	0.24	0.25
	Own Revenue	96.48	98.54	100.60	102.66	104.72	106.82	108.96	111.14
	Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Revenue	96.48	98.54	100.60	102.66	104.72	106.82	108.96	111.14
Expenditure	Exp. on C S	0.00	0.00	29.40	30.00	30.60	31.20	31.83	32.46
	Other Exp.	213.17	479.81	551.01	624.76	704.76	755.18	824.71	852.90
	Total Exp.	213.17	479.81	580.41	654.76	735.36	786.38	856.54	885.36
4. Bihar									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	5473.14	11821.20	10850.92	8267.63	7106.03	6327.82
	Total Revenue	0.00	0.00	5473.14	11821.20	10850.92	8267.63	7106.03	6327.82
Expenditure	Exp. on C S*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	9273.42	10080.95	16301.94	30948.54	22890.81	20594.09	19741.54	19079.27
	Total Exp.	9273.42	10080.95	16301.94	30948.54	22890.81	20594.09	19741.54	19079.27
5. Goa			Panchayats at intermediate level do not exist.						
6. Gujarat									
Revenue	Own Tax	132.12	128.42	146.72	162.75	206.53	272.16	291.95	279.60
	Own Non-Tax	37.84	33.92	58.19	54.05	47.50	54.11	78.52	78.21
	Own Revenue	169.96	162.34	204.91	216.80	254.03	326.27	370.47	357.81
	Other Revenue	42453.66	52620.07	57400.12	57691.76	71149.33	78561.49	95411.36	102524.30
	Total Revenue	42623.62	52782.41	57605.03	57908.56	71403.36	78887.76	95781.83	102882.11
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	61983.77	66418.68	74216.14	81401.28	85429.52	100288.30	110445.57	122974.47
	Total Exp.	61983.77	66418.68	74216.14	81401.28	85429.52	100288.30	110445.57	122974.47
7. Haryana									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	491.00	446.00	457.00	504.00	539.00	606.00	678.00	617.00
	Total Revenue	491.00	446.00	457.00	504.00	539.00	606.00	678.00	617.00
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	586.00	541.40	553.80	601.30	637.80	718.40	792.10	731.90
	Total Exp.	586.00	541.40	553.80	601.30	637.80	718.40	792.10	731.90

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
8. Himachal Pradesh									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	11.13	24.09	19.00	27.32	10.76	16.93	115.00	219.74
	Total Revenue	11.13	24.09	19.00	27.32	10.76	16.93	115.00	219.74
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	11.13	24.09	19.00	27.32	10.76	16.93	115.00	219.74
	Total Exp.	11.13	24.09	19.00	27.32	10.76	16.93	115.00	219.74
9. Jammu & Kashmir		Information not furnished							
10. Karnataka									
	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	4405.25	5313.25
	Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00	4405.25	5313.25
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	0.00	0.00	0.00	0.00	0.00	1041.25	1041.25
	Total Exp.	0.00	0.00	0.00	0.00	0.00	0.00	1041.25	1041.25
11. Kerala									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	0.00	0.00	0.00	7297.39	8701.16	16180.08
	Total Revenue	0.00	0.00	0.00	0.00	0.00	7297.39	8701.16	16180.08
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	339.49	433.26	781.97
	Other Exp.	0.00	0.00	0.00	0.00	0.00	8853.33	10288.67	17762.42
	Total Exp.	0.00	0.00	0.00	0.00	0.00	9192.82	10721.93	18544.39
12. Madhya Pradesh									
Revenue	Own Tax	8.06	9.50	22.27	110.16	93.11	168.02	163.46	165.07
	Own Non-Tax	9.12	10.11	37.94	95.71	131.67	279.60	254.98	263.74
	Own Revenue	17.18	19.61	60.21	205.87	224.78	447.62	418.44	428.81
	Other Revenue	864.79	988.43	1122.96	1459.25	1532.57	2066.76	7409.02	33640.78
	Total Revenue	881.97	1008.04	1183.17	1665.12	1757.35	2514.38	7827.46	34069.59
Exp.	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	348.62	982.67	1006.52	1296.29	1361.01	2021.84	8063.77	34091.92
	Total Exp.	348.62	982.67	1006.52	1296.29	1361.01	2021.84	8063.77	34091.92
13. Maharashtra									
Revenue	Own Tax	49.61	71.47	142.35	92.37	114.64	125.53	190.38	151.77
	Own Non-Tax	24.26	34.79	17.29	32.57	19.49	30.03	36.86	36.66
	Own Revenue	73.87	106.26	159.64	124.94	134.13	155.56	227.24	188.43
	Other Revenue	11510.27	13084.30	27995.23	17978.80	19320.44	23832.57	30173.34	33834.08
	Total Revenue	11584.14	13190.56	28154.87	18103.74	19454.57	23988.13	30400.57	34022.51
Expenditure	Exp. on C S	1333.20	1745.49	2493.64	2715.99	2864.05	3576.36	4296.79	4951.97
	Other Exp.	49247.12	58039.12	65877.36	79848.33	134033.20	104568.00	125529.83	151535.93
	Total Exp.	50580.32	59784.61	68371.00	82564.32	136897.25	108144.36	129826.62	156487.90
14. Manipur		Panchayats at intermediate level do not exist							
15. Meghalaya		Panchayats at intermediate level do not exist.							
16. Mizoram		Panchayats at intermediate level do not exist.							
17. Nagaland		Panchayats at intermediate level do not exist.							

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
18. Orissa									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	9295.97	9756.46	11347.61	21631.71	27509.49	38628.18	43302.16	44711.49
	Total Revenue	9295.97	9756.46	11347.61	21631.71	27509.49	38628.18	43302.16	44711.49
Expenditure	Exp. on C S	680.00	1050.84	1237.77	847.72	713.30	842.16	0.86	0.00
	Other Exp.	8615.97	8705.62	10109.84	20783.99	26796.19	37786.02	43301.30	44711.49
	Total Exp.	9295.97	9756.46	11347.61	21631.71	27509.49	38628.18	43302.16	44711.49
19. Punjab									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	255.10	356.82	382.36	459.19	461.10	551.93	448.57	550.17
	Own Revenue	255.10	356.82	382.36	459.19	461.10	551.93	448.57	550.17
	Other Revenue	1120.57	1123.98	1380.47	1387.22	1398.10	2318.36	2523.32	2523.30
	Total Revenue	1375.67	1480.80	1762.83	1846.41	1859.20	2870.29	2971.89	3073.47
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	1224.16	1320.85	1380.12	1547.19	1737.80	1980.87	2085.90	2318.73
	Total Exp.	1224.16	1320.85	1380.12	1547.19	1737.80	1980.87	2085.90	2318.73
20. Rajashtan									
Revenue	Own Tax	Break-up of tax and non-tax not furnished.							
	Own Non-Tax								
	Own Revenue	631.37	694.51	763.96	840.36	924.40	1016.84	1118.52	1230.37
	Other Revenue	36052.93	40735.22	40848.57	46935.77	52264.56	58127.12	65550.06	69307.56
	Total Revenue	36684.30	41429.73	41612.53	47776.13	53188.96	59143.96	66668.58	70537.93
Expenditure	Exp. on C S	3.60	48.40	218.20	472.05	755.15	1016.84	1089.00	1126.57
	Other Exp.	36052.93	40735.22	40848.57	46935.77	52264.56	58127.12	65550.06	69307.56
	Total Exp.	36056.53	40783.62	41066.77	47407.82	53019.71	59143.96	66639.06	70434.13
21. Sikkim		Panchayats at intermediate level do not exist.							
22. Tamil Nadu									
Revenue	Own Tax	505.39	467.01	503.75	535.53	589.08	647.98	712.77	784.04
	Own Non-Tax	34.38	29.96	40.88	34.86	37.06	39.58	40.92	44.43
	Own Revenue	539.77	496.97	544.63	570.39	626.14	687.56	753.69	828.47
	Other Revenue	18206.39	21473.82	22796.32	31499.36	6944.13	7630.08	14399.05	12058.90
	Total Revenue	18746.16	21970.79	23340.95	32069.75	7570.27	8317.64	15152.74	12887.37
Expenditure	Exp. on C S	947.63	1133.30	1190.87	1542.90	902.21	951.42	1046.66	5554.42
	Other Exp.	9172.66	8999.54	9840.08	10104.93	9987.62	10155.41	15549.54	15149.52
	Total Exp.	10120.29	10132.84	11030.95	11647.83	10889.83	11106.83	16596.20	20703.94
23. Tripura									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	0.00	0.00	1.17	100.49	149.92	2094.58
	Total Revenue	0.00	0.00	0.00	0.00	1.17	100.49	149.92	2094.58
Exp.	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	0.00	0.00	0.00	1.17	100.49	149.92	2094.58
	Total Exp.	0.00	0.00	0.00	0.00	1.17	100.49	149.92	2094.58
24. Uttar Pradesh									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	0.00	0.00	0.00	0.00	0.00	3086.85	6701.01
	Total Exp.	0.00	0.00	0.00	0.00	0.00	0.00	3086.85	6701.01

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
25. West Bengal									
	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	298.89	307.35	314.40	313.74	328.47	328.78	314.34	408.49
	Own Revenue	298.89	307.35	314.40	313.74	328.47	328.78	314.34	408.49
	Other Revenue	666.50	562.91	637.46	6002.61	10741.33	12855.51	15883.43	15178.77
	Total Revenue	965.39	870.26	951.86	6316.35	11069.80	13184.29	16197.77	15587.26
Expenditure	Exp. on C S*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	1179.74	1111.24	1197.59	3554.71	10519.50	12070.68	15668.25	16131.43
	Total Exp.	1179.74	1111.24	1197.59	3554.71	10519.50	12070.68	15668.25	16131.43
Total (All States)									
Revenue	Own Tax	791.48	774.75	915.49	1003.26	1107.86	1320.28	1467.28	1491.37
	Own Non-Tax	922.21	1064.74	1175.26	1350.33	1425.51	1724.26	1658.43	1914.35
	Own Revenue	1713.69	1839.49	2090.75	2353.59	2533.37	3044.54	3125.71	3405.72
	Other Revenue	166357.57	189973.09	222290.45	255214.10	267269.33	306304.46	372206.94	427066.09
	Total Revenue	168071.26	191812.58	224381.20	257567.68	269802.71	309349.00	375332.65	430471.80
Exp.	Exp. on C S	4457.26	5413.61	6500.28	6973.00	7030.67	8559.19	8738.31	14327.40
	Other Exp.	222779.92	245939.09	274739.66	336058.40	412163.31	423893.35	499037.85	587711.06
	Total Exp.	227237.18	251352.70	281239.94	343031.40	419193.98	432452.54	507776.16	602038.46

Source: State Governments.

CS = Core Services (water supply, street lighting, sanitation and roads).

** Information/details not furnished.*

Annexure VIII. 2D

Statement of Revenue and Exp. of Panchayats at District level

(Para 8.25)

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
1. Andhra Pradesh									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	787.32	874.80	972.00	1080.00	1200.00	1320.00	1452.00	1597.20
	Own Revenue	787.32	874.80	972.00	1080.00	1200.00	1320.00	1452.00	1597.20
	Other Revenue	30975.01	40029.93	60942.93	54127.24	65296.12	73453.68	89791.69	137623.67
	Total Revenue	31762.33	40904.73	61914.93	55207.24	66496.12	74773.68	91243.69	139220.87
Expenditure	Exp. on C S	3238.00	7330.00	9374.00	7570.85	8200.85	11015.74	16426.87	28938.87
	Other Exp.	30826.33	35879.73	53549.93	46036.39	59421.18	65733.98	73899.98	107728.83
	Total Exp.	34064.33	43209.73	62923.93	53607.24	67622.03	76749.72	90326.85	136667.70
2. Arunachal Pradesh					PRIs do not exist.				
3. Assam									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	42.86	43.72	44.59	45.47	46.39	47.32
	Total Revenue	0.00	0.00	42.86	43.72	44.59	45.47	46.39	47.32
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	56.04	168.42	188.34	210.47	222.70	244.11	251.86
	Total Exp.	0.00	56.04	168.42	188.34	210.47	222.70	244.11	251.86
4. Bihar									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	359.08	565.13	240.38	205.00	1292.58	124.24	416.06	738.43
	Total Revenue	359.08	565.13	240.38	205.00	1292.58	124.24	416.06	738.43
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	1561.71	1832.87	2717.41	3843.63	18811.08	3417.09	3719.62	12136.51
	Total Exp.	1561.71	1832.87	2717.41	3843.63	18811.08	3417.09	3719.62	12136.51
5. Goa					Information not furnished.				
6. Gujarat									
Revenue	Own Tax	115.85	124.15	249.10	251.37	246.14	265.77	224.68	242.06
	Own Non-Tax	422.78	372.14	375.40	351.20	386.37	322.89	256.53	277.99
	Own Revenue	538.63	496.29	624.50	602.57	632.51	588.66	481.21	520.05
	Other Revenue	49590.38	52216.74	54208.23	57982.33	69896.61	81881.20	123070.78	110513.15
	Total Revenue	50129.01	52713.03	54832.73	58584.90	70529.12	82469.86	123551.99	111033.20
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	42944.63	52847.50	56982.78	56098.27	61941.71	75326.77	84070.38	97997.85
	Total Exp.	42944.63	52847.50	56982.78	56098.27	61941.71	75326.77	84070.38	97997.85
7. Haryana									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	15.00	6.00	6.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	15.00	6.00	6.00
	Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	103.00	155.00
	Total Revenue	0.00	0.00	0.00	0.00	0.00	15.00	109.00	161.00
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	0.00	0.00	0.00	0.00	27.70	279.00	259.00
	Total Exp.	0.00	0.00	0.00	0.00	0.00	27.70	279.00	259.00

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
8. Himachal Pradesh									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	152.75	224.14
	Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00	152.75	224.14
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	0.00	0.00	0.00	0.00	0.00	152.75	224.14
	Total Exp.	0.00	0.00	0.00	0.00	0.00	0.00	152.75	224.14
9. Jammu & Kashmir				Information not furnished.					
10. Karnataka									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	119200.00	148438.00	164664.00	203361.00	226736.00	257227.00	297368.00	348128.00
	Total Revenue	119200.00	148438.00	164664.00	203361.00	226736.00	257227.00	297368.00	348128.00
Expenditure	Exp. on C S	8856.01	11127.87	15202.24	19221.81	17158.86	22894.03	26118.91	30396.99
	Other Exp.	104775.97	126343.25	138340.23	174996.51	165216.54	216359.93	278361.91	313837.63
	Total Exp.	113631.98	137471.12	153542.47	194218.32	182375.40	239253.96	304480.82	344234.62
11. Kerala									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	0.00	0.00	0.00	118.39	10425.95	7669.12
	Total Revenue	0.00	0.00	0.00	0.00	0.00	118.39	10425.95	7669.12
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	152.28	752.03
	Other Exp.	0.00	0.00	0.00	0.00	0.00	118.39	4631.59	9701.77
	Total Exp.	0.00	0.00	0.00	0.00	0.00	118.39	4783.87	10453.80
12. Madhya Pradesh									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	5.29	9.38	12.23	10.75	13.12	36.02	54.97	56.78
	Own Revenue	5.29	9.38	12.23	10.75	13.12	36.02	54.97	56.78
	Other Revenue	338.63	371.03	424.25	450.21	462.16	5685.33	18127.63	75532.43
	Total Revenue	343.92	380.41	436.48	460.96	475.28	5721.35	18182.60	75589.21
Expenditure	Exp. on C S	225.00	250.00	300.00	300.00	300.00	2122.67	2648.30	3076.60
	Other Exp.	120.49	142.34	138.29	169.84	177.40	3532.77	14843.56	70593.52
	Total Exp.	345.49	392.34	438.29	469.84	477.40	5655.44	17491.86	73670.12
13. Maharashtra									
Revenue	Own Tax	116.35	134.71	151.36	212.79	230.18	307.12	375.32	210.87
	Own Non-Tax	60.55	98.15	123.45	153.79	209.42	169.31	257.41	267.33
	Own Revenue	176.90	232.86	274.81	366.58	439.60	476.43	632.73	478.20
	Other Revenue	75553.62	91604.74	122489.28	133742.23	157104.62	189207.81	216910.15	245100.46
	Total Revenue	75730.53	91837.60	122764.09	134108.81	157544.22	189684.24	217542.88	245578.66
Expenditure	Exp. on C S	5698.27	6306.93	9677.44	10601.63	12190.16	18172.61	20575.52	19795.72
	Other Exp.	68102.85	100829.11	106655.78	121926.09	141160.65	170890.20	199842.97	228499.63
	Total Exp.	73801.12	107136.04	116333.22	132527.72	153350.81	189062.81	220418.49	248295.35
14. Manipur									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.39
	Total Exp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.39

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
15. Meghalaya		Panchayats at district level do not exist.							
16. Mizoram		Panchayats at district level do not exist.							
17. Nagaland		Panchayats at district level do not exist.							
18. Orissa									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	4825.00	4717.61
	Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00	4825.00	4717.61
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	356.62
	Other Exp.	0.00	0.00	0.00	0.00	0.00	0.00	4825.00	4360.99
	Total Exp.	0.00	0.00	0.00	0.00	0.00	0.00	4825.00	4717.61
19. Punjab									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	84.89	94.54	96.23	113.40	120.10	175.95	216.26	226.15
	Own Revenue	84.89	94.54	96.23	113.40	120.10	175.95	216.26	226.15
	Other Revenue	170.00	178.43	176.06	156.73	125.43	124.71	252.09	123.91
	Total Revenue	254.89	272.97	272.29	270.13	245.53	300.66	468.35	350.06
Expenditure	Exp. on C S#	4.00	4.50	4.50	4.60	5.00	5.50	6.00	5.00
	Other Exp.	639.60	698.95	764.80	824.60	868.80	1033.50	1161.20	1246.50
	Total Exp.	643.60	703.45	769.30	829.20	873.80	1039.00	1167.20	1251.50
20. Rajashtan									
Revenue	Own Tax	Break-up of tax and non-tax not furnished.							
	Own Non-Tax								
	Own Revenue	124.24	213.04	78.40	227.60	324.64	300.84	754.60	500.20
	Other Revenue	17164.53	634.46	423.86	496.58	779.86	2814.22	1712.22	872.80
	Total Revenue	17288.77	847.50	502.26	724.18	1104.50	3115.06	2466.82	1373.00
Expenditure	Exp. on C S	0.00	0.00	25.30	32.60	55.00	27.00	2.00	37.00
	Other Exp.	17231.93	512.22	396.96	547.34	970.81	912.38	1412.98	1143.48
	Total Exp.	17231.93	512.22	422.26	579.94	1025.81	939.38	1414.98	1180.48
21. Sikkim									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	36.00	41.67	40.00	37.76	39.00	42.35	48.00
	Total Revenue	0.00	36.00	41.67	40.00	37.76	39.00	42.35	48.00
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	36.00	41.67	40.00	37.76	39.00	42.35	48.00
	Total Exp.	0.00	36.00	41.67	40.00	37.76	39.00	42.35	48.00
22. Tamil Nadu									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	2800.00	1400.00
	Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00	2800.00	1400.00
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	0.00	0.00	0.00	0.00	0.00	2800.00	4604.00
	Total Exp.	0.00	0.00	0.00	0.00	0.00	0.00	2800.00	4604.00

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
23. Tripura									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Revenue	0.00	0.00	0.00	0.00	7.08	61.90	74.49	854.94
	Total Revenue	0.00	0.00	0.00	0.00	7.08	61.90	74.49	854.94
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	0.00	0.00	0.00	0.00	7.08	61.90	74.49	854.94
	Total Exp.	0.00	0.00	0.00	0.00	7.08	61.90	74.49	854.94
24. Uttar Pradesh									
Revenue	Own Tax	289.92	322.14	357.93	388.29	415.75	392.24	430.44	483.23
	Own Non-Tax	1653.23	1836.91	2236.67	2804.11	3002.66	2938.46	3288.30	3799.81
	Own Revenue	1943.15	2159.05	2594.60	3192.40	3418.41	3330.70	3718.74	4283.04
	Other Revenue	967.76	1075.29	1194.77	2789.97	3614.87	4222.18	5290.59	10760.10
	Total Revenue	2910.91	3234.34	3789.37	5982.37	7033.28	7552.88	9009.33	15043.14
Expenditure	Exp. on C S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Exp.	3120.10	3531.88	4126.48	4824.77	6186.33	6896.46	9474.32	9651.08
	Total Exp.	3120.10	3531.88	4126.48	4824.77	6186.33	6896.46	9474.32	9651.08
25. West Bengal									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	265.46	274.28	250.21	268.66	275.39	264.19	273.67	254.21
	Own Revenue	265.46	274.28	250.21	268.66	275.39	264.19	273.67	254.21
	Other Revenue	956.80	3486.53	5050.09	6673.23	7005.56	7569.43	7257.98	7426.53
	Total Revenue	1222.26	3760.81	5300.30	6941.89	7280.95	7833.62	7531.65	7680.74
Expenditure	Exp. on C S*	132.73	134.93	130.02	132.17	134.93	135.01	135.92	131.51
	Other Exp.	1793.90	5476.36	5882.13	6766.75	7816.99	8048.91	7335.12	7709.04
	Total Exp.	1926.63	5611.29	6012.15	6898.92	7951.92	8183.92	7471.04	7840.55
Total (All States)									
Revenue	Own Tax	480.41	581.00	758.39	852.45	892.07	980.13	1036.44	942.16
	Own Non-Tax	3279.52	3560.20	4066.19	4781.91	5207.06	5226.82	5799.14	6479.47
	Own Revenue	3759.93	4141.20	4824.58	5634.36	6099.13	6206.95	6835.58	7421.63
	Other Revenue	295441.77	338849.32	409976.78	460295.84	532727.88	622875.40	779421.72	952435.81
	Total Revenue	299201.70	342990.52	414801.36	465930.20	538827.01	629082.35	786257.30	959857.43
Expenditure	Exp. on C S	18154.01	25154.23	34713.50	37863.66	38044.80	54372.56	66065.80	83490.34
	Other Exp.	271117.51	328186.25	369764.88	416262.53	462826.80	552621.68	687171.33	870871.16
	Total Exp.	289271.52	353340.48	404478.38	454126.19	500871.60	606994.24	753237.13	954361.50

Source: State Governments.

CS = Core Services (water supply, street lighting, sanitation and roads).

 # Exp. for roads only.

* *Information/details not furnished except for roads.*

Annexure VIII.3A

Statement of Revenue and Expenditure of Urban Local Bodies
(Para 8.25)

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
1.Andhra Pradesh									
Revenue	Own Tax	2185.17	2924.66	3535.70	12061.00	12669.00	16243.91	17761.13	20829.74
	Own Non-Tax	1191.23	1357.93	1522.20	4368.05	5758.96	6442.15	8780.04	13626.43
	Own Revenue	3376.40	4282.59	5057.90	16429.05	18427.96	22686.06	26541.17	34456.17
	Other Revenue	5033.39	4793.18	6761.97	19642.64	20966.75	22986.34	26364.47	30727.00
	Total Revenue	8409.79	9075.77	11819.87	36071.69	39394.71	45672.40	52905.64	65183.17
Expenditure	Exp. on Core Services	214654.63	399403.78	380114.33	676675.77	623716.77	656096.68	1663481.48	1438886.82
	Other Expenditure	785679.37	958889.22	950261.67	1484361.89	2001138.25	1981210.79	2221533.63	2719812.18
	Total Exp.	1000334.00	1358293.00	1330376.00	2161037.66	2624855.02	2637307.47	3885015.11	4158699.00
2.Arunachal Pradesh		ULBs do not exist.							
3.Assam									
Revenue	Own Tax	443.05	497.80	657.51	781.49	693.71	838.22	796.98	820.47
	Own Non-Tax	781.04	819.82	751.69	1021.86	1102.64	1269.39	1744.80	1541.70
	Own Revenue	1224.09	1317.62	1409.20	1803.35	1796.35	2107.61	2541.78	2362.17
	Other Revenue	1565.22	641.99	559.12	696.30	542.12	1184.69	1126.20	1597.90
	Total Revenue	2789.31	1959.61	1968.32	2499.65	2338.47	3292.30	3667.98	3960.07
Expenditure	Exp. on Core Services	933.30	1099.70	917.32	1189.09	933.24	1109.05	1525.83	2022.22
	Other Expenditure	1661.47	1775.18	2038.21	2015.34	2753.08	2614.40	3141.98	3316.25
	Total Expenditure	2594.77	2874.88	2955.53	3204.43	3686.32	3723.45	4667.81	5338.47
4.Bihar									
Revenue	Own Tax	Information not furnished.							
	Own Non-Tax								
	Own Revenue	Information not furnished.			2102.58	1324.04	2332.48	3775.09	3966.66
	Other Revenue	Information not furnished.							
	Total Revenue								
Expenditure	Exp. on Core Services								
	Other Expenditure								
	Total Expenditure								
5.Goa									
Revenue	Own Tax	141.46	170.18	187.05	184.15	239.45	262.70	329.53	442.92
	Own Non-Tax	77.11	100.67	170.70	168.10	177.82	209.04	258.65	258.91
	Own Revenue	218.57	270.85	357.75	352.25	417.27	471.74	588.18	701.83
	Other Revenue	332.51	458.74	634.23	505.77	560.12	661.13	546.91	893.73
	Total Revenue	551.08	729.59	991.98	858.02	977.39	1132.87	1135.09	1595.56
Expenditure	Exp. on Core Services	108.14	139.84	222.57	179.97	192.47	252.81	315.92	366.55
	Other Expenditure	441.55	528.15	548.60	686.43	726.75	835.95	1028.39	1339.96
	Total Expenditure	549.69	667.99	771.17	866.40	919.22	1088.76	1344.31	1706.51
6.Gujarat									
Revenue	Own Tax	22648.97	27751.14	33326.56	38162.29	48470.96	59479.35	66851.72	72090.57
	Own Non-Tax	3840.52	4284.39	4005.00	5217.03	5748.03	7126.97	7047.76	8939.37
	Own Revenue	26489.49	32035.53	37331.56	43379.32	54218.99	66606.32	73899.47	81029.95
	Other Revenue	12269.62	14349.51	18283.10	19288.40	22775.49	17974.93	18011.83	38180.24
	Total Revenue	38759.11	46385.04	55614.66	62667.72	76994.48	84581.25	91911.30	119210.19
Expenditure	Exp. on Core Services	12636.22	15377.96	16864.36	19325.13	21205.16	25793.19	32899.65	36927.09
	Other Exp.	22095.53	28034.56	30535.49	32554.76	38290.96	42814.69	45072.27	58162.16
	Total Expenditure	34731.75	43412.52	47399.85	51879.89	59496.12	68607.88	77971.92	95089.25

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
7.Haryana									
Revenue	Own Tax	3438.11	5409.65	4897.32	4321.42	4945.86	5818.99	6280.85	6701.74
	Own Non-Tax	1166.95	2420.88	2872.95	2851.00	3350.62	3496.95	2867.37	3705.58
	Own Revenue	4605.06	7830.53	7770.27	7172.42	8296.48	9315.94	9148.22	10407.32
	Other Revenue	1876.83	3022.92	2363.18	3014.64	3404.74	4611.64	12541.08	7415.12
	Total Revenue	6481.89	10853.45	10133.45	10187.06	11701.22	13927.58	21689.30	17822.44
Expenditure	Exp. on Core Services	7299.31	12742.00	13202.43	13095.38	12405.53	14484.55	23025.77	16453.00
	Other Expenditure	11172.21	11785.07	13685.65	18657.79	15807.01	13936.00	22760.22	17972.57
	Total Expenditure	18471.52	24527.07	26888.08	31753.17	28212.54	28420.55	45785.99	34425.57
8.Himachal Pradesh									
Revenue	Own Tax	341.39	387.31	410.28	446.48	422.47	514.03	629.63	818.73
	Own Non-Tax	375.69	493.21	493.15	562.23	708.38	727.50	829.51	1330.95
	Own Revenue	717.08	880.52	903.43	1008.71	1130.85	1241.53	1459.14	2149.68
	Other Revenue	283.70	365.51	351.77	502.44	624.37	800.51	1656.78	1800.88
	Total Revenue	1000.78	1246.03	1255.20	1511.15	1755.22	2042.04	3115.92	3950.56
Expenditure	Exp. on Core Services	330.33	355.05	380.53	423.53	487.48	610.66	843.22	1100.63
	Other Expenditure	687.86	753.04	823.30	935.02	1025.48	1246.34	1400.06	2355.53
	Total Expenditure	1018.19	1108.09	1203.83	1358.55	1512.96	1857.00	2243.28	3456.16
9.Jammu & Kashmir									
Revenue	Own Tax	29.08	31.43	47.97	34.60	79.15	91.25	151.61	138.53
	Own Non-Tax	27.98	35.18	53.88	53.76	68.54	89.88	83.20	135.95
	Own Revenue	80.45	112.90	139.85	129.05	186.04	225.12	280.61	322.48
	Other Revenue	991.38	1073.39	1624.21	1415.86	1965.03	2019.06	2499.65	3378.47
	Total Revenue	1071.83	1186.29	1764.06	1544.91	2151.07	2244.18	2780.26	3700.95
Expenditure	Exp. on Core Services	127.93	858.20	456.01	171.24	451.32	657.67	1288.51	1195.69
	Other Exp.	2309.79	2410.38	2540.24	2380.59	2991.32	3546.15	5096.16	6309.65
	Total Expenditure	2437.72	3268.58	2996.25	2551.83	3442.64	4203.82	6384.67	7505.34
10.Karnataka									
Revenue	Own Tax	6155.56	6835.47	8005.94	8417.24	9586.98	10165.75	13118.76	13554.94
	Own Non-Tax	958.33	1594.48	1499.14	5481.08	2680.54	2382.14	2612.85	2683.89
	Own Revenue	7113.89	8429.95	9505.08	13898.32	12267.52	12547.89	15731.61	16238.83
	Other Revenue	7356.55	12003.56	7185.54	10891.14	15574.78	16091.09	17268.51	25438.71
	Total Revenue	14470.44	20433.51	16690.62	24789.46	27842.30	28638.98	33000.12	41677.54
Expenditure	Exp. on Core Services	4212.48	5022.89	5448.50	5995.07	6798.01	9011.89	10546.29	15181.21
	Other Expenditure	12428.42	13746.75	15124.52	18644.69	18466.93	22402.89	28910.93	29404.17
	Total Expenditure	16640.90	18769.64	20573.02	24639.76	25264.94	31414.78	39457.22	44585.38
11.Kerala									
Revenue	Own Tax	4073.23	4639.62	4682.61	5277.38	5885.47	6411.71	7124.77	7873.34
	Own Non-Tax	1883.45	2062.82	2401.64	2566.63	2467.40	2680.84	3115.26	3522.02
	Own Revenue	5956.68	6702.44	7084.25	7844.01	8352.87	9092.55	10240.03	11395.36
	Other Revenue	2517.40	2787.65	2788.20	3300.19	3756.94	6185.62	11269.17	14713.63
	Total Revenue	8474.08	9490.09	9872.45	11144.20	12109.81	15278.17	21509.20	26108.99
Expenditure	Exp. on Core Services	2735.23	3103.09	3539.44	4094.88	4646.25	5100.25	6475.97	8447.37
	Other Expenditure	6611.61	7180.00	7877.70	9559.97	10135.53	10994.40	15363.41	18814.27
	Total Expenditure	9346.84	10283.09	11417.14	13654.85	14781.78	16094.65	21839.38	27261.64

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
12.Madhya Pradesh									
Revenue	Own Tax	7210.43	9559.02	8103.21	9609.55	11229.59	5468.02	6861.00	8804.19
	Own Non-Tax	3719.91	4203.28	4179.56	4975.83	4802.97	3485.30	5235.07	6017.10
	Own Revenue	10930.34	13762.30	12282.77	14585.38	16032.56	8953.32	12096.07	14821.29
	Other Revenue	12263.08	12826.61	14518.05	16003.43	17560.14	25373.51	32966.66	33623.10
	Total Revenue	23193.42	26588.91	26800.82	30588.81	33592.70	34326.83	45062.73	48444.39
Expenditure	Exp. on Core								
	Services	8890.50	10016.95	10725.33	12884.78	14792.28	16565.09	19482.98	22672.31
	Other Expenditure	16382.44	18554.68	19960.80	22389.82	24558.99	27596.74	36835.16	39471.33
	Total Expenditure	25272.94	28571.63	30686.13	35274.60	39351.27	44161.83	56318.14	62143.64
13.Maharashtra									
Revenue*	Own Tax	107595.00	127086.81	150112.46	177313.15	209018.00	246899.83	291652.75	344524.11
	Own Non-Tax	39102.00	45146.07	52128.07	60198.22	68612.00	79247.51	91568.50	105862.14
	Own Revenue	146697.00	172232.88	202240.52	237511.37	277630.00	326147.70	383220.86	350386.30
	Other Revenue	14991.22	18345.09	23470.75	15483.23	27536.85	33947.98	41861.00	47376.00
	Total Revenue	161688.22	190577.97	225711.27	252994.60	305166.85	360095.32	425082.26	497762.26
Expenditure	Exp. on Core								
	Services	702760.46	241133.11	304950.52	374445.87	457247.71	770459.61	2483010.23	8459120.69
	Other Exp.	495898.66	546044.20	561409.40	673412.08	618524.11	876607.26	1009325.52	1906858.29
	Total Expenditure	1198659.12	787177.31	866359.92	1047857.95	1075771.82	1647066.87	3492335.75	10365978.98
14.Manipur									
Revenue	Own Tax	18.10	34.01	83.37	82.28	96.82	82.69	116.50	223.91
	Own Non-Tax	29.09	25.40	27.84	37.68	31.57	30.64	47.19	38.29
	Own Revenue	47.19	59.41	111.21	119.96	128.39	113.33	163.69	262.20
	Other Revenue	1399.11	71.49	47.04	27.98	61.90	69.08	116.69	126.84
	Total Revenue	1446.30	130.90	158.25	147.94	190.29	182.41	280.38	389.04
Expenditure	Exp. on Core								
	Services	12.42	10.96	5.80	6.58	10.21	14.44	13.92	16.23
	Other Expenditure	189.49	167.57	148.42	163.00	236.98	240.83	310.12	266.96
	Total Expenditure	201.91	178.53	154.22	169.58	247.19	255.27	324.04	283.19
15. Meghalaya									
Revenue	Own Tax	11.87	11.80	17.27	19.88	16.08	21.96	15.17	25.59
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	11.87	11.80	17.27	19.88	16.08	21.96	15.17	25.59
	Other Revenue	188.15	286.96	272.23	297.48	214.92	351.27	670.30	498.60
	Total Revenue	200.02	298.76	289.50	317.36	231.00	373.23	685.47	524.19
Expenditure	Exp. on Core								
	Services	60.84	133.07	107.68	84.06	89.79	99.47	104.57	122.96
	Other Expenditure	270.30	377.83	368.89	435.86	284.65	490.03	782.52	580.77
	Total Expenditure	331.14	510.90	476.57	519.92	374.44	589.50	887.09	703.73
16.Mizoram						ULBs do not exist.			
17.Nagaland									
Revenue	Own Tax	0.46	0.56	0.59	0.00	0.63	0.74	0.00	0.00
	Own Non-Tax	8.63	9.35	9.53	2.33	11.43	3.10	16.88	12.41
	Own Revenue	9.09	9.91	10.12	2.33	12.06	3.84	16.88	12.41
	Other Revenue	0.00	0.00	0.00	0.00	12.25	12.86	12.86	12.86
	Total Revenue	9.09	9.91	10.12	2.33	24.31	16.70	29.74	25.27
Expenditure	Exp. on Core								
	Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Expenditure	33.51	37.04	41.47	46.31	67.56	75.16	86.03	89.33
	Total Expenditure	33.51	37.04	41.47	46.31	67.56	75.16	86.03	89.33

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
18. Orissa									
Revenue	Own Tax	2989.40	3704.46	4309.46	4573.63	5227.54	5894.72	6087.14	7244.19
	Own Non-Tax	655.36	924.46	998.34	943.50	1271.08	1390.40	1304.57	1271.09
	Own Revenue	3644.76	4628.92	5307.80	5517.13	6498.62	7285.12	7391.71	8515.28
	Other Revenue	2236.87	2511.38	2665.28	2762.94	2693.89	2943.15	4086.77	3213.07
	Total Revenue	5881.63	7140.30	7973.08	8280.07	9192.51	10228.27	11478.48	11728.35
Expenditure	Exp. on Core Services	1749.33	2250.75	2851.75	2511.85	2833.22	2869.68	3384.04	3972.02
	Other Expenditure	4779.39	6320.36	6445.85	7847.94	8677.96	9192.53	10140.60	9815.77
	Total Expenditure	6528.72	8571.11	9297.60	10359.79	11511.18	12062.21	13524.64	13787.79
19.Punjab									
Revenue	Own Tax	11809.29	12593.51	13183.12	15988.52	33944.43	26589.03	29603.96	31790.87
	Own Non-Tax	4693.43	4925.09	5172.96	5379.51	7397.69	7708.20	9113.00	8830.24
	Own Revenue	16502.72	17518.60	18356.08	21368.03	41342.12	34297.23	38716.96	40621.11
	Other Revenue	4245.90	4087.02	5885.75	6246.09	6487.92	5931.62	6505.19	6272.66
	Total Revenue	20748.62	21605.62	24241.83	27614.12	47830.04	40228.85	45222.15	46893.77
Expenditure	Exp. on Core Services	4504.13	5428.18	5092.41	5595.77	4259.62	5308.41	4619.32	5257.95
	Other Expenditure	12743.01	14165.08	15444.72	17762.72	19758.47	22450.46	26815.79	30681.94
	Total Expenditure	17247.14	19593.26	20537.13	23358.49	24018.09	27758.87	31435.11	35939.89
20.Rajasthan									
Revenue	Own Tax	9505.49	10700.69	12547.14	14826.21	17329.20	23147.68	25573.93	29023.09
	Own Non-Tax	2976.85	3352.65	3089.66	3702.13	4172.08	5733.45	7551.48	8997.33
	Own Revenue	12482.34	14053.34	15636.80	18528.34	21501.28	28881.13	33125.41	38020.42
	Other Revenue	4314.10	5272.10	5501.12	5224.24	6881.59	11003.51	11717.05	12984.09
	Total Revenue	16796.44	19325.44	21137.92	23752.58	28382.87	39884.64	44842.46	51004.51
Expenditure	Exp. on Core Services	11092.26	12497.15	14648.11	16734.16	18734.51	24734.08	31382.49	34973.17
	Other Expenditure	5020.13	5591.57	6383.54	7252.75	7957.45	9623.18	12280.29	13929.28
	Total Expenditure	16112.39	18088.72	21031.65	23986.91	26691.96	34357.26	43662.78	48902.45
21.Sikkim					ULBs do not exist.				
22.Tamil Nadu									
Revenue	Own Tax	9775.31	11258.61	12697.18	16738.11	21516.87	28182.18	27145.54	33516.02
	Own Non-Tax	8432.26	8656.80	8187.77	10156.64	14022.39	15407.01	20178.52	32362.61
	Own Revenue	18207.57	19915.41	20884.95	26894.75	35539.26	43589.19	47324.06	65878.63
	Other Revenue	14739.02	18365.92	20784.75	20866.09	24508.25	28882.34	39352.35	56630.60
	Total Revenue	32946.59	38281.33	41669.70	47760.84	60047.51	72471.53	86676.41	122509.23
Expenditure	Exp. on Core Services	13739.14	16852.67	18294.61	22391.30	24391.71	29994.25	34737.92	52104.75
	Other Expenditure	20990.65	24571.64	31538.69	38166.80	44191.46	44682.21	62710.29	73087.15
	Total Expenditure	34729.79	41424.31	49833.30	60558.10	68583.17	74676.46	97448.21	125191.90
23.Tripura									
Revenue	Own Tax	20.17	19.04	21.43	20.03	27.12	29.92	43.91	51.61
	Own Non-Tax	17.92	29.37	60.24	21.34	32.50	63.01	71.31	69.42
	Own Revenue	38.09	48.41	81.67	41.37	59.62	92.93	115.22	121.03
	Other Revenue	377.03	323.56	349.23	265.03	449.67	661.83	859.63	600.32
	Total Revenue	415.12	371.97	430.90	306.40	509.29	754.76	974.85	721.35
Expenditure	Exp. on Core Services	154.09	188.73	231.88	113.66	147.36	196.63	254.63	243.17
	Other Expenditure	401.62	490.00	379.32	340.21	492.15	528.26	1058.68	812.51
	Total Expenditure	555.71	678.73	611.20	453.87	639.51	724.89	1313.31	1055.68

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
24.Uttar Pradesh									
Revenue	Own Tax	3322.74	4246.86	4443.75	5394.96	5442.42	5749.91	6151.30	6766.43
	Own Non-Tax	8778.82	5957.32	6435.80	6976.22	7226.56	8674.77	9564.90	10466.39
	Own Revenue	12101.56	10204.18	10879.55	12371.18	12668.98	14424.68	15716.20	17232.82
	Other Revenue	20532.99	26413.49	28699.43	28622.46	31052.54	34314.82	41186.31	45454.61
	Total Revenue	32634.55	36617.67	39578.98	40993.64	43721.52	48739.50	56902.51	62687.43
Expenditure	Exp. on Core Services	8323.41	7719.33	8658.49	9360.12	9603.13	7668.01	12483.79	13426.96
	Other Expenditure	23944.37	27848.99	30780.38	34262.97	36045.99	37280.87	44282.40	47160.22
	Total Expenditure	32267.78	35568.32	39438.87	43623.09	45649.12	44948.88	56766.19	60587.18
25.West Bengal									
Revenue **	Own Tax	1746.00	2000.84	2620.61	3297.17	3224.04	INF	INF	INF
	Own Non-Tax	1401.66	1523.58	1690.59	1948.97	2014.19	INF	INF	INF
	Own Revenue	3147.66	3524.42	4311.20	5246.14	45953.16	50883.10	56301.40	62152.20
	Other Revenue	11959.00	12113.00	13829.00	16690.00	18584.00	18323.00	27271.45	29827.32
	Total Revenue	15106.66	15637.42	18140.20	21936.14	64537.16	69206.10	83572.85	91979.52
Expenditure#	Exp. on Core Services	4448.42	3731.58	4200.15	6422.11	5288.30	5905.41	8915.13	9801.29
	Other Expenditure	17006.33	18776.54	19802.39	23738.92	25342.94	29046.51	33479.79	28310.26
	Total Expenditure	21454.75	22508.12	24002.54	30161.03	30631.24	34951.92	42394.92	38111.55
Total (All States)									
Revenue	Own Tax	193460.31	229863.47	263890.53	317549.54	390065.79	445450.99	510084.68	589169.70
	Own Non-Tax	80118.23	87922.75	95750.71	116632.11	131657.39	148445.95	174663.76	212725.32
	Own Revenue	273578.51	317786.22	359641.23	435616.40	563234.29	640425.22	737375.24	759937.06
	Other Revenue	119496.46	140159.36	156611.95	171787.04	206252.61	234373.97	297936.66	360813.76
	Total Revenue	393074.97	457945.58	516253.18	605968.69	768690.72	873317.91	1032525.10	1217878.78
Expenditure	Exp. on Core Services	998774.89	738098.03	790955.90	1171744.00	1208273.46	1576966.62	4338827.36	10122360.89
	Other Expenditure	1440745.39	1688014.81	1716095.57	2395572.18	2877434.63	3137380.86	3582378.54	5008481.74
	Total Expenditure	2439520.27	2426112.84	2507051.47	3567316.18	4085708.09	4714347.48	7921205.90	15130842.63

Source: State Governments.

Core Services (water supply, street lighting, sanitation, roads and burials and burial grounds).

* *Since large discrepancies were noticed in the figures for own revenue of ULBs furnished by the State Government, the own revenue figures of the ULBs for the years 1990-91 to 1997-98 have been worked out on the basis of figures for the years 1990-91 and 1994-95 noted in the SFC Report and applying thereto the annual growth rates indicated in the SFC Report.*

\# *Excludes information in respect of Calcutta and Howrah Municipal Corporations as the same has not been furnished.*

** *Information in respect of Calcutta and Howrah Municipal Corporations available for own revenue (without break-up of tax and non-tax) for the years 1995-96, 1996-97 and 1997-98.*

INF: Information not furnished.

Annexure VIII.3B

Statement of Revenue and Expenditure of Nagar Panchayats
(Para 8.25)

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
1.Andhra Pradesh									
Revenue	Own Tax	Information not furnished .			240.17	243.69	328.93	305.81	317.95
	Own Non-Tax				81.42	61.90	105.98	110.79	116.66
	Own Revenue				321.59	305.59	434.91	416.60	434.61
	Other Revenue				505.40	479.75	599.25	554.93	649.71
	Total Revenue				826.99	785.34	1034.16	971.53	1084.32
Expenditure	Exp. on Core Services				124.62	144.30	160.22	140.58	218.24
	Other Expenditure				570.75	721.12	752.62	819.13	893.48
	Total Expenditure				695.37	865.42	912.84	959.71	1111.72
2.Arunachal Pradesh					Nagar Panchayats do not exist.				
3.Assam									
Revenue	Own Tax	68.26	75.65	84.00	81.77	99.72	130.98	126.54	110.44
	Own Non-Tax	124.00	124.13	161.82	171.35	193.81	169.30	134.34	157.35
	Own Revenue	192.26	199.78	245.82	253.12	293.53	300.28	260.88	267.79
	Other Revenue	23.60	14.75	21.14	20.53	16.36	184.99	292.27	401.36
	Total Revenue	215.86	214.53	266.96	273.65	309.89	485.27	553.15	669.15
Expenditure	Exp. on Core Services	153.40	151.10	170.28	189.50	260.40	317.48	439.58	461.16
	Other Expenditure	314.75	334.52	332.32	365.50	415.65	420.34	503.86	567.69
	Total Expenditure	468.15	485.62	502.60	555.00	676.05	737.82	943.44	1028.85
4.Bihar									
Revenue	Own Tax				Information not furnished .				
	Own Non-Tax								
	Own Revenue	Information not furnished.			145.58	78.50	133.26	143.06	148.24
	Other Revenue	Information not furnished.							
	Total Revenue								
Expenditure	Exp. on Core Services								
	Other Expenditure								
	Total Expenditure								
5.Goa					Nagar Panchayats do not exist.				
6.Gujarat					Information included with Municipalities.				
7.Haryana					Nagar Panchayats do not exist.				
8.Himachal Pradesh									
Revenue	Own Tax	53.37	59.45	61.49	66.83	73.52	82.20	86.64	205.41
	Own Non-Tax	124.52	138.73	143.49	155.94	171.55	191.80	201.83	479.30
	Own Revenue	177.89	198.18	204.98	222.77	245.07	274.00	288.47	684.71
	Other Revenue	67.96	71.74	75.98	85.87	102.34	175.18	303.93	327.92
	Total Revenue	245.85	269.92	280.96	308.64	347.41	449.18	592.40	1012.63
Expenditure	Exp. on Core Services	82.10	85.45	93.20	104.17	96.97	100.17	100.23	101.68
	Other Expenditure	173.58	194.95	223.41	231.66	257.41	317.58	365.66	866.19
	Total Expenditure	255.68	280.40	316.61	335.83	354.38	417.75	465.89	967.87
9.Jammu & Kashmir									
Revenue	Own Tax	29.08	31.43	47.97	34.60	79.15	91.25	151.61	138.53
	Own Non-Tax	27.98	35.18	53.88	53.76	68.54	89.88	83.20	135.95
	Own Revenue	57.06	66.61	101.85	88.36	147.69	181.13	234.81	274.48
	Other Revenue	330.98	391.98	496.46	301.60	805.23	611.89	808.75	1437.99
	Total Revenue	388.04	458.59	598.31	389.96	952.92	793.02	1043.56	1712.47
Expenditure	Exp. on Core Services	52.72	509.26	349.64	79.54	369.94	483.94	1188.68	1053.82
	Other Expenditure	701.64	1304.90	1169.66	967.35	1612.45	1845.23	3123.87	3977.90
	Total Expenditure	754.36	1814.16	1519.30	1046.89	1982.39	2329.17	4312.55	5031.72

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
10.Karnataka									
Revenue	Own Tax	104.95	81.07	83.58	83.13	158.04	580.31	718.98	867.17
	Own Non-Tax	37.72	31.75	48.47	51.67	100.34	159.92	211.79	190.90
	Own Revenue	142.67	112.82	132.05	134.80	258.38	740.23	930.77	1058.07
	Other Revenue	104.44	117.14	106.21	131.30	143.19	813.02	757.18	1165.94
	Total Revenue	247.11	229.96	238.26	266.10	401.57	1553.25	1687.95	2224.01
Expenditure	Exp. on Core Services	80.44	104.80	89.10	113.06	188.35	588.63	828.17	987.74
	Other Expenditure	259.97	156.80	230.72	267.51	424.27	1349.92	1931.59	2432.75
	Total Expenditure	340.41	261.60	319.82	380.57	612.62	1938.55	2759.76	3420.49
11.Kerala	Nagar Panchayats do not exist.								
12.Madhya Pradesh									
Revenue	Own Tax	856.53	870.57	948.52	1026.72	2565.30	634.99	677.41	826.43
	Own Non-Tax	121.62	131.50	138.01	158.00	162.30	169.77	225.07	266.77
	Own Revenue	978.15	1002.07	1086.53	1184.72	2727.60	804.76	902.48	1093.20
	Other Revenue	2086.89	2209.75	2379.83	2690.61	2940.32	5473.25	6736.17	6785.05
	Total Revenue	3065.04	3211.82	3466.36	3875.33	5667.92	6278.01	7638.65	7878.25
Expenditure	Exp. on Core Services	1095.18	1279.15	1339.73	1445.71	2599.67	3146.77	3626.80	3572.10
	Other Expenditure	1670.86	1937.32	2137.87	2437.02	2863.35	3160.16	4444.07	4665.52
	Total Expenditure	2766.04	3216.47	3477.60	3882.73	5463.02	6306.93	8070.87	8237.62
13.Maharashtra	Nagar Panchayats do not exist.								
14.Manipur									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.14	0.21	0.49	0.50	0.58	1.31	0.31	0.32
	Own Revenue	0.14	0.21	0.49	0.50	0.58	1.31	0.31	0.32
	Other Revenue	27.77	37.10	25.28	23.99	33.08	19.89	50.13	50.58
	Total Revenue	27.91	37.31	25.77	24.49	33.66	21.20	50.44	50.90
Expenditure	Exp. on Core Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Expenditure	31.68	39.17	27.27	26.84	38.22	20.36	32.13	31.46
	Total Expenditure	31.68	39.17	27.27	26.84	38.22	20.36	32.13	31.46
15.Meghalaya	Nagar Panchayats do not exist.								
16.Mizoram	Nagar Panchayats do not exist.								
17.Nagaland									
Revenue	Own Tax	0.46	0.56	0.59	0.00	0.63	0.74		
	Own Non-Tax	8.63	9.35	9.53	2.33	11.43	3.10	16.88	12.41
	Own Revenue	9.09	9.91	10.12	2.33	12.06	3.84	16.88	12.41
	Other Revenue	0.00	0.00	0.00	0.00	12.25	12.86	12.86	12.86
	Total Revenue	9.09	9.91	10.12	2.33	24.31	16.70	29.74	25.27
Expenditure	Exp. on Core Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other Expenditure	33.51	37.04	41.47	46.31	67.56	75.16	86.03	89.33
	Total Expenditure	33.51	37.04	41.47	46.31	67.56	75.16	86.03	89.33
18.Orissa									
Revenue	Own Tax	731.49	973.99	1246.15	1052.01	1048.20	1094.23	1076.84	1452.51
	Own Non-Tax	202.09	246.88	257.34	309.07	314.01	301.37	234.82	264.41
	Own Revenue	933.58	1220.87	1503.49	1361.08	1362.21	1395.60	1311.66	1716.92
	Other Revenue	436.16	487.87	614.66	743.43	793.73	868.13	1165.26	978.85
	Total Revenue	1369.74	1708.74	2118.15	2104.51	2155.94	2263.73	2476.92	2695.77
Expenditure	Exp. on Core Services	585.26	732.56	846.60	801.60	842.56	902.27	991.77	1052.01
	Other Expenditure	1220.26	1469.97	1848.26	1978.92	2067.46	2229.96	2651.00	2622.55
	Total Expenditure	1805.52	2202.53	2694.86	2780.52	2910.02	3132.23	3642.77	3674.56
19.Punjab									
Revenue	Own Tax	331.54	387.86	419.06	473.70	542.70	621.08	765.46	879.90
	Own Non-Tax	232.72	238.54	255.63	264.46	307.31	319.74	359.57	391.74
	Own Revenue	564.26	626.40	674.69	738.16	850.01	940.82	1125.03	1271.64
	Other Revenue	314.25	239.85	510.60	591.80	416.05	407.13	499.09	358.89
	Total Revenue	878.51	866.25	1185.29	1329.96	1266.06	1347.95	1624.12	1630.53
Expenditure	Exp. on Core Services	58.54	88.51	99.72	115.83	147.20	157.36	192.49	226.58
	Other Expenditure	350.04	365.51	460.84	600.22	661.53	824.81	1022.62	1171.43
	Total Expenditure	408.58	454.02	560.56	716.05	808.73	982.17	1215.11	1398.01

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
20.Rajasthan									
Revenue	Own Tax	3414.42	3836.05	4825.05	5282.55	6314.52	8346.55	9164.93	10897.22
	Own Non-Tax	1961.60	2164.95	1690.66	2260.93	2099.62	3012.52	3269.81	4059.97
	Own Revenue	5376.02	6001.00	6515.71	7543.48	8414.14	11359.07	12434.74	14957.19
	Other Revenue	2593.63	3174.05	3072.73	3213.52	3803.10	7969.85	7220.53	7685.88
	Total Revenue	7969.65	9175.05	9588.44	10757.00	12217.24	19328.92	19655.27	22643.07
Expenditure	Exp. on Core Services	5149.30	5851.88	6962.24	7649.37	8416.52	12049.25	15872.03	17461.41
	Other Expenditure	1994.93	2267.00	2728.51	2968.15	3255.06	3976.91	4876.40	5579.31
	Total Expenditure	7144.23	8118.88	9690.75	10617.52	11671.58	16026.16	20748.43	23040.72
21.Sikkim		Nagar Panchayats do not exist.							
22.Tamil Nadu									
Revenue	Own Tax	1801.71	2001.79	1838.99	3214.95	3034.11	3815.34	4033.67	4793.03
	Own Non-Tax	360.47	399.97	446.78	478.50	661.94	2270.81	2815.13	3316.77
	Own Revenue	2162.18	2401.76	2285.77	3693.45	3696.05	6086.15	6848.80	8109.80
	Other Revenue	3577.60	3965.71	5281.30	5454.57	5977.82	8577.58	10876.15	24818.36
	Total Revenue	5739.78	6367.47	7567.07	9148.02	9673.87	14663.73	17724.95	32928.16
Expenditure	Exp. on Core Services	2875.26	3183.60	3687.29	4382.67	4733.88	7321.20	9315.51	16477.47
	Other Expenditure	2773.28	3090.85	3722.20	4579.61	5030.62	8482.84	10179.75	13045.60
	Total Expenditure	5648.54	6274.45	7409.49	8962.28	9764.50	15804.04	19495.26	29523.07
23.Tripura									
Revenue	Own Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Non-Tax	0.03	0.04	0.07	0.13	0.13	0.17	0.22	0.25
	Own Revenue	0.03	0.04	0.07	0.13	0.13	0.17	0.22	0.25
	Other Revenue	1.84	2.20	1.33	1.16	3.24	2.89	7.30	4.43
	Total Revenue	1.87	2.24	1.40	1.29	3.37	3.06	7.52	4.68
Expenditure	Exp. on Core Services	38.00	30.00	35.60	32.20	38.55	46.55	48.50	56.40
	Other Expenditure	300.95	277.96	198.66	183.69	376.53	342.26	747.22	535.36
	Total Expenditure	338.95	307.96	234.26	215.89	415.08	388.81	795.72	591.76
24.Uttar Pradesh									
Revenue	Own Tax	163.94	187.40	186.44	290.91	271.52	363.94	452.12	497.33
	Own Non-Tax	854.01	1005.88	949.41	1121.60	1362.65	1450.62	1734.10	1904.89
	Own Revenue	1017.95	1193.28	1135.85	1412.51	1634.17	1814.56	2186.22	2402.22
	Other Revenue	2037.83	1589.79	2487.07	1860.54	1891.87	2117.96	3845.51	4400.69
	Total Revenue	3055.78	2783.07	3622.92	3273.05	3526.04	3932.52	6031.73	6802.91
Expenditure	Exp. on Core Services	929.11	1024.72	1202.03	1102.74	1114.52	969.76	1716.39	1855.07
	Other Expenditure	2058.36	2217.83	2668.22	2610.99	2687.15	2911.12	3845.39	4229.94
	Total Expenditure	2987.47	3242.55	3870.25	3713.73	3801.67	3880.88	5561.78	6085.01
25.West Bengal									
Revenue	Own Tax	1.65	1.85	2.10	2.55	6.04	8.40	8.50	8.70
	Own Non-Tax	1.71	2.02	2.41	3.02	3.34	2.70	2.90	3.50
	Own Revenue	3.36	3.87	4.51	5.57	9.38	11.10	11.40	12.20
	Other Revenue	87.00	89.00	101.00	122.00	136.00	134.00	201.45	219.82
	Total Revenue	90.36	92.87	105.51	127.57	145.38	145.10	212.85	232.02
Expenditure	Exp. on Core Services	0.00	0.00	0.00	0.00	0.00	0.00	87.32	98.83
	Other Expenditure	7.82	8.65	8.91	13.18	17.14	116.25	150.52	170.93
	Total Expenditure	7.82	8.65	8.91	13.18	17.14	116.25	237.84	269.76
Total (All States)									
Revenue	Own Tax	7557.43	8507.67	9743.94	11849.89	14437.14	16098.94	17568.51	20994.62
	Own Non-Tax	4057.24	4529.13	4157.99	5112.68	5519.45	8248.99	9400.76	11301.19
	Own Revenue	11614.64	13036.80	13901.93	17108.15	20035.09	24481.19	27112.33	32444.05
	Other Revenue	11689.95	12390.93	15173.59	15746.32	17554.33	27967.87	33331.51	49298.33
	Total Revenue	23304.59	25427.73	29075.52	32708.89	37510.92	52315.80	60300.78	81594.14
Expenditure	Exp. on Core Services	11099.31	13041.03	14875.43	16141.01	18952.86	26243.60	34548.05	43622.51
	Other Exp.	11891.63	13702.47	15798.32	17847.70	20495.52	26825.52	34779.24	40879.44
	Total Expenditure	22990.94	26743.50	30673.75	33988.71	39448.38	53069.12	69327.29	84501.95

Source: State Governments.
Core Services (water supply, street lighting, sanitation, roads and burials and burial grounds).

Annexure VIII.3C

Statement of Revenue and Expenditure of Municipalities
(Para 8.25)

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
1.Andhra Pradesh									
Revenue	Own Tax	Information not furnished .			6333.91	6831.55	8471.90	9117.48	8793.59
	Own Non-Tax				1886.71	2658.32	3153.98	3826.44	6225.65
	Own Revenue				8220.62	9489.87	11625.88	12943.92	15019.24
	Other Revenue				11174.18	12341.85	13430.16	14808.78	17135.49
	Total Revenue				19394.80	21831.72	25056.04	27752.70	32154.73
Expenditure	Exp. on Core Services				3194.50	3845.89	4641.92	5296.22	5748.15
	Other Expenditure				13938.79	17038.71	18229.71	21002.18	23440.13
	Total Expenditure				17133.29	20884.60	22871.63	26298.40	29188.28
2.Arunachal Pradesh		Municipalities do not exist.							
3.Assam									
Revenue	Own Tax	69.98	82.81	139.16	131.49	170.15	223.63	220.26	178.04
	Own Non-Tax	338.40	332.42	359.77	380.86	430.95	376.64	298.56	349.95
	Own Revenue	408.38	415.23	498.93	512.35	601.10	600.27	518.82	527.99
	Other Revenue	11.54	11.54	11.90	10.97	7.76	347.70	618.93	996.54
	Total Revenue	419.92	426.77	510.83	523.32	608.86	947.97	1137.75	1524.53
Expenditure	Exp. on Core Services	196.51	214.37	251.73	341.50	429.96	593.53	762.16	814.81
	Other Expenditure	319.76	353.24	392.99	468.17	590.27	464.83	752.83	768.39
	Total Expenditure	516.27	567.61	644.72	809.67	1020.23	1058.36	1514.99	1583.20
4.Bihar									
Revenue	Own Tax	Information not furnished.							
	Own Non-Tax								
	Own Revenue	Information not furnished.			667.83	527.86	851.56	987.89	1094.67
	Other Revenue	Information not furnished.							
	Total Revenue								
Expenditure	Exp. on Core Services								
	Other Expenditure								
	Total Expenditure								
5.Goa									
Revenue	Own Tax	141.46	170.18	187.05	184.15	239.45	262.70	329.53	442.92
	Own Non-Tax	77.11	100.67	170.70	168.10	177.82	209.04	258.65	258.91
	Own Revenue	218.57	270.85	357.75	352.25	417.27	471.74	588.18	701.83
	Other Revenue	332.51	458.74	634.23	505.77	560.12	661.13	546.91	893.73
	Total Revenue	551.08	729.59	991.98	858.02	977.39	1132.87	1135.09	1595.56
Expenditure	Exp. on Core Services	110.46	142.64	227.34	185.78	202.42	260.79	322.26	379.96
	Other Expenditure	439.23	525.35	543.83	680.62	716.80	827.97	1022.05	1326.55
	Total Expenditure	549.69	667.99	771.17	866.40	919.22	1088.76	1344.31	1706.51
6.Gujarat									
Revenue	Own Tax	5600.76	6470.57	6908.51	8145.76	10726.67	12793.74	12839.47	14196.78
	Own Non-Tax	1716.99	1832.41	2085.46	2768.09	2561.87	3385.46	3369.35	4247.43
	Own Revenue	7317.75	8302.98	8993.97	10913.85	13288.54	16179.20	16208.81	18444.22
	Other Revenue	5723.89	5548.34	8893.54	7231.41	11070.18	9752.31	8894.56	15666.84
	Total Revenue	13041.64	13851.32	17887.51	18145.26	24358.72	25931.51	25103.37	34111.06
Expenditure	Exp. on Core Services	5625.09	6760.46	7478.41	8194.50	9921.19	11020.56	13613.66	16160.71
	Other Expenditure	8166.54	9765.58	10936.08	10955.64	13947.94	17199.65	19328.31	20800.68
	Total Expenditure	13791.63	16526.04	18414.49	19150.14	23869.13	28220.21	32941.97	36961.39

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
7.Haryana									
Revenue	Own Tax	2313.00	4198.00	3540.00	2875.00	3003.00	3648.00	3702.00	4205.00
	Own Non-Tax	1134.00	2290.00	2683.00	2545.00	2980.00	2914.00	2508.00	3228.00
	Own Revenue	3447.00	6488.00	6223.00	5420.00	5983.00	6562.00	6210.00	7433.00
	Other Revenue	1624.00	2692.00	800.39	979.57	1329.76	2669.61	6177.00	3845.00
	Total Revenue	5071.00	9180.00	7023.39	6399.57	7312.76	9231.61	12387.00	11278.00
Expenditure	Exp. on Core								
	Services	5472.00	10263.69	10138.69	8872.08	6619.94	8192.23	13237.55	10007.60
	Other Expenditure	10253.00	10400.76	10720.99	11433.09	11209.01	11150.70	14333.74	13294.69
	Total Expenditure	15725.00	20664.45	20859.68	20305.17	17828.95	19342.93	27571.29	23302.29
8.Himachal Pradesh									
Revenue	Own Tax	168.84	173.36	179.52	189.96	229.84	239.85	358.97	402.22
	Own Non-Tax	99.16	101.81	105.02	111.57	134.98	140.87	210.82	236.23
	Own Revenue	268.00	275.17	284.54	301.53	364.82	380.72	569.79	638.45
	Other Revenue	171.68	246.84	223.43	359.77	375.73	447.73	949.13	1037.39
	Total Revenue	439.68	522.01	507.97	661.30	740.55	828.45	1518.92	1675.84
Expenditure	Exp. on Core								
	Services	143.81	154.81	160.92	170.28	204.19	209.31	332.23	570.40
	Other Expenditure	287.76	312.45	346.93	413.25	457.35	487.80	603.23	801.58
	Total Expenditure	431.57	467.26	507.85	583.53	661.54	697.11	935.46	1371.98
9.Jammu & Kashmir									
Revenue	Own Tax			Break-up of tax and non-tax not furnished.					
	Own Non-Tax								
	Own Revenue	23.39	46.29	38.00	40.69	38.35	43.99	45.80	48.00
	Other Revenue	660.40	681.41	1127.75	1114.26	1159.80	1407.17	1690.90	1940.48
	Total Revenue	683.79	727.70	1165.75	1154.95	1198.15	1451.16	1736.70	1988.48
Expenditure	Exp. on Core								
	Services	75.21	348.94	106.37	91.70	81.38	173.73	99.83	141.87
	Other Expenditure	1608.15	1105.48	1370.58	1413.24	1378.87	1700.92	1972.29	2331.75
	Total Expenditure	1683.36	1454.42	1476.95	1504.94	1460.25	1874.65	2072.12	2473.62
10.Karnataka									
Revenue	Own Tax	2116.71	2470.56	2564.48	2736.50	3380.42	3445.51	5466.96	4960.70
	Own Non-Tax	662.26	1289.13	1158.06	5127.20	2232.57	1863.38	1839.59	1891.09
	Own Revenue	2778.97	3759.69	3722.54	7863.70	5612.99	5308.89	7306.55	6851.79
	Other Revenue	2280.13	2773.13	2522.64	3159.51	3140.13	4340.92	4702.70	6869.60
	Total Revenue	5059.10	6532.82	6245.18	11023.21	8753.12	9649.81	12009.25	13721.39
Expenditure	Exp. on Core								
	Services	1942.89	2263.41	2442.05	2491.51	2670.74	4188.34	4265.25	6775.03
	Other Expenditure	4366.49	5065.09	5112.91	6883.00	5874.65	7290.38	8874.97	6349.27
	Total Expenditure	6309.38	7328.50	7554.96	9374.51	8545.39	11478.72	13140.22	13124.30
11.Kerala									
Revenue	Own Tax	2380.13	2680.70	2800.82	3287.41	3324.04	3651.35	4025.96	4434.28
	Own Non-Tax	1044.02	1115.18	1370.51	1556.26	1842.26	2008.99	2395.80	2767.44
	Own Revenue	3424.15	3795.88	4171.33	4843.67	5166.30	5660.34	6421.76	7201.72
	Other Revenue	1868.85	2090.72	2150.05	2378.18	2915.43	5176.88	8787.97	10317.09
	Total Revenue	5293.00	5886.60	6321.38	7221.85	8081.73	10837.22	15209.73	17518.81
Expenditure	Exp. on Core								
	Services	1665.31	1898.87	2104.87	2399.13	2851.55	3241.23	3847.38	5181.88
	Other Expenditure	4316.97	4746.54	5247.51	6112.49	6502.86	7126.02	10445.75	12616.09
	Total Expenditure	5982.28	6645.41	7352.38	8511.62	9354.41	10367.25	14293.13	17797.97
12.Madhya Pradesh									
Revenue	Own Tax	1532.34	3198.50	1763.64	2081.81	2510.86	2062.65	2374.71	2867.97
	Own Non-Tax	247.74	256.73	295.26	300.28	364.49	245.71	416.95	378.50
	Own Revenue	1780.08	3455.23	2058.90	2382.09	2875.35	2308.36	2791.66	3246.47
	Other Revenue	2895.67	3034.43	3440.89	3909.82	4260.51	5504.51	7758.14	8057.02
	Total Revenue	4675.75	6489.66	5499.79	6291.91	7135.86	7812.87	10549.80	11303.49
Expenditure	Exp. on Core								
	Services	2279.22	2847.76	3039.80	3499.02	3765.62	4996.88	4706.35	6588.81
	Other Expenditure	2929.70	3345.38	3576.00	3528.17	4756.24	5596.05	6575.57	7491.72
	Total Expenditure	5208.92	6193.14	6615.80	7027.19	8521.86	10592.93	11281.92	14080.53

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
13.Maharashtra*									
Revenue	Own Tax	18343.00	21840.85	26006.42	30967.32	36779.00	43795.60	52152.24	62105.12
	Own Non-Tax	1740.00	2165.02	2704.74	3393.23	4081.00	5165.10	6566.61	8386.18
	Own Revenue	20083.00	24005.87	28711.16	34360.55	40860.00	48960.70	58718.86	70491.30
	Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Revenue	20083.00	24005.87	28711.16	34360.55	40860.00	48960.70	58718.86	70491.30
Expenditure	Exp. on Core Services	99964.88	130623.57	161431.52	177823.26	165420.86	202486.77	238697.90	263315.94
	Other Exp.	397383.81	427862.89	424681.37	524831.56	444749.38	682533.85	777404.55	1456705.33
	Total Expenditure	497348.69	558486.46	586112.89	702654.82	610170.24	885020.62	1016102.45	1720021.27
14.Manipur									
Revenue	Own Tax	18.10	34.01	83.37	82.28	96.82	82.69	116.50	223.91
	Own Non-Tax	28.95	25.19	27.35	37.18	30.99	29.33	46.88	37.97
	Own Revenue	47.05	59.20	110.72	119.46	127.81	112.02	163.38	261.88
	Other Revenue	1371.34	34.39	21.76	3.99	28.82	49.19	66.56	76.26
	Total Revenue	1418.39	93.59	132.48	123.45	156.63	161.21	229.94	338.14
Expenditure	Exp. on Core Services	12.42	10.96	5.80	6.58	10.21	14.44	13.92	16.23
	Other Expenditure	157.81	128.40	121.15	136.16	198.76	220.47	277.99	235.50
	Total Expenditure	170.23	139.36	126.95	142.74	208.97	234.91	291.91	251.73
15.Meghalaya									
Revenue	Own Tax	11.87	11.80	17.27	19.88	16.08	21.96	15.17	25.59
	Own Non-Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Own Revenue	11.87	11.80	17.27	19.88	16.08	21.96	15.17	25.59
	Other Revenue	188.15	286.96	272.23	297.48	214.92	351.27	670.30	498.60
	Total Revenue	200.02	298.76	289.50	317.36	231.00	373.23	685.47	524.19
Expenditure	Exp. on Core Services	60.84	133.07	107.68	84.06	89.79	99.47	104.57	122.96
	Other Expenditure	270.30	377.83	368.89	435.86	284.65	490.03	782.52	580.77
	Total Expenditure	331.14	510.90	476.57	519.92	374.44	589.50	887.09	703.73
16.Mizoram					Municipalities do not exist.				
17.Nagaland					Municipalities do not exist.				
18.Orissa									
Revenue	Own Tax	1242.05	1450.51	1632.06	1955.53	2098.12	2348.31	2497.72	2834.42
	Own Non-Tax	395.07	458.02	603.11	500.03	657.59	786.87	814.50	852.13
	Own Revenue	1637.12	1908.53	2235.17	2455.56	2755.71	3135.18	3312.22	3686.55
	Other Revenue	1277.48	1605.03	1673.46	1648.15	1517.51	1603.17	1815.27	1666.14
	Total Revenue	2914.60	3513.56	3908.63	4103.71	4273.22	4738.35	5127.49	5352.69
Expenditure	Exp. on Core Services	747.50	897.60	1592.50	1083.61	1206.36	1199.28	1239.25	1439.57
	Other Expenditure	2718.97	3699.11	3354.24	4296.20	4291.14	4702.94	4836.66	4802.19
	Total Expenditure	3466.47	4596.71	4946.74	5379.81	5497.50	5902.22	6075.91	6241.76
19.Punjab									
Revenue	Own Tax	5178.80	5367.58	5659.75	7047.50	6630.52	11771.40	13509.65	14403.14
	Own Non-Tax	2683.23	2891.09	3049.85	3212.14	4514.25	4663.09	4987.67	5293.82
	Own Revenue	7862.03	8258.67	8709.60	10259.64	11144.77	16434.49	18497.32	19696.96
	Other Revenue	2297.39	1945.16	3247.00	3394.47	3654.82	3280.46	3370.70	3369.97
	Total Revenue	10159.42	10203.83	11956.60	13654.11	14799.59	19714.95	21868.02	23066.93
Expenditure	Exp. on Core Services	1607.62	1651.44	1873.03	2213.22	1364.82	1529.16	1608.30	1674.39
	Other Expenditure	5271.48	5936.72	6423.16	7282.13	8027.22	8986.08	10978.22	12588.07
	Total Expenditure	6879.10	7588.16	8296.19	9495.35	9392.04	10515.24	12586.52	14262.46
20.Rajasthan									
Revenue	Own Tax	2529.31	2960.90	3382.93	3929.22	4737.02	6219.26	6636.99	7626.77
	Own Non-Tax	365.18	429.56	581.14	550.57	848.43	583.09	1129.86	1299.33
	Own Revenue	2894.49	3390.46	3964.07	4479.79	5585.45	6802.35	7766.85	8926.10
	Other Revenue	620.58	720.44	716.96	723.91	997.46	1577.70	2657.71	3413.17
	Total Revenue	3515.07	4110.90	4681.03	5203.70	6582.91	8380.05	10424.56	12339.27
Expenditure	Exp. on Core Services	2494.89	2771.02	3212.67	3856.42	4239.43	5072.19	6505.22	7155.73
	Other Expenditure	1058.94	1200.85	1277.01	1455.32	1717.85	2152.70	2677.43	2944.67
	Total Expenditure	3553.83	3971.87	4489.68	5311.74	5957.28	7224.89	9182.65	10100.40

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
21.Sikkim					Municipalities do not exist.				
22.Tamil Nadu									
Revenue	Own Tax	3767.08	3938.51	4457.09	4982.26	7529.28	12179.29	7941.53	9143.51
	Own Non-Tax	3618.98	3532.35	2542.49	4307.21	4476.27	4696.01	6973.43	6137.27
	Own Revenue	7386.06	7470.86	6999.58	9289.47	12005.55	16875.30	14914.96	15280.78
	Other Revenue	4417.63	4869.87	5499.76	4590.73	6869.60	7098.75	9358.53	11296.90
	Total Revenue	11803.69	12340.73	12499.34	13880.20	18875.15	23974.05	24273.49	26577.68
Expenditure	Exp. on Core Services	4031.29	5402.70	5702.69	7838.63	7733.46	8643.43	10276.69	13787.25
	Other Expenditure	8915.44	11322.78	12806.76	12209.77	14077.04	13620.98	24425.20	25575.63
	Total Expenditure	12946.73	16725.48	18509.45	20048.40	21810.50	22264.41	34701.89	39362.88
23.Tripura									
Revenue	Own Tax	20.17	19.04	21.43	20.03	27.12	29.92	43.91	51.61
	Own Non-Tax	17.89	29.33	60.17	21.21	32.37	62.84	71.09	69.17
	Own Revenue	38.06	48.37	81.60	41.24	59.49	92.76	115.00	120.78
	Other Revenue	375.19	321.36	347.90	263.87	446.43	658.94	852.33	595.89
	Total Revenue	413.25	369.73	429.50	305.11	505.92	751.70	967.33	716.67
Expenditure	Exp. on Core Services	116.09	158.73	196.28	81.46	108.81	150.08	206.13	186.77
	Other Expenditure	100.67	212.04	180.66	156.52	115.62	186.00	311.46	277.15
	Total Expenditure	216.76	370.77	376.94	237.98	224.43	336.08	517.59	463.92
24.Uttar Pradesh									
Revenue	Own Tax	1647.50	1966.60	2152.96	2538.14	2140.07	2305.96	2375.83	2613.41
	Own Non-Tax	4198.41	3331.84	3407.44	3829.66	3244.59	3988.35	4086.68	4452.11
	Own Revenue	5845.91	5298.44	5560.40	6367.80	5384.66	6294.31	6462.51	7065.52
	Other Revenue	9068.42	13692.97	13673.80	14080.81	14242.92	15582.33	17518.44	20790.63
	Total Revenue	14914.33	18991.41	19234.20	20448.61	19627.58	21876.64	23980.95	27856.15
Expenditure	Exp. on Core Services	4199.01	4036.09	4485.49	5485.52	4298.38	3535.34	5682.25	6113.22
	Other Expenditure	10888.41	13304.66	14959.23	15421.63	15694.78	15911.56	17282.33	19010.58
	Total Expenditure	15087.42	17340.75	19444.72	20907.15	19993.16	19446.90	22964.58	25123.80
25.West Bengal									
Revenue	Own Tax	1517.62	1715.26	2262.14	2865.20	3218.00	3550.00	3780.00	3920.00
	Own Non-Tax	1292.02	1399.26	1550.75	1790.60	2010.85	2275.00	2670.00	3050.00
	Own Revenue	2809.64	3114.52	3812.89	4655.80	5228.85	5825.00	6450.00	6970.00
	Other Revenue	10465.00	10599.00	12101.00	14605.00	16263.00	16034.00	23887.00	26130.50
	Total Revenue	13274.64	13713.52	15913.89	19260.80	21491.85	21859.00	30337.00	33100.50
Expenditure	Exp. on Core Services	3292.89	3731.58	4200.15	4701.12	5288.30	5905.41	6542.77	7157.09
	Other Expenditure	15634.37	17978.47	18970.21	21685.78	24267.36	27704.79	30484.62	24808.07
	Total Expenditure	18927.26	21710.05	23170.36	26386.90	29555.66	33610.20	37027.39	31965.16
Total (All States)									
Revenue	Own Tax	48598.72	58749.74	63758.60	80373.35	93688.01	117103.72	127504.88	143428.98
	Own Non-Tax	19659.41	21580.01	22754.82	32485.90	33279.60	36547.75	42470.88	49161.18
	Own Revenue	68258.13	80329.75	86513.42	112859.25	126967.61	153651.47	169975.76	192590.17
	Other Revenue	45673.24	51658.62	57396.69	70472.54	81435.10	90017.92	115177.66	134645.25
	Total Revenue	113931.37	131988.37	143910.11	183331.79	208402.71	243669.39	285153.42	327235.41
Expenditure	Exp. on Core Services	134037.93	174311.71	208757.99	232613.88	220353.30	266154.09	317359.89	353338.37
	Other Exp.	475087.80	517643.62	521390.50	643737.39	575896.50	826583.43	954371.90	1636748.81
	Total Expenditure	609125.73	691955.33	730148.49	876351.27	796249.80	1092737.52	1271731.79	1990087.18

Source: State Governments.

Core Services (water supply, street lighting, sanitation, roads and burials and burial grounds).

* *Since large discrepancies were noticed in the figures for own revenue of Municipal Councils furnished by the State Government, the own revenue figures of the Municipal Councils for the years 1990-91 to 1997-98 have been worked out on the basis of figures for the years 1990-91 and 1994-95 noted in the SFC Report and applying thereto the annual growth rates indicated in the SFC Report.*

Annexure VIII.3D

Statement of Revenue and Expenditure of Municipal Corporations
(Para 8.25)

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
1.Andhra Pradesh									
Revenue	Own Tax	2185.17	2924.66	3535.70	5486.92	5593.76	7443.08	8337.84	11718.20
	Own Non-Tax	1191.23	1357.93	1522.20	2399.92	3038.74	3182.19	4842.81	7284.12
	Own Revenue	3376.40	4282.59	5057.90	7886.84	8632.50	10625.27	13180.65	19002.32
	Other Revenue	5033.39	4793.18	6761.97	7963.06	8145.15	8956.93	11000.76	12941.80
	Total Revenue	8409.79	9075.77	11819.87	15849.90	16777.65	19582.20	24181.41	31944.12
Expenditure	Exp. on Core Services	214654.63	399403.78	380114.33	673356.65	619726.58	651294.54	1658044.68	1432920.43
	Other Exp.	785679.37	958889.22	950261.67	1469852.35	1983378.42	1962228.46	2199712.32	2695478.57
	Total Exp.	1000334.00	1358293.00	1330376.00	2143209.00	2603105.00	2613523.00	3857757.00	4128399.00
2.Arunachal Pradesh					Municipal Corporations do not exist.				
3.Assam									
Revenue	Own Tax	304.81	339.34	434.35	568.23	423.84	483.61	450.18	531.99
	Own Non-Tax	318.64	363.27	230.10	469.65	477.88	723.45	1311.90	1034.40
	Own Revenue	623.45	702.61	664.45	1037.88	901.72	1207.06	1762.08	1566.39
	Other Revenue	1530.08	615.70	526.08	664.80	518.00	652.00	215.00	200.00
	Total Revenue	2153.53	1318.31	1190.53	1702.68	1419.72	1859.06	1977.08	1766.39
Expenditure	Exp. on Core Services	583.39	734.23	495.31	658.09	242.88	198.04	324.09	746.25
	Other Expenditure	1026.96	1087.42	1312.90	1181.67	1747.16	1729.23	1885.29	1980.17
	Total Expenditure	1610.35	1821.65	1808.21	1839.76	1990.04	1927.27	2209.38	2726.42
4.Bihar									
Revenue	Own Tax		Information not furnished.						
	Own Non-Tax								
	Own Revenue		Information not furnished.		1289.17	717.68	1347.66	2644.14	2723.75
	Other Revenue		Information not furnished.						
	Total Revenue								
Expenditure	Exp. on Core Services								
	Other Expenditure								
	Total Expenditure								
5.Goa					Municipal Corporations do not exist.				
6.Gujarat									
Revenue	Own Tax	17048.21	21280.57	26418.05	30016.53	37744.29	46685.61	54012.25	57893.79
	Own Non-Tax	2123.53	2451.98	1919.54	2448.94	3186.16	3741.51	3678.41	4691.94
	Own Revenue	19171.74	23732.55	28337.59	32465.47	40930.45	50427.12	57690.66	62585.73
	Other Revenue	6545.73	8801.17	9389.56	12056.99	11705.31	8222.62	9117.27	22513.40
	Total Revenue	25717.47	32533.72	37727.15	44522.46	52635.76	58649.74	66807.93	85099.13
Expenditure	Exp. on Core Services	7011.13	8617.50	9385.95	11130.63	11283.97	14772.63	19285.99	20766.38
	Other Exp.	13928.99	18268.98	19599.41	21599.12	24343.02	25615.04	25743.96	37361.48
	Total Expenditure	20940.12	26886.48	28985.36	32729.75	35626.99	40387.67	45029.95	58127.86
7.Haryana									
Revenue	Own Tax	1125.11	1211.65	1357.32	1446.42	1942.86	2170.99	2578.85	2496.74
	Own Non-Tax	32.95	130.88	189.95	306.00	370.62	582.95	359.37	477.58
	Own Revenue	1158.06	1342.53	1547.27	1752.42	2313.48	2753.94	2938.22	2974.32
	Other Revenue	252.83	330.92	1562.79	2035.07	2074.98	1942.03	6364.08	3570.12
	Total Revenue	1410.89	1673.45	3110.06	3787.49	4388.46	4695.97	9302.30	6544.44
Expenditure	Exp. on Core Services	1827.31	2478.31	3063.74	4223.30	5785.59	6292.32	9788.22	6445.40
	Other Expenditure	919.21	1384.31	2964.66	7224.70	4598.00	2785.30	8426.48	4677.88
	Total Expenditure	2746.52	3862.62	6028.40	11448.00	10383.59	9077.62	18214.70	11123.28

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
8.Himachal Pradesh									
Revenue	Own Tax	119.18	154.50	169.27	189.69	119.11	191.98	184.02	211.10
	Own Non-Tax	152.01	252.67	244.64	294.72	401.85	394.83	416.86	615.42
	Own Revenue	271.19	407.17	413.91	484.41	520.96	586.81	600.88	826.52
	Other Revenue	44.06	46.93	52.36	56.80	146.30	177.60	403.72	435.57
	Total Revenue	315.25	454.10	466.27	541.21	667.26	764.41	1004.60	1262.09
Expenditure	Exp. on Core Services	104.42	114.79	126.41	149.08	186.32	301.18	410.76	428.55
	Other Expenditure	226.52	245.64	252.96	290.11	310.72	440.96	431.17	687.76
	Total Expenditure	330.94	360.43	379.37	439.19	497.04	742.14	841.93	1116.31
9.Jammu & Kashmir	Municipal Corporations do not exist.								
10.Karnataka									
Revenue	Own Tax	3933.90	4283.84	5357.88	5597.61	6048.52	6139.93	6932.82	7727.07
	Own Non-Tax	258.35	273.60	292.61	302.21	347.63	358.84	561.47	601.90
	Own Revenue	4192.25	4557.44	5650.49	5899.82	6396.15	6498.77	7494.29	8328.97
	Other Revenue	4971.98	9113.29	4556.69	7600.33	12291.46	10937.15	11808.63	17403.17
	Total Revenue	9164.23	13670.73	10207.18	13500.15	18687.61	17435.92	19302.92	25732.14
Expenditure	Exp. on Core Services	2189.15	2654.68	2917.35	3390.50	3938.92	4234.92	5452.87	7418.44
	Other Expenditure	7801.96	8524.86	9780.89	11494.18	12168.01	13762.59	18104.37	20622.15
	Total Expenditure	9991.11	11179.54	12698.24	14884.68	16106.93	17997.51	23557.24	28040.59
11.Kerala									
Revenue	Own Tax	1693.10	1958.92	1881.79	1989.97	2561.43	2760.36	3098.81	3439.06
	Own Non-Tax	839.43	947.64	1031.13	1010.37	625.14	671.85	719.46	754.58
	Own Revenue	2532.53	2906.56	2912.92	3000.34	3186.57	3432.21	3818.27	4193.64
	Other Revenue	648.55	696.93	638.15	922.01	841.51	1008.74	2481.20	4396.54
	Total Revenue	3181.08	3603.49	3551.07	3922.35	4028.08	4440.95	6299.47	8590.18
Expenditure	Exp. on Core Services	1069.92	1204.22	1434.57	1695.75	1794.70	1859.02	2628.59	3265.49
	Other Expenditure	2294.64	2433.46	2630.19	3447.48	3632.67	3868.38	4917.66	6198.18
	Total Expenditure	3364.56	3637.68	4064.76	5143.23	5427.37	5727.40	7546.25	9463.67
12.Madhya Pradesh									
Revenue	Own Tax	4821.56	5489.95	5391.05	6501.02	6153.43	2770.38	3808.88	5109.79
	Own Non-Tax	3350.55	3815.05	3746.29	4517.55	4276.18	3069.82	4593.05	5371.83
	Own Revenue	8172.11	9305.00	9137.34	11018.57	10429.61	5840.20	8401.93	10481.62
	Other Revenue	7280.52	7582.43	8697.33	9403.00	10359.31	14395.75	18472.35	18781.03
	Total Revenue	15452.63	16887.43	17834.67	20421.57	20788.92	20235.95	26874.28	29262.65
Expenditure	Exp. on Core Services	5516.10	5890.04	6345.80	7940.05	8426.99	8421.44	11149.83	12511.40
	Other Exp.	11781.88	13271.98	14246.93	16424.63	16939.40	18840.53	25815.52	27314.09
	Total Expenditure	17297.98	19162.02	20592.73	24364.68	25366.39	27261.97	36965.35	39825.49
13.Maharashtra									
Revenue	Own Tax	89252.00	105245.96	124106.03	146345.84	172239.00	203104.23	239500.51	282419.00
	Own Non-Tax	37362.00	42981.05	49423.33	56804.99	64531.00	74082.41	85001.89	97475.96
	Own Revenue	126614.00	148227.01	173529.36	203150.82	236770.00	277187.00	324502.00	279895.00
	Other Revenue	14991.22	18345.09	23470.75	15483.23	27536.85	33947.98	41861.00	47376.00
	Total Revenue	141605.22	166572.10	197000.11	218634.05	264306.85	311134.62	366363.40	427270.96
Expenditure	Exp. on Core Services	602795.58	110509.54	143519.00	196622.61	291826.85	567972.84	2244312.33	8195804.75
	Other Exp.	98514.85	118181.31	136728.03	148580.52	173774.73	194073.41	231920.97	450152.96
	Total Expenditure	701310.43	228690.85	280247.03	345203.13	465601.58	762046.25	2476233.30	8645957.71
14.Manipur	Municipal Corporations do not exist.								
15. Meghalaya	Municipal Corporations do not exist.								
16.Mizoram	Municipal Corporations do not exist.								
17.Nagaland	Municipal Corporations do not exist.								

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
18.Orissa									
Revenue	Own Tax	1015.86	1279.96	1431.25	1566.09	2081.22	2452.18	2512.58	2957.26
	Own Non-Tax	58.20	219.56	137.89	134.40	299.48	302.16	255.25	154.55
	Own Revenue	1074.06	1499.52	1569.14	1700.49	2380.70	2754.34	2767.83	3111.81
	Other Revenue	523.23	418.48	377.16	371.36	382.65	471.85	1106.24	568.08
	Total Revenue	1597.29	1918.00	1946.30	2071.85	2763.35	3226.19	3874.07	3679.89
Expenditure	Exp. on Core								
	Services	416.57	650.83	451.56	664.51	813.74	794.94	1182.38	1535.84
	Other Expenditure	840.16	1121.04	1204.44	1534.95	2289.92	2232.82	2623.58	2335.63
	Total Expenditure	1256.73	1771.87	1656.00	2199.46	3103.66	3027.76	3805.96	3871.47
19.Punjab									
Revenue	Own Tax	6298.95	6838.07	7104.31	8467.32	26771.21	14196.55	15328.85	16507.83
	Own Non-Tax	1777.48	1795.46	1867.48	1902.91	2576.13	2725.37	3765.76	3144.68
	Own Revenue	8076.43	8633.53	8971.79	10370.23	29347.34	16921.92	19094.61	19652.51
	Other Revenue	1634.26	1902.01	2128.15	2259.82	2417.05	2244.03	2635.40	2543.80
	Total Revenue	9710.69	10535.54	11099.94	12630.05	31764.39	19165.95	21730.01	22196.31
Expenditure	Exp. on Core								
	Services	2837.97	3688.23	3119.66	3266.72	2747.60	3621.89	2818.53	3356.98
	Other Exp.	7121.49	7862.85	8560.72	9880.37	11069.72	12639.57	14814.95	16922.44
	Total Expenditure	9959.46	11551.08	11680.38	13147.09	13817.32	16261.46	17633.48	20279.42
20.Rajasthan									
Revenue	Own Tax	3561.76	3903.74	4339.16	5614.44	6277.66	8581.87	9772.01	10499.10
	Own Non-Tax	650.07	758.14	817.86	890.63	1224.03	2137.84	3151.81	3638.03
	Own Revenue	4211.83	4661.88	5157.02	6505.07	7501.69	10719.71	12923.82	14137.13
	Other Revenue	1099.89	1377.61	1711.43	1286.81	2081.03	1455.96	1838.81	1885.04
	Total Revenue	5311.72	6039.49	6868.45	7791.88	9582.72	12175.67	14762.63	16022.17
Expenditure	Exp. on Core								
	Services	3448.07	3874.25	4473.20	5228.37	6078.56	7612.64	9005.24	10356.03
	Other Expenditure	1966.26	2123.72	2378.02	2829.28	2984.54	3493.57	4726.46	5405.30
	Total Expenditure	5414.33	5997.97	6851.22	8057.65	9063.10	11106.21	13731.70	15761.33
21.Sikkim					Municipal Corporations do not exist.				
22.Tamil Nadu									
Revenue	Own Tax	4206.52	5318.31	6401.10	8540.90	10953.48	12187.55	15170.34	19579.48
	Own Non-Tax	4452.81	4724.48	5198.50	5370.93	8884.18	8440.19	10389.96	22908.57
	Own Revenue	8659.33	10042.79	11599.60	13911.83	19837.66	20627.74	25560.30	42488.05
	Other Revenue	6743.79	9530.34	10003.69	10820.79	11660.83	13206.01	19117.67	20515.34
	Total Revenue	15403.12	19573.13	21603.29	24732.62	31498.49	33833.75	44677.97	63003.39
Expenditure	Exp. on Core								
	Services	6832.59	8266.37	8904.63	10170.00	11924.37	14029.62	15145.72	21840.03
	Other Exp.	9301.93	10158.01	15009.73	21377.42	25083.80	22578.39	28105.34	34465.92
	Total Expenditure	16134.52	18424.38	23914.36	31547.42	37008.17	36608.01	43251.06	56305.95
23.Tripura					Municipal Corporations do not exist.				
24.Uttar Pradesh									
Revenue	Own Tax	1511.30	2092.86	2104.35	2565.91	3030.83	3080.01	3323.35	3655.69
	Own Non-Tax	3726.40	1619.60	2078.95	2024.96	2619.32	3235.80	3744.12	4109.39
	Own Revenue	5237.70	3712.46	4183.30	4590.87	5650.15	6315.81	7067.47	7765.08
	Other Revenue	9426.74	11130.73	12538.56	12681.11	14917.75	16614.53	19822.36	20263.29
	Total Revenue	14664.44	14843.19	16721.86	17271.98	20567.90	22930.34	26889.83	28028.37
Expenditure	Exp. on Core								
	Services	3195.29	2658.52	2970.97	2771.86	4190.23	3162.91	5085.15	5458.67
	Other Exp.	10997.60	12326.50	13152.93	16230.35	17664.06	18458.19	23154.68	23919.70
	Total Expenditure	14192.89	14985.02	16123.90	19002.21	21854.29	21621.10	28239.83	29378.37

(Rs. in lakhs)

State	Item	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
25.West Bengal									
Revenue **	Own Tax	226.73	283.73	356.37	429.42				
	Own Non-Tax	107.93	122.30	137.43	155.35				
	Own Revenue	334.66	406.03	493.80	584.77	40714.93	45047.00	49840.00	55170.00
	Other Revenue	1407.00	1425.00	1627.00	1963.00	2185.00	2155.00	3183.00	3477.00
	Total Revenue	1741.66	1831.03	2120.80	2547.77	42899.93	47202.00	53023.00	58647.00
Expenditure#	Exp. on Core Services	1155.53	0.00	0.00	1720.99	0.00	0.00	2285.04	2545.37
	Other Exp.	1364.14	789.42	823.27	2039.96	1058.44	1225.47	2844.65	3331.26
	Total Expenditure	2519.67	789.42	823.27	3760.95	1058.44	1225.47	5129.69	5876.63
Total (All States)									
Revenue	Tax Revenue	137304.16	162606.06	190387.98	225326.31	281940.64	312248.33	365011.29	424746.10
	Non-Tax Revenue	56401.58	61813.61	68837.90	79033.53	92858.34	103649.21	122792.12	152262.95
	Own Revenue	193705.74	224419.67	259225.88	305649.00	416231.59	462292.56	540287.15	534902.84
	Other Revenue	62133.27	76109.81	84041.67	85568.18	107263.18	116388.18	149427.49	176870.18
	Total Revenue	255839.01	300529.48	343267.55	389928.01	522777.09	577332.72	687070.90	809049.23
Expenditure	Core Services	853637.65	550745.29	567322.48	922989.11	968967.30	1284568.93	3986919.42	9725400.01
	Other Services	953765.96	1156668.72	1178906.75	1733987.09	2281042.61	2283971.91	2593227.40	3330853.49
	Total Exp.	1807403.61	1707414.01	1746229.23	2656976.20	3250009.91	3568540.84	6580146.82	13056253.50

Source: State Governments.

Core Services (water supply, street lighting, sanitation, roads and burials and burial grounds).

* *Since large discrepancies were noticed in the figures for own revenue of Municipal Corporations furnished by the State Government, the own revenue figures of the Municipal Corporations for the years 1990-91 to 1997-98 have been worked out on the basis of figures for the years 1990-91 and 1994-95 noted in the SFC Report and applying thereto the annual growth rates indicated in the SFC Report.*

\# *Excludes information in respect of Calcutta and Howrah Municipal Corporations as the same has not been furnished.*

** *Information in respect of Calcutta and Howrah Municipal Corporations available for own revenue (without break-up of tax and non-tax) for the years 1994-95, 1995-96, 1996-97 and 1997-98.*

Annexure VIII.4

Share of States in allocation for panchayats
(Para 8.27)

		Share in allocation for the Panchayats as per -							State-wise allocation (per year)		
					Revenue efforts of Panchayats					Of which, share for-	
Sl. No.	State	Proportion of Rural Population (1991)	Proportion of Rural Area (1991)	Distance from highest PCI+0.5 s.d.	w.r.t. Own Revenue of the State	w.r.t. GSDP (Primary Sector excluding mining & quarrying)	Index of Decen-tralisation	Compo-site Index for State's share	Total for the State	Normal areas	Excluded areas
		Weight= 40%	Weight= 10%	Weight= 20%	Weight= 5%	Weight= 5%	Weight= 20%	(%)	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)
1	2	3	4	5	6	7	8	9	10	11	12
1	Andhra Pradesh	7.755	8.730	7.250	24.090	20.688	9.196	9.503	15204.83	14376.42	828.42
2	Arunachal Pradesh	0.120	2.709	0.110	0.000	0.000	0.036	0.348	556.85	556.85	0.00
3	Assam	3.178	2.510	3.538	1.626	0.830	2.827	2.918	4668.95	4502.93	166.02
4	Bihar	11.966	5.503	15.287	0.000	0.000	7.095	9.813	15700.76	13952.88	1747.87
5	Goa	0.110	0.107	0.091	0.088	0.510	0.065	0.116	185.45	185.45	0.00
6	Gujarat	4.317	6.175	3.750	3.644	6.130	3.839	4.351	6960.87	5687.60	1273.27
7	Haryana	1.979	1.399	0.933	3.050	4.317	1.760	1.839	2941.75	2941.75	0.00
8	Himachal Pradesh	0.753	1.792	0.756	0.116	0.096	0.893	0.821	1313.38	1271.26	42.12
9	Jammu & Kashmir	0.938	3.251	0.871	0.000	0.000	0.278	0.930	1488.14	1488.14	0.00
10	Karnataka	4.955	6.066	3.953	3.364	4.074	5.876	4.926	7882.35	7882.35	0.00
11	Kerala	3.416	1.148	3.017	11.531	12.980	4.051	4.120	6592.58	6592.58	0.00
12	Madhya Pradesh	8.109	14.088	8.455	7.163	6.371	9.616	8.943	14309.39	9971.46	4337.93
13	Maharashtra	7.719	9.752	6.455	7.950	12.544	9.153	8.209	13134.58	11883.97	1250.61
14	Manipur	0.212	0.718	0.201	0.000	0.000	0.189	0.235	375.43	204.05	171.38
15	Meghalaya #	0.230	0.721	0.274	0.884	0.590	0.137	0.320	512.16	0.00	512.16
16	Mizoram #	0.059	0.666	0.021	0.001	0.000	0.018	0.098	157.11	120.68	36.43
17	Nagaland #	0.160	0.532	0.172	0.000	0.000	0.047	0.161	257.33	257.33	0.00
18	Orissa	4.374	4.954	5.196	2.859	2.290	3.890	4.320	6911.76	4889.00	2022.76
19	Punjab	2.279	1.582	0.298	4.042	3.920	2.027	1.933	3092.71	3092.71	0.00
20	Rajasthan	5.413	10.913	5.225	5.691	5.337	6.419	6.137	9818.96	8893.57	925.39
21	Sikkim	0.059	0.230	0.063	0.000	0.000	0.035	0.066	105.85	105.85	0.00
22	Tamil Nadu	5.866	4.007	5.974	3.568	6.291	6.957	5.826	9322.36	9322.36	0.00
23	Tripura	0.372	0.334	0.413	0.035	0.011	0.442	0.356	569.19	352.94	216.25
24	Uttar Pradesh	17.785	9.342	19.963	15.629	10.071	15.817	16.489	26382.67	26382.67	0.00
25	West Bengal	7.874	2.771	7.732	4.667	2.950	9.338	7.222	11554.59	11554.59	0.00
	Total	100.000	100.000	100.000	100.000	100.000	100.000	100.000	160000.00	146469.395	13530.605

\# *The entire States of Meghalaya, Mizoram and Nagaland are excluded from the provision of Part IX as per article 243 M(2).*

Annexure VIII.5

Share of States in allocation for municipalities (Para 8.27)

Sl. No.	State	Share in allocation for the ULBs as per - Proportion of Urban Population (1991)	Proportion of Urban Area (1991)	Distance from highest PCI+0.5 s.d.	Revenue efforts of ULBs w.r.t. Own Revenue of the State	w.r.t. GSDP (net of Primary Sector)	Index of Decen-tralisation	Compo-site Index for State's share	State-wise allocation (per year) Total for the State	Of which, share for- Normal areas	Excluded areas
		Weight= 40%	Weight= 10%	Weight= 20%	Weight= 5%	Weight= 5%	Weight= 20%	(%)	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)
1	2	3	4	5	6	7	8	9	10	11	12
1	Andhra Pradesh	8.604	8.087	8.978	7.538	7.319	7.219	8.233	3293.14	3293.14	0.00
2	Arunachal Pradesh	0.053	0.000	0.050	0.000	0.000	0.015	0.034	13.67	13.67	0.00
3	Assam	1.197	1.295	1.078	0.549	0.501	1.004	1.077	430.84	412.66	18.18
4	Bihar	5.461	5.855	6.032	1.226	0.924	3.055	4.695	1877.94	1520.97	356.96
5	Goa	0.231	0.602	0.178	0.032	0.067	0.194	0.232	92.73	92.73	0.00
6	Gujarat	6.853	8.034	6.334	6.164	7.132	5.750	6.626	2650.46	2626.46	24.00
7	Haryana	1.950	1.512	1.640	0.850	1.872	2.182	1.832	732.80	732.80	0.00
8	Himachal Pradesh	0.216	0.422	0.026	0.133	0.116	0.242	0.195	77.84	77.84	0.00
9	Jammu & Kashmir	0.885	1.372	0.920	0.102	0.073	0.495	0.783	313.16	313.16	0.00
10	Karnataka	6.690	6.678	7.053	2.896	4.382	5.613	6.241	2496.39	2496.39	0.00
11	Kerala	3.695	5.263	3.566	1.874	2.493	4.133	3.762	1504.91	1504.91	0.00
12	Madhya Pradesh	7.379	12.367	7.901	3.219	4.407	8.255	7.801	3120.22	2898.90	221.32
13	Maharashtra	14.692	9.740	12.861	29.384	32.669	16.436	15.813	6325.09	6270.83	54.26
14	Manipur	0.243	0.227	0.283	0.029	0.019	0.204	0.220	87.92	80.38	7.54
15	Meghalaya	0.159	0.241	0.145	0.006	0.004	0.089	0.135	53.98	3.59	50.39
16	Mizoram	0.153	0.771	0.184	0.000	0.000	0.086	0.192	76.89	73.58	3.31
17	Nagaland	0.100	0.230	0.074	0.004	0.002	0.056	0.089	35.72	35.72	0.00
18	Orissa	2.037	3.979	1.948	0.550	0.526	1.709	1.998	799.20	639.74	159.46
19	Punjab	2.883	2.254	2.629	2.048	4.918	2.419	2.736	1094.53	1094.53	0.00
20	Rajasthan	4.843	7.607	4.964	1.905	2.028	5.418	4.971	1988.32	1943.46	44.86
21	Sikkim	0.018	0.000	0.006	0.000	0.000	0.010	0.010	4.16	4.16	0.00
22	Tamil Nadu	9.177	9.659	8.907	11.808	12.133	10.267	9.668	3867.34	3867.34	0.00
23	Tripura	0.203	0.230	0.224	0.050	0.080	0.227	0.201	80.32	80.32	0.00
24	Uttar Pradesh	13.280	8.763	14.368	5.834	5.139	14.856	12.582	5032.64	5032.64	0.00
25	West Bengal	8.999	4.814	9.651	23.800	13.196	10.067	9.874	3949.78	3949.78	0.00
	Total	100.000	100.000	100.000	100.000	100.000	100.000	100.000	40000.00	39059.73	940.27

Annexure VIII.6

Population and Geographical Area of the Fifth Schedule Areas, Sixth Schedule Areas and Hills Districts (Manipur) Areas-1991
(Para 8.27)

Sl. No.	Name of the State.	Total for the State						Fifth Schedule Areas						Sixth Schedule/ Hills Districts Areas*					
		Population			Area (Sq.km.)			Population			Area (Sq.km.)			Population			Area (Sq.km.)		
		Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*
1	Andhra Pradesh	48620882	17887126	66508008	269874	5171	275045	2649045	0	2649045	31485	-	31485						
2	Arunachal Pradesh	753930	110628	864558	83743	0	83743												
3	Assam	19926527	2487795	22414322	77610	828	78438							708572	104952	813524	15267	55	15322
4	Bihar	75021453	11353012	86374465	170133	3744	173877	8351688	2158020	10509708	45505	811	46316						
5	Goa	690041	479752	1169793	3317	385	3702												
6	Gujarat	27063521	14246061	41309582	190887	5137	196024	4950409	129000	5079409	28681	748	29429						
7	Haryana	12408904	4054744	16463648	43245	967	44212												
8	Himachal Pradesh	4721681	449196	5170877	55403	270	55673	151433	0	151433	23655	-	23655						
9	Jammu & Kashmir	5879300	1839400	7718700	100510	877	101387												
10	Karnataka	31069413	13907788	44977201	187521	4270	191791												
11	Kerala	21418224	7680294	29098518	35498	3365	38863												
12	Madhya Pradesh	50842333	15338837	66181170	435538	7908	443446	15413000	1088000	16501000	149119	530	149649						
13	Maharashtra	48395601	30541586	78937187	301485	6228	307713	4608000	262000	4870000	46302	123	46425						
14	Manipur	1331504	505645	1837149	22182	145	22327							607818	43339	651157	20082	8	20090
15	Meghalaya	1444731	330047	1774778	22275	154	22429							1444731	308098	1752829	22275	151	22426
16	Mizoram	371810	317946	689756	20588	493	21081							86207	13669	99876	3904	53	3957
17	Nagaland	1001323	208223	1209546	16432	147	16579												
18	Orissa	27424753	4234983	31659736	153163	2544	155707	8026000	845000	8871000	69018	596	69614						
19	Punjab	14288744	5993225	20281969	48921	1441	50362												
20	Rajasthan	33938877	10067113	44005990	337375	4864	342239	3198561	227119	3425680	18876	91	18967						
21	Sikkim	369451	37006	406457	7096	0	7096												
22	Tamil Nadu	36781354	19077592	55858946	123882	6176	130058												
23	Tripura	2335484	421721	2757205	10339	147	10486							887300		887300	7133		7133
24	Uttar Pradesh	111506372	27605915	139112287	288808	5603	294411												
25	West Bengal	49370364	18707601	68077965	85674	3078	88752												
	Total	626976577	207883236	834859813	3091499	63942	3155441	47348136	4709139	52057275	412640.9	2899	415540	3734628	470058	4204686	68661	267	68928

* *In respect of Assam, Meghalaya, Mizoram and Tripura, Sixth Schedule Areas and in respect of Manipur, Hills Districts Areas.*

Source: Census, 1991 and State Governments.

Annexure VIII.7

Structure and Size of Rural Local Bodies in India
[Para 8.28.h]

(As on 1.4.1998)

Sl. No.	State	Rural Population (As per 1991 census)	Rural Area (Sq. kms.) (As per 1991 census)	Tiers of RLBs (including ADCs)	Number
1	2	3	4	5	6
1	Andhra Pradesh	48620882	269873.64	1. Gram Panchayats	21784
				2. Mandal Parishads	1093
				3. Zilla Parishads	22
				Total	22899
2	Arunachal Pradesh	753930	83743.00	1. Gram Panchayats *	2012
				2. Anchal Samitis *	78
				3. Zilla Parishads*	13
				Total	2103
3	Assam	19926527	77609.59	1. Gaon Panchayats	2489
				2. Anchalik Panchayats	202
				3a. Zilla Parishads *	21
				b. Autonomous District Councils	2
				Total	2714
4	Bihar	75021453	170133.45	1. Gram Panchayats	12181
				2. Panchayat Samitis	726
				3. Zila Parishads	55
				Total	12962
5	Goa	690041	3317.33	1. Panchayats	188
				2. Zilla Panchayats *	2
				Total	190
6	Gujarat	27063521	190886.64	1. Village Panchayats	13547
				2. Taluka Panchayats	184
				3. District Panchayats	19
				Total	13750
7	Haryana	12408904	43245.27	1. Gram Panchayats	5958
				2. Panchayat Samitis	111
				3. Zila Parishads	16
				Total	6085
8	Himachal Pradesh	4721681	55403.18	1. Gram Panchayats	2922
				2. Panchayat Samitis	72
				3. Zila Parishads	12
				Total	3006
9	Jammu & Kashmir #	5879300	100510.00	1. Halqa Panchayats	2683
				Total	2683
10	Karnataka	31069413	187520.85	1. Grama Panchayats	5673
				2. Taluk Panchayats	175
				3. Zilla Panchayats	27
				Total	5875
11	Kerala	21418224	35498.20	1. Village Panchayats	990
				2. Block Panchayats	152
				3. District Panchayats	14
				Total	1156
12	Madhya Pradesh	50842333	435538.33	1. Gram Panchayats	31126
				2. Janapad Panchayats	459
				3. Zila Panchayats	45
				Total	31630

1	2	3	4	5	6
13	Maharashtra	48395601	301485.09	1. Village Panchayats	27611
				2. Panchayat Samitis	319
				3. Zilla Parishads	29
				Total	27959
14	Manipur	1331504	22181.67	1a. Gram Panchayats	166
				b. Village Authorities/Councils (in Hill Areas ADCs)	2028
				2a. Zilla Parishads	4
				b. Hill Areas Autonomous District Councils	6
				Total	2204
15	Meghalaya	1444731	22275.18	1. Village Durbars/Councils/Committees	5629
				2. Autonomous District Councils	3
				Total	5632
16	Mizoram	371810	20588.00	1a. Village Councils (in non-ADC areas)	504
				b. Village Councils (in ADC areas)	219
				2a. Zilla Panchayats*	6
				b. Autonomous District Councils	3
				Total	732
17	Nagaland	1001323	16431.76	1. Village Councils	1200
				Total	1200
18	Orissa	27424753	153162.78	1. Grama Panchayats	5255
				2. Panchayat Samitis	314
				3. Zilla Parishads	30
				Total	5599
19	Punjab	14288744	48921.20	1. Gram Panchayats	11591
				2. Panchayat Samitis	138
				3. Zila Parishads	17
				Total	11746
20	Rajasthan	33938877	337374.75	1. Panchayats	9184
				2. Panchayat Samitis	237
				3. Zila Parishads	32
				Total	9453
21	Sikkim	369451	7096.00	1a. Gram Panchayats	157
				b. Dzumsas (Traditional Institutions)	2
				2. Zilla Panchayats	4
				Total	163
22	Tamil Nadu	36781354	123882.41	1. Village Panchayats	12593
				2. Panchayat Union Councils	385
				3. District Panchayats	28
				Total	13006
23	Tripura	2335484	10339.19	1a. Gram Panchayats	530
				b. Villages (similar to Gram Panchayats) in Tripura Tribal Areas Autonomous District Council	432
				2a. Panchayat Samitis	16
				b. Block Advisory Committees (similar to Panchayat Samitis) in Tripura Tribal Areas Autonomous District Council	25
				3a. Zilla Parishads	3
				b. Autonomous District Council	1
				Total	1007

1	2	3	4	5	6
24	Uttar Pradesh	111506372	288807.90	1. Gram Panchayats	58620
				2. Kshettra Panchayats	904
				3. Zila Panchayats	83
				Total	59607
25	West Bengal	49370364	85674.39	1. Gram Panchayats	3314
				2. Panchayat Samitis	340
				3a. Zilla Parishads	16
				b.Mahakuma Parishad	1
				c. Darjeeling Gorkha Hill Council	1
				Total	3672
	Total	**624158713**	**3032204.86**	**Total No. of Village level Panchayats**	**232278**
				Total No. of Village Councils (in ADC areas)	**8310**
				Total No. of Intermediate level Panchayats	**5905**
				Total No. of Block Advisory Committees (in ADC areas)	**25**
				Total No. of District level Panchayats	**499**
				Total No. of ADCs	**16**
				Total	**247033**

* *Proposed to be set-up.*

Source: State Governments, SFC Reports and Census 1991.

\# *The area and population figures of Jammu and Kashmir for 1991 have been projected on the basis of growth rate of population from the 1971 Census to 1981 Census and exclude the areas under unlawful occupation of Pakistan and China.*

Annexure VIII.8

Structure and Size of Urban Local Bodies in India
[Para 8.28.h]

(As on 1.4.1998)

Sl. No.	State	Urban		Levels of urban local bodies	Number
		Population	Area (Sq. kms.)		
		(As per 1991 census)			
1	Andhra Pradesh	17887126	5171.36	Municipal Corporations	7
				Municipalities	94
				Nagar Panchayats	15
				Total	116
2	Arunachal Pradesh	110628	0.00	ULBs do not exist.	
3	Assam	2487795	828.41	Municipal Corporations	1
				Municipalities	28
				Town Panchayats	50
				Total	79
4	Bihar	11353012	3743.55	Municipal Corporations	6
				Municipalities	70
				Notified Area Committees	94
				Total	170
5	Goa	479752	384.67	Municipalities	14
6	Gujarat	14246061	5137.36	Municipal Corporations	6
				Municipalities	85
				Nagar Panchayats	58
				Total	149
7	Haryana	4054744	966.73	Municipal Corporations	1
				Municipalities	81
				Total	82
8	Himachal Pradesh	449196	269.82	Municipal Corporations	1
				Municipal Councils	19
				Nagar Panchayats	28
				Total	48
9	Jammu & Kashmir #	1839400	877.00	Municipalities	2
				Town Area Committees	67
				Total	69
10	Karnataka	13907788	4270.15	Municipal Corporations	6
				City & Town Municipal Councils	121
				Town Panchayats	88
				Total	215
11	Kerala	7680294	3364.80	Municipal Corporations	3
				Municipalities	55
				Total	58
12	Madhya Pradesh	15338837	7907.67	Municipal Corporations	18
				Municipalities	103
				Nagar Panchayats	283
				Total	404
13	Maharashtra	30541586	6227.91	Municipal Corporations	15
				Municipal Councils	229
				Total	244
14	Manipur	505645	145.33	Municipal Councils	7
				Nagar Panchayats	21
				Total	28

1	2	3	4	5	6
15	Meghalaya	330047	153.82	Municipalities	6
16	Mizoram	317946	493.00	Municipal Councils*	2
				Town Panchayats*	4
17	Nagaland	208223	147.24	Town Committees	9
18	Orissa	4234983	2544.22	Municipal Corporations	2
				Municipalities	30
				Notified Area Councils	70
				Total	102
19	Punjab	5993225	1440.80	Municipal Corporations	4
				Municipal Councils	96
				Nagar Panchayats	37
				Total	137
20	Rajasthan	10067113	4864.25	Municipal Corporations	3
				Municipal Councils	11
				Municipal Boards	169
				Total	183
21	Sikkim	37006	0.00	ULBs do not exist.	
22	Tamil Nadu	19077592	6175.59	Municipal Corporations	6
				Municipalities	102
				Town Panchayats	636
				Total	744
23	Tripura	421721	146.81	Municipality	1
				Nagar Panchayats	12
				Total	13
24	Uttar Pradesh	27605915	5603.10	Municipal Corporations	11
				Municipalities	226
				Nagar Panchayats	447
				Total	684
25	West Bengal	18707601	3077.61	Municipal Corporations	6
				Municipalities	112
				Notified Area Authorities	4
				Total	122
	Total	**207883236**	**63941.20**	**Total No. of Municipal Corporations**	**96**
				Total No. of Municipalities	**1494**
				Total No. of Nagar Panchayats	**2092**
				Total No. of All ULBs	**3682**

* *Proposed to be set-up.*

Source: *State Governments, SFC Reports and Census 1991.*

\# *The area and population figures of Jammu and Kashmir for 1991 have been projected on the basis of growth rate of population from the 1971 Census to 1981 Census and exclude the areas under unlawful occupation of Pakistan and China.*

Annexure VIII.9A

(Para 8.29)

Government of India
Ministry of Urban Affairs and Employment
Department of Urban Development

D.O.No.N-11025/31/96-UCD New Delhi-110011

B.S. Minhas 9.9.1998
Joint Secretary (WA)
Tele.3018255

Dear Shri Srivastava,

This case relates to taxation of Central Government Properties. As per Article 285(1) of the Constitution, 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. However, such properties are subject to payment of Service Charges as per four Orders of Government of India issued by the Ministry of Finance on 10th May 1954, 29th March 1967, 28th May 1976 and 26th August 1986. As per these orders Central Government makes payment to Urban Local Bodies in respect of their properties for both direct services such as water and electric supplies, scavenging, etc. and general services such as street lighting, town drainage, approach roads connecting the Central Government Properties etc. The rate of service charges ranges from $33^{1/3}$ %to 75% of the normal rate of Properties Tax applicable to Private Properties depending upon the quantum of services availed of by the Central Government Properties from the Urban Local Bodies.

2. The Central Council of Local Government and Urban Development in its 25th Meeting held on 7th May, 1994 at New Delhi resolved that the Ministry of Urban Affairs & Employment may constitute a Working Group, consisting of representatives of concerned Union Ministries, some State Governments and Municipalities with a view to examine the issues relating to taxation of Central Government Properties and make its recommendations for consideration of the Government. Accordingly, a Working Group was constituted under the Chairmanship of Shri D.M. Sukthankar, former Secretary in this Ministry. The Group came to a general consensus that the payment of Service Charges to Municipal Bodies currently paid by Central Government Properties be regulated by a Law to be enacted by the Parliament with a view to ending the numerous and long pending court disputes. There was, however, disagreement as to whether such properties should pay “Taxes” or “Service Charges”, although all the Members from States and Municipal Corporations favoured taxation.

3. With a view to enact a Central Legislation regulating payment of Service Charges in respect of Central Government Properties, a proposal was prepared by this Ministry and circulated to the Ministry of Finance, Department of Expenditure. Vide its letter No.42(1)PF.1/79 dated 1.9.1998 (copy enclosed), Ministry of Finance (Department of Expenditure) have intimated that the Eleventh Finance Commission has been constituted by the Government of India. As per one of the Terms of Reference of the Commission, it is required to make recommendations, besides other matters relating to (a) 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 recommendations made by the Finance Commission of the State; (b) 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.

4. As Eleventh Finance Commission would be taking into account the various measures needed for augmenting the Consolidated Fund of a State to supplement the resources of the Panchayats and Municipalities and also the existing powers of the Panchayats and Municipalities to raise financial resources including those by way of raising additional taxes,

the Ministry of Finance, Department of Expenditure is of the view that recommendation of the Eleventh Finance Commission may be awaited before enacting any laws to regulate payment of Service Charges by Central Government Properties to the Urban Local Bodies.

5. In view of the position stated above the Eleventh Finance Commission is requested to take into consideration the issue relating to levy of Service Charges/ Taxation of Central Government Properties while making its recommendation on devolution of resources to States/Municipalities.

With regards,

Yours sincerely,

Sd/-
(B.S. Minhas)

Shri T.N. Srivastava,
Member Secretary,
Finance Commission,
9th & 10th Floor,
Bank of Baroda Building,
16- Sansad Marg,
New Delhi.

Copy to: Secretary In-charge, Local Self Government of all the States/UTs for information and necessary action.

Annexure VIII.9B

(Para 8.29)

URGENT

A.K. Pradhan

Joint Secretary(PF.I)

No.42(1)PF. I/79

Government of India

Ministry of Finance

Department of Expenditure

New Delhi, 1.9.98

Dear Shri Minhas,

I am directed to refer to your D.O. No. N-11025/31/96-UCD dated 25.6.98 and subsequent reminder dated 18.8.98 seeking comments of this Department on the draft note for Cabinet wherein it has been proposed to enact a law under Article 285(1) of the Constitution to regulate payment of service charges on Central Government properties to Urban Local Bodies.

You are aware that the GOI have since constituted the Eleventh Finance Commission vide notification dated 3.7.98. A copy of the notification is enclosed for your information. As can be observed from the Terms of Reference of the Eleventh Finance Commission, the Commission is also required to make the recommendations, besides other matters, relating to (a) 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 recommendations made by the Finance Commission of the State; (b) 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.

In this regard, I would like to draw your attention to para 3 (c) and (d) and para 6 (b) (ii) of the notification. As Eleventh Finance Commission would be taking into account the various measures needed for augmenting the Consolidated Fund of a State to supplement the resources of the Panchayats and Municipalities and also the existing powers of the Panchayats and Municipalities to raise financial resources including those by way of raising additional taxes, this Ministry is of the view that we may await the recommendation of the Eleventh Finance Commission before enacting any laws to regulate payment of service charges by Central Government properties to the Urban Local Bodies.

This has the approval of Finance Minister.

With regards,

Yours sincerely,

Sd/-
(A.K. Pradhan)

Shri B.S. Minhas,

Joint Secretary,

Ministry of Urban Development

Nirman Bhawan, New Delhi.

Annexure VIII.10A

(Para 8.32)

No.14(1)-P/52-I
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, the 10th May, 1954

From
Shri C.S. Krishna Moorthi, IAS
Deputy Secretary to the Government of India

To
The Chief Secretaries to the Governments
Of all Part "A" & "B" States
(Except Jammu & Kashmir)

Subject: Payment of service charges to local bodies in respect of Central Government Properties.

Sir,

Under Clause (1) of Article 285 of the Constitution, the properties of the Government of India are exempt from all taxes imposed by local authorities in the States. It has been represented to the Government of India that notwithstanding this Article, the Government should agree at least to the payment of charges for services rendered by local authorities. The Government of India have given careful consideration to such representations in the light of the recommendations made by the Local Finance Enquiry Committee in regard to taxes on Central Government properties. They have decided that payment should be made with effect from April 1, 1954 to local bodies for "service charges" in respect of Central Government properties on the following basis:

i) The Central Government will make payment in respect of their properties for specific services rendered by local authorities; but such payment of such service charges shall be treated not as payment of taxes but of compensation payable in quasi-contract. Specific services shall include not only direct services such as street lighting, town drainage, approach roads connecting the Central Government properties, etc. But such items as educational, medical or public health facilities will be excluded.

ii) For large and compact blocks of their properties the Central Government will not pay for such specific services as they themselves arrange.

iii) As regards assessment, no difficulty should arise in respect of items like metered water or electricity etc., or where services like drainage and scavenging etc., are charged for separately. But where some or all such specific services are not charged for separately but are part of a consolidated house or property tax, a suitable percentage of such consolidated tax, representing the element of specific services, will be paid by the Government. The State Government concerned may kindly fix this percentage on behalf of the Central Government, for each local body concerned and intimate such percentages to the Ministry of W.H. & S., who will arrange to intimate them to all other Ministries of the Government of India and through them to all the Central Government offices concerned. Similarly, the valuation of the Central Government property may be done by the agency which undertakes the valuation of the State Government property and any references regarding changes in Railway properties to the Ministry of W.H. & S.; in other cases (where any question of principle is involved, the Ministry of Railways will act in consultation with the Ministry of W.H. & S).

iv) A Ministry of the Government of India may also enter into separate contract with any local authority for the supply of water and electricity or scavenging or any other services.

v) The above arrangement will be subject to review, either in case the Taxation Enquiry Commission suggests any modification or at the end of ten years, to see whether any payment due to local bodies has been denied by the Centre or whether the Central Government has accepted a large liability than is warranted.

vi) Properties which are already paying service or property taxes under clause (2) of Article 285 of the Constitution will not come within the purview of these orders, nor will properties of Central Government industrial undertakings constituted into private limited companies under the Indian Companies Act.

vii) These arrangements do not affect the legal rights conferred under the appropriate laws on any property held by the Central Government within the jurisdiction of local bodies.

I am to request that the decision of the Government of India conveyed in this letter may kindly be intimated to the local authorities within your State.

Yours faithfully,

Sd/-
(C.S. Krishna Moorthi)
Deputy Secretary to the Government of India

No.14(1)-P/52-1

Copy forwarded to:

(1) All Ministries of the Government of India.

(2) All Divisions in the Department of Revenue & Expenditure and Economic Affairs, including Administration Branch.

(3) The Comptroller & Auditor General and all State Accountant Generals with the request that they may please intimate the decision to all the authorities under them.

(4) The Taxation Enquiry Commission/The Planning Commission for information.

2. It may be added for the information of the Ministries etc., that Central Government industrial undertakings constituted into private limited companies under the Indian Companies Act do not enjoy exemption from local taxation under Article 285(1) of the Constitution. Such companies or corporations will have to pay all the usual local taxes. Similarly, Article 285 has no application to Part “C” States and consequently the liability of the Central Government or the State Government in Part “C” States to pay local taxes in respect of Central Government properties will be governed by the provisions of the particular law under which the taxes are levied.

By Order etc.

Sd/-
(C.S. Krishna Moorthi)
Deputy Secretary to the Government of India

Annexure VIII.10B

(Para 8.32)

No.4(7)-P/65
Government of India
Ministry of Finance
(Department of Coordination)

New Delhi, the 29th March, 1967

From

Shri J. Murli,

Under Secretary to the Government of India

To

The Chief Secretaries of all the State Governments

Subject: Payment of service charges to local bodies in respect of Central Government Properties.

Sir,

I am directed to refer to this Ministry's letter No.14(1)-P/52-I dated 10th May, 1954 and the Ministry of Works, Housing and Supply letter No.Cont.23(13)/59 dated 4th August, 1961 on the subject cited above.

2. The procedure for arriving at the quantum of service charges payable to the local bodies has been further examined by the Government of India and it has now been decided that the service charges should be calculated in the following manner:

i) In respect of isolated Central Government properties where all services are availed of by the Central Government in the same manner as in respect of private properties, the Central Government will pay service charges equivalent to 75% of the property tax realised from private individuals.

ii) In the case of large and compact colonies which are self-sufficient with regard to services or where some of the services are being provided by the Central Government Departments themselves, the service charges will be calculated in the following manner:

(a) In the case of colonies which do not directly avail of civic services within the area and are self-sufficient in all respects, the payment of service charges will be restricted to $33^{1/3}$% of the normal rate of property tax applicable to private properties.

(b) In respect of colonies where only a partial use of the services is made, service charges will be paid as 50% of the normal property tax rate.

(c) In respect of colonies where all the services normally provided by the municipal body to the residents of other areas within its limits are being availed of, service charges will be paid as 75% of the property tax rate realised from private individuals.

iii) The net rateable value/annual for the purposes of these instructions shall be 9% of the Capital Value of the property concerned, both in respect of residential and non-residential properties. The Capital Value shall include the cost of acquiring or constructing the building including the cost of site, its preparation and any other capital expenditure incurred after acquisition or construction or when this is not known, the present value of the building including the value of site, as borne on CPWD records or those of the Department concerned.

iv) The existing arrangements arrived at between the Railway authorities or any Central Government Departments and local bodies in respect of property tax/service charges including the arrangements envisaged regarding Central Government properties in Calcutta and as regards the properties in Delhi will not be disturbed by this decision.

3. I am to request that the decision of the Government of India conveyed in this letter may kindly be intimated to the local authorities within your State.

Yours faithfully,

Sd/-
(J. Murli)
Under Secretary to the Government of India

No.4(7)-P/65

Copy forwarded for information to:

1. All Ministries/Departments of the Central Government.

2. Comptroller and Auditor General of India, New Delhi.

Annexure VIII.10C

(Para 8.32)

No.4(2)/PFI/74
Government of India
Ministry of Finance
Department of Expenditure
Plan Finance-I Division

New Delhi, 28th May,1976

To

The Chief Secretaries of all States

Sir,

Subject : Payment of Services Charges to local bodies in respect of Central Government Properties.

I am directed to refer to this Ministry's letters No.14(1) P/52-I dated 10th May, 1954 and No. 4(7)-P/65 dated 29th March,1967 regarding payment of service charges to Local Bodies in respect of Central Government properties.

2. The payment of service charges in respect of Central Government properties should ordinarily be regulated according to the instructions contained in these letters. But it has been brought to the notice of the Government of India that there have been instances where the amount payable to the Local Bodies by private parties / State Governments in respect of similar properties are less than the service charges payable for Central Government Properties on the basis of aforementioned circulars. It is, therefore, clarified that in such cases, the service charges payable in respect of Central Government properties should be limited to the amounts payable by private parties /State Governments in respect of similar properties under the rates levied by the local body concerned.

Yours faithfully,

Sd/-
(A.V. Ganesan)
Director

Copy forwarded for information to:

1 All Ministries/ Departments of the Government of India.

2 Comptroller and Auditor General of India , New Delhi.

Annexure VIII.10D

(Para 8.32)

No.4(2)/PFI/74
Government of India
Ministry of Finance
Department of Expenditure
Plan Finance-I Division

New Delhi, 26th August, 1986

To

The Chief Secretaries of all States

Sir,

Subject : Payment of Services Charges to local bodies in respect of Central Government Properties.

Sir,

Under Clause (1) of Article 285 of the Constitution, the properties of the Government of India are exempt from all taxes, imposed by the local authorities in the States. Notwithstanding this Article, Government of India, in response to the representations received in the light of the recommendations of the Local Finance Enquiry Committee in regard to taxes of Central Government properties, decided that payments should be made w.e.f. 1.4.1954 to local bodies for “Service Charges” in respect of Central Government properties. The basis of payment of service charges was laid down in this Ministry (Department of Economic Affairs) letter No.14(1)-P/52-I dated 10.5.1954 addressed to the Chief Secretaries of all the State Government with copies to all the Ministries of the Government of India and others concerned. A copy of the above letter is enclosed for ready reference.

2 As may be seen from sub-para(iii) 1 of the above letter, no difficulty was envisaged in respect of items like metered water or electricity etc., or where services like drainage, scavenging etc., are charged for separately. But where some or all such specific services are not charged for separately, but are part of a consolidated house or property tax, a suitable percentage of such consolidated tax representing the element of specific services would be paid by the Government. The State Government concerned was to fix this percentage on behalf of the Government of India for each local body concerned and intimate the same to the then Ministry of Works and Housing and Supply for further intimation to all the Ministries of the Government of India/Central Government offices.

3 However, the procedure as indicated above was found to be not workable and after review, further instructions were issued in this Ministry, Department of Coordination letter No.4(7)P/65 dated 29.3.1967, a copy of which is also enclosed for ready reference. This letter was in clarification of the procedure relating to assessment of service charges as contained in para (iii) of this Ministry’s letter dated 10.5.1954.

4 As may be seen from para 2 of the letter dated 29.3.1967,where service charges form part of the consolidated property tax, the procedure for arriving at the quantum of service charges payable to the local bodies by Central Government Departments was laid down in the form of percentages of the normal rate or property tax applicable to private properties, depending upon the extent of utilisation of the services.

5. References have been received by this Ministry seeking clarification whether the instructions contained in this Ministry's letter dated 29.3.1967 are wholly in supersession of those contained in this Ministry's letter dated 10.5.1954. It is clarified that this Ministry's letter dated 29.3.1967 only explains the revised procedure for arriving at the quantum of service charges payable to the Local Bodies in modification of the procedure indicated in para (iii) of the letter of 10.5.1954 for simplifying the manner of calculating the amount of service charges and does not supersede it. In other words, the remaining instructions contained in this Ministry's letter of 10.5.1954 continued to hold good.

6. The position as it stands now is that wherever services rendered by local bodies in respect of Central Government properties are measured like metered water supply or electricity etc., or where services like drainage and scavenging etc., are charged for separately, they will be paid for accordingly. The percentage specified in the letter dated 29.3.1967 are applicable in cases where such charges are not specifically metered or charged for separately but form part of the consolidated property tax.

7. Reference is also invited to para (iv) of para 2 of this Ministry's letter of 29.3.1967 as this Ministry's letter No.4(2)-PF/74 dated 28.5.1976 (copy enclosed for ready reference), according to which (a) existing arrangements arrived at between the Railway Authorities/Central Government Departments and local bodies in respect of property tax/ service charges including arrangements regarding Central Government properties in Calcutta and Delhi will not be disturbed by the instructions contained in this Ministry's letter of 29.3.1967, and (b) the payment of service charges in respect of Central Government properties should be limited to the amounts payable by private parties / State Governments, in respect of similar properties under the rates levied by the local body concerned.

8. It is requested that these clarifications may kindly be conveyed to the local authorities in your State.

Yours faithfully,

Sd/-
(V. Swaminathan)
Joint Director

Copy to:

1. All Ministries/ Departments of Government of India with the request that they may bring this to the notice of all Divisions and Offices under them.

2. Comptroller and Auditor General of India , New Delhi.

3. All State Accountant Generals.

Annexure IX.1

Calamity Relief Fund during 2000-2005

(Para 9.8)

(Rs. in lakhs)

Sl. No.	STATE	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	TOTAL 2000-2005
	1	2	3	4	5	6	7
1	Andhra Pradesh	19806	20796	21836	22928	24074	109440
2	Arunachal Pradesh	1202	1262	1325	1392	1461	6643
3	Assam	10149	10657	11189	11749	12336	56081
4	Bihar	12366	12984	13633	14315	15030	68328
5	Goa	124	130	137	144	151	685
6	Gujarat	16140	16947	17794	18684	19618	89184
7	Haryana	8130	8537	8964	9412	9883	44926
8	Himachal Pradesh	4349	4566	4794	5034	5286	24029
9	Jammu & Kashmir	3490	3665	3848	4040	4242	19285
10	Karnataka	7457	7830	8221	8632	9064	41204
11	Kerala	6724	7061	7414	7784	8173	37156
12	Madhya Pradesh	9010	9461	9934	10430	10952	49786
13	Maharashtra	15720	16506	17332	18198	19108	86864
14	Manipur	287	301	316	332	349	1586
15	Meghalaya	394	414	434	456	479	2177
16	Mizoram	297	312	328	344	361	1642
17	Nagaland	196	206	216	227	238	1083
18	Orissa	10947	11494	12069	12672	13306	60488
19	Punjab	12272	12885	13530	14206	14917	67810
20	Rajasthan	20700	21735	22822	23963	25161	114381
21	Sikkim	691	725	762	800	840	3817
22	Tamil Nadu	10264	10777	11316	11882	12476	56714
23	Tripura	520	546	573	602	632	2873
24	Uttar Pradesh	17864	18757	19695	20680	21714	98711
25	West Bengal	10110	10616	11147	11704	12289	55866
	Total	**199210**	**209170**	**219629**	**230610**	**242141**	**1100759**

Annexure IX.2

Calamity Relief Fund during 2000-2005

(Centre's Share)

(Para 9.8)

(Rs. in lakhs)

Sl. No.	STATE	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	TOTAL 2000-2005
	1	2	3	4	5	6	7
1	Andhra Pradesh	14854	15597	16377	17196	18056	82080
2	Arunachal Pradesh	902	947	994	1044	1096	4983
3	Assam	7612	7992	8392	8812	9252	42060
4	Bihar	9274	9738	10225	10736	11273	51246
5	Goa	93	98	103	108	113	515
6	Gujarat	12105	12710	13346	14013	14714	66888
7	Haryana	6098	6403	6723	7059	7412	33695
8	Himachal Pradesh	3261	3424	3596	3775	3964	18020
9	Jammu & Kashmir	2618	2748	2886	3030	3182	14464
10	Karnataka	5593	5872	6166	6474	6798	30903
11	Kerala	5043	5295	5560	5838	6130	27866
12	Madhya Pradesh	6758	7095	7450	7823	8214	37340
13	Maharashtra	11790	12380	12999	13649	14331	65149
14	Manipur	215	226	237	249	262	1189
15	Meghalaya	295	310	326	342	359	1632
16	Mizoram	223	234	246	258	271	1232
17	Nagaland	147	154	162	170	179	812
18	Orissa	8210	8621	9052	9504	9979	45366
19	Punjab	9204	9664	10147	10655	11187	50857
20	Rajasthan	15525	16301	17116	17972	18871	85785
21	Sikkim	518	544	571	600	630	2863
22	Tamil Nadu	7698	8083	8487	8911	9357	42536
23	Tripura	390	410	430	451	474	2155
24	Uttar Pradesh	13398	14068	14771	15510	16286	74033
25	West Bengal	7583	7962	8360	8778	9217	41900
	Total	**149407**	**156876**	**164722**	**172957**	**181607**	**825569**

Annexure IX.3

Calamity Relief Fund during 2000-2005

(States' Share)

(Para 9.8)

(Rs. in lakhs)

Sl. No.	STATE	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	TOTAL 2000-2005
	1	2	3	4	5	6	7
1	Andhra Pradesh	4951	5199	5459	5732	6019	27360
2	Arunachal Pradesh	301	316	331	348	365	1661
3	Assam	2537	2664	2797	2937	3084	14020
4	Bihar	3091	3246	3408	3579	3758	17082
5	Goa	31	33	34	36	38	171
6	Gujarat	4035	4237	4449	4671	4905	22296
7	Haryana	2033	2134	2241	2353	2471	11231
8	Himachal Pradesh	1087	1141	1199	1258	1321	6007
9	Jammu & Kashmir	873	916	962	1010	1061	4821
10	Karnataka	1864	1957	2055	2158	2266	10301
11	Kerala	1681	1765	1853	1946	2043	9289
12	Madhya Pradesh	2253	2365	2483	2608	2738	12447
13	Maharashtra	3930	4127	4333	4550	4777	21716
14	Manipur	72	75	79	83	87	396
15	Meghalaya	98	103	109	114	120	544
16	Mizoram	74	78	82	86	90	411
17	Nagaland	49	51	54	57	60	271
18	Orissa	2737	2874	3017	3168	3326	15122
19	Punjab	3068	3221	3382	3552	3729	16952
20	Rajasthan	5175	5434	5705	5991	6290	28595
21	Sikkim	173	181	190	200	210	954
22	Tamil Nadu	2566	2694	2829	2970	3119	14179
23	Tripura	130	137	143	150	158	718
24	Uttar Pradesh	4466	4689	4924	5170	5429	24678
25	West Bengal	2528	2654	2787	2926	3072	13967
	Total	**49802**	**52293**	**54907**	**57653**	**60535**	**275190**

Annexure XI.1

Composition of State Government Debt as on March 31, 1999

(Para 11.5)

(Rs. in lakhs)

State	Central Loans	Market Loans & Bonds	Loans from Banks, etc.	W&M Adv. from RBI	Provident Funds, etc.	Reserve Funds & Deposits	Total Debt	Total Debt*
Andhra Pradesh	1394127	603836	118817	21984	251750	439139	2829653	2368530
Arunachal Pradesh	34992	5170	8302	555	16261	1614	66894	64725
Assam	429163	155793	8874	8458	68183	70098	740569	662013
Bihar	1337490	552236	-12712	0	637434	168196	2682644	2514448
Goa	113032	21315	7678	0	29130	13804	184959	171155
Gujarat	1397564	254628	55774	0	210886	556884	2475736	1918852
Haryana	490898	126858	46093	1841	283764	70439	1019893	947613
Himachal Pradesh	269724	48239	34813	85263	146780	57018	641837	499556
Jammu & Kashmir	342019	57658	17247	110823	108008	37420	673175	524932
Karnataka	901535	284094	60892	0	294414	320721	1861656	1540935
Kerala	564814	341922	88133	12381	562778	166185	1736213	1557647
Madhya Pradesh	923034	340525	59541	19254	584437	269072	2195863	1907537
Maharashtra	2306223	374296	65095	0	371973	1167349	4284936	3117587
Manipur	33490	20203	12126	41093	17966	18130	143008	83785
Meghalaya	31512	23876	4213	0	11798	19761	91160	71399
Mizoram	32352	9419	13889	8298	22066	10226	96250	77726
Nagaland	31968	37767	15699	19483	33807	2483	141207	119241
Orissa	676799	367452	38857	30433	392130	143539	1649210	1475238
Punjab	1305698	170551	143889	100591	366948	82898	2170575	1987086
Rajasthan	993377	422964	66522	88499	539428	306208	2416998	2022291
Sikkim	18725	13991	3075	0	14576	1490	51857	50367
Tamil Nadu	1084566	417511	86079	0	370033	347621	2305810	1958189
Tripura	54818	27043	12476	0	45285	5106	144728	139622
Uttar Pradesh	2973512	1044884	62649	57063	724302	1410013	6272423	4805347
West Bengal	2159279	437030	48038	0	236371	317457	3198175	2880718
Total	**19900711**	**6159261**	**1066059**	**606019**	**6340508**	**6002871**	**40075429**	**33466539**

Notes: *1. Minus figure of Loans from Banks etc. for Bihar is under consideration.*

*2. * Excluding W&M Advance from RBI (from J&K Bank in respect of J&K State) and Reserve Funds/Deposits. (Total debt minus reserve funds and deposits minus W & M advances from RBI).*

Annexure XI.2

Composition of State Government Debt as on March 31, 2000

(Para 11.5)

(Rs. in lakhs)

State	Central Loans	Market Loans & Bonds	Loans from Banks, etc.	W&M Adv. from RBI	Provident Funds, etc.	Reserve Funds & Deposits	Total Debt	Total Debt*
Andhra Pradesh	1605641	703706	172113	21984	285750	458740	3247934	2767210
Arunachal Pradesh	40919	5792	21968	0	19347	1614	89640	88026
Assam	459044	188848	22076	8458	108183	68852	855461	778151
Bihar	1601754	618450	16865	0	790275	178241	3205585	3027344
Goa	124174	25315	11877	0	33920	18700	213986	195286
Gujarat	1641025	300705	85319	0	240379	612944	2880372	2267428
Haryana	613022	146188	56112	1841	328791	73839	1219793	1144113
Himachal Pradesh	314157	61348	52967	85263	179280	76814	769829	607752
Jammu & Kashmir	362996	66519	32743	110823	132907	3035	709023	595165
Karnataka	1075114	364054	83212	0	364414	319805	2206599	1886794
Kerala	655614	392922	122078	12381	658380	177793	2019168	1828994
Madhya Pradesh	1098965	401686	77439	19254	642334	259100	2498778	2220424
Maharashtra	2733340	444185	115340	0	456070	1406692	5155627	3748935
Manipur	40579	22444	15746	41093	28016	16037	163915	106785
Meghalaya	35859	30876	10761	0	14798	20811	113105	92294
Mizoram	35460	12416	16390	8298	26923	10176	109663	91189
Nagaland	35241	46402	18503	16883	37987	583	155599	138133
Orissa	822411	418923	54866	30433	472131	150390	1949154	1768331
Punjab	1448800	204924	168224	100591	457426	80120	2460085	2279374
Rajasthan	1222210	501901	177646	88499	651689	313927	2955872	2553446
Sikkim	22129	18581	6946	0	15460	949	64065	63116
Tamil Nadu	1237732	477735	118896	0	426709	371773	2632845	2261072
Tripura	65717	33043	17953	0	54061	5106	175880	170774
Uttar Pradesh	3522543	1187165	120521	57063	863594	1442287	7193173	5693823
West Bengal	2855202	497871	132836	0	297171	539456	4322536	3783080
Total	**23669648**	**7171999**	**1729397**	**602864**	**7585995**	**6607784**	**47367687**	**40157039**

Note : * *Excluding W&M Advance From RBI (from J&K Bank in respect of J&K State) and Reserve Funds/ Deposits. (Total debt minus reserve funds and deposits minus W & M advances from RBI).*

Annexure XI.3

Outstanding Long Term Debt of the State Governments

(as on March 31)

(Para 11.7)

(Rs. in crores)

	1979		1984		1989		1991	
	Amount	%	Amount	%	Amount	%	Amount	%
1. Internal Debt (a+b)	3348	17.82	5960	15.93	12598	15.61	18157	16.55
(a) Market Loans	2572	13.69	4236	11.32	10839	13.43	15669	14.28
(b) Loans from Banks etc.	776	4.13	1724	4.61	1759	2.18	2488	2.27
2. Loans from Centre	13463	71.67	27059	72.34	55648	68.93	72938	66.46
3. Provident Funds etc.	1974	10.51	4387	11.73	12486	15.46	18647	16.99
Total	**18785**	**100.00**	**37406**	**100.00**	**80732**	**100.00**	**109742**	**100.00**

	1995		1998		1999		2000(B.E.)	
	Amount	%	Amount	%	Amount	%	Amount	%
1. Internal Debt (a+b)	34658	18.95	58692	21.09	72254	21.59	89014	22.17
(a) Market Loans	31200	17.06	50944	18.30	61593	18.40	71720	17.86
(b) Loans from Banks etc.	3458	1.89	7748	2.78	10661	3.19	17294	4.31
2. Loans from Centre	115238	63.01	168653	60.60	199007	59.46	236696	58.94
3. Provident Funds etc.	32991	18.04	50979	18.32	63405	18.95	75860	18.89
Total	**182887**	**100.00**	**278324**	**100.00**	**334666**	**100.00**	**401570**	**100.00**

Notes: *1. 1978-79 and 1983-84 figures as given in the Second Report of the Ninth Finance Commission and 1988-89 and 1990-91 as given in the report of the Tenth Finance Commission.*

2. Outstanding Long Term Debt include Internal Debt (MH 6003) (excluding W & M advances), Loans from Centre (MH 6004) and Provident Funds, Insurance Funds (MH 8005, 8011 i.e. Total ' I ') .

Annexure XI.4

Repayments of Central Loans During 2000-2005 @

(Para 11.8)

(Rs. in lakhs)

State	State Plan	Drought Loans	Others	Central Sector	Centrally Sponsored Schemes	Total Plan	Small Savings Loans	Moder-nisation of Police	Housing of IAS Officers	Others	Total Non-Plan	Total Loans
Andhra Pradesh	280166	173	0	0	9506	289845	91923	178	420	26	92547	382392
Arunachal Pradesh	14854	0	0	473	124	15451	979	298	0	0	1277	16728
Assam	84631	0	0	5661	850	91142	49037	120	33	414	49604	140746
Bihar	224327	0	0	630	1102	226059	114481	245	155	68	114949	341008
Goa	16493	0	0	17	118	16628	5083	31	0	0	5114	21742
Gujarat *	131395	0	13	2490	1917	135815	199788	122	154	170	200234	336049
Haryana	57321	0	0	432	866	58619	58592	70	70	0	58732	117351
Himachal Pradesh	14935	1	0	23	2157	17116	40063	57	92	0	40212	57328
Jammu & Kashmir	91440	0	0	297	335	92072	21305	127	28	0	21460	113532
Karnataka	133201	0	942	260	4221	138624	103140	164	40	601	103945	242569
Kerala	109814	125	0	542	4262	114743	51229	121	40	47	51437	166180
Madhya Pradesh	176370	378	0	1755	4422	182925	69231	284	112	7	69634	252559
Maharashtra	216702	0	0	402	3569	220673	290767	211	115	0	291093	511766
Manipur	7468	0	192	107	221	7988	1478	290	49	0	1817	9805
Meghalaya	6027	0	208	9	445	6689	2700	37	45	233	3015	9704
Mizoram	4685	0	0	291	232	5208	965	69	35	1	1070	6278
Nagaland	8070	0	82	223	199	8574	1447	105	82	0	1634	10208
Orissa	143672	0	0	2634	5191	151497	40643	129	63	0	40835	192332
Punjab	254616	0	0	104	2762	257482	100269	120	280	34116	134785	392267
Rajasthan	150013	308	6	216	4566	155109	91598	689	57	1359	93703	248812
Sikkim	4375	0	0	0	514	4889	995	16	28	0	1039	5928
Tamil Nadu	223920	325	0	528	2373	227146	83920	281	285	0	84486	311632
Tripura	7827	0	0	12	398	8237	5186	383	31	481	6081	14318
Uttar Pradesh	476667	0	0	443	13112	490222	282051	298	331	31	282711	772933
West Bengal	169533	0	0	153	2266	171952	284628	190	2481	3510	290809	462761
Total	**3008522**	**1310**	**1443**	**17702**	**65728**	**3094705**	**1991498**	**4635**	**5026**	**41064**	**2042223**	**5136928**

Notes: @ *Relating to the loans received from the Centre and outstanding as on March 31, 1999.*

* *Outstanding balances of drought loans advanced to Gujarat have been partly written off and partly consolidated which have been included in State Plan Loans.*

Source*:* *States' Forecast.*

Annexure XI.5

Debt as percentage of GSDP

(Para 11.9)

State	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000 (B.E.)
Andhra Pradesh	19.08	18.46	18.70	18.54	19.18	20.29	20.95
Arunachal Pradesh	31.78	37.28	36.01	41.77	39.42	40.23	48.00
Assam	27.26	25.72	27.02	27.21	23.85	23.23	24.12
Bihar	32.43	32.12	34.85	32.50	32.30	33.14	35.31
Goa	42.47	39.65	35.44	31.20	32.57	34.21	34.54
Gujarat	18.33	15.96	16.16	15.93	16.78	18.13	18.95
Haryana	18.94	17.92	19.24	17.65	19.24	21.14	22.58
Himachal Pradesh	38.37	38.21	45.19	42.48	44.34	55.87	58.59
Jammu & Kashmir	57.38	55.19	48.83	51.31	50.04	47.98	47.15
Karnataka	16.32	16.63	16.44	16.27	16.58	17.48	18.94
Kerala	26.32	26.66	24.87	24.10	25.18	27.13	28.16
Madhya Pradesh	17.70	17.57	17.46	17.27	17.56	18.63	19.17
Maharashtra	11.99	11.79	10.83	11.56	12.29	13.08	13.92
Manipur	34.01	32.25	32.91	30.12	39.02	44.66	46.80
Meghalaya	19.34	22.12	20.53	21.87	20.87	23.35	26.71
Mizoram	45.49	47.75	47.04	56.31	50.46	58.39	59.76
Nagaland	39.21	39.36	44.41	45.55	48.58	50.92	50.36
Orissa	33.16	32.25	33.28	38.75	35.24	37.79	39.95
Punjab	33.59	33.60	33.80	32.33	32.29	34.58	34.89
Rajasthan	25.35	23.45	24.60	24.21	25.42	28.85	31.95
Sikkim	52.09	52.03	52.22	52.02	51.33	64.24	71.24
Tamil Nadu	15.82	15.72	15.51	14.88	15.45	16.41	16.77
Tripura	36.94	32.46	35.04	32.20	34.15	37.18	40.25
Uttar Pradesh	26.39	25.98	26.08	24.43	26.06	27.97	29.28
West Bengal	20.15	20.43	20.50	21.47	22.88	26.19	30.44
Total (All States)	**21.54**	**21.01**	**20.89**	**20.71**	**21.39**	**22.98**	**24.33**

Notes: *1. Debt includes Internal Debt, Loans and advances from the Central Government, Provident funds and Insurance funds.*

2. GSDP figures are on the basis of information received from the CSO. These are for new series from 1993-94 to 1996-97 and thereafter EFC estimates.

Annexure XI.6

Share of each State in total Debt of All States as on 31st March

(Para No. 11.10)

(Per cent)

State	1993	1994	1995	1996	1997	1998	1999	2000 (B.E.)	Growth Rate (1993-2000)
Andhra Pradesh	6.59	6.98	6.99	7.11	7.03	7.04	7.06	6.86	0.42
Arunachal Pradesh	0.15	0.15	0.17	0.18	0.18	0.18	0.17	0.19	2.96
Assam	2.92	2.57	2.51	2.61	2.32	2.08	1.85	1.81	-6.53
Bihar	8.14	8.03	7.69	7.47	7.18	7.03	6.69	6.77	-2.95
Goa	0.63	0.60	0.54	0.51	0.49	0.47	0.46	0.45	-4.81
Gujarat	6.28	6.17	5.97	5.97	5.93	6.09	6.18	6.08	-0.20
Haryana	2.31	2.38	2.32	2.45	2.42	2.44	2.54	2.58	1.48
Himachal Pradesh	1.10	1.08	1.18	1.31	1.29	1.31	1.60	1.62	6.10
Jammu & Kashmir	2.53	2.42	2.10	1.92	1.91	1.87	1.68	1.50	-6.71
Karnataka	4.48	4.73	4.78	4.67	4.70	4.72	4.65	4.66	0.19
Kerala	4.00	4.10	4.25	4.28	4.30	4.37	4.33	4.26	0.96
Madhya Pradesh	5.84	5.83	5.60	5.57	5.55	5.43	5.48	5.27	-1.33
Maharashtra	9.97	10.13	10.00	10.08	10.42	10.60	10.69	10.88	1.30
Manipur	0.32	0.31	0.28	0.27	0.29	0.35	0.36	0.35	2.55
Meghalaya	0.18	0.20	0.22	0.21	0.20	0.21	0.23	0.24	3.05
Mizoram	0.18	0.21	0.21	0.22	0.26	0.24	0.24	0.23	3.58
Nagaland	0.35	0.32	0.32	0.34	0.33	0.36	0.35	0.33	0.43
Orissa	4.04	4.14	4.08	4.15	4.17	4.14	4.12	4.11	0.17
Punjab	5.70	5.82	5.75	5.63	5.43	5.40	5.42	5.19	-1.46
Rajasthan	5.18	5.41	5.46	5.66	5.84	5.82	6.03	6.24	2.49
Sikkim	0.12	0.12	0.12	0.11	0.11	0.11	0.13	0.14	1.46
Tamil Nadu	6.02	6.18	6.16	6.00	5.96	5.85	5.75	5.56	-1.28
Tripura	0.41	0.41	0.39	0.38	0.36	0.36	0.36	0.37	-1.96
Uttar Pradesh	15.74	14.72	15.91	15.77	15.97	15.96	15.65	15.19	0.09
West Bengal	6.82	6.99	7.00	7.13	7.36	7.57	7.98	9.12	3.59
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	

Note : *Absolute Figures of Outstanding Debt include Internal Debt , Loans from Centre, Provident Funds, Insurance Funds and Reserve Funds and Deposits.*

Annexure XI.7

Rates of Interest on Central Loans(Other than Small Savings Loans): Plan and Non Plan

(Para 11.10)

	Type of Loans	per cent per annum
State Plan Loans		
(a)	Pre-1979 Consolidated State Plan Loans	4.75
(b)	Loans advanced during 1979-84 consolidated for terms ranging from 15 to 30 years	6-6.75
(c)	As per NFC recommendations, State Plan Loans advanced during 1984-89 and outstanding as at the end of 1989-90, consolidated for 15 years.	9.00
Other Plan and non-plan loans given to States from		
(i)	1.6.84 to 31.5.85	7.50
(ii)	1.6.85 to 31.5.86	8.00
(iii)	1.6.86 to 31.5.87	8.75
(iv)	1.6.87 to 31.5.88	9.25
(v)	1.6.88 to 31.5.90	9.75
(vi)	1.6.90 to 31.5.91	10.25
(vii)	1.6.91 to 31.5.92	10.75
(viii)	1.6.92 to 31.5.93	11.75
(ix)	1.6.93 to 31.5.95	12.00
(x)	1.6.95 to 31.5.98	13.00
(xi)	1.6.98 to date	12.50

Annexure XI.8

Rates of Interest on Loans to States against Small Savings Collections

(Para 11.10)

Date of Loan	Per cent per annum
1.8.74 to 31.5.81	6.25
1.6.81 to 31.5.82	7.25
1.6.82 to 31.5.83	7.75
1.6.83 to 31.5.84	8.75
1.6.84 to 31.5.85	9.75
1.6.85 to 31.5.86	10.25
1.6.86 to 31.5.89	12.00
1.6.89 to 31.5.91	13.00
1.6.91 to 31.5.92	13.50
1.6.92 to 31.5.93	14.50
1.6.93 to 1.9.93	15.00
2.9.93 to 31.12.98	14.50
1.1.99 to 31.3.99	14.00
1.4.99 to 14.1.2000	13.50
15.1.2000 to date	12.50

Annexure XI.9

Interest as percentage of Total Revenue Receipts*

(Para 11.12)

State	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	Avg. (1996-99)
Andhra Pradesh	12.42	14.30	15.48	16.43	15.56	18.54	17.27	16.84
Arunachal Pradesh	4.15	5.47	5.50	6.58	7.21	7.72	8.36	7.17
Assam	14.80	19.92	14.45	14.52	14.77	11.55	17.00	13.62
Bihar	17.45	25.28	22.59	23.10	21.75	25.95	22.29	23.60
Goa	14.76	13.00	15.03	15.05	15.39	17.20	18.77	15.88
Gujarat	14.88	15.26	15.54	16.65	16.94	17.75	19.94	17.11
Haryana	15.97	14.67	15.76	19.39	19.53	20.32	22.54	19.75
Himachal Pradesh	14.36	17.07	16.36	15.78	17.22	21.65	24.06	18.22
Jammu and Kashmir	18.28	20.36	11.05	6.54	17.56	14.74	16.07	12.95
Karnataka	11.39	12.55	12.30	12.60	13.18	14.46	15.12	13.41
Kerala	17.81	17.84	17.34	18.27	18.34	20.41	17.67	19.01
Madhya Pradesh	12.28	14.36	13.38	13.74	14.75	16.17	16.30	14.89
Maharashtra	11.66	11.69	12.44	12.73	14.32	16.92	21.00	14.66
Manipur	12.12	9.10	8.52	8.18	9.31	10.25	10.33	9.24
Meghalaya	6.66	8.48	7.42	7.76	8.74	8.34	12.21	8.28
Mizoram	4.62	5.87	5.70	7.42	9.91	9.68	13.66	9.00
Nagaland	9.41	11.05	11.68	10.60	13.16	13.77	14.61	12.51
Orissa	21.28	22.00	23.88	25.18	27.89	32.60	27.70	28.56
Punjab	32.03	33.32	31.46	29.43	30.22	40.35	32.67	33.33
Rajasthan	16.34	17.55	18.55	20.76	22.74	26.16	26.39	23.22
Sikkim	9.93	11.20	8.56	9.16	10.27	11.72	12.84	10.38
Tamil Nadu	11.88	11.85	12.23	12.36	13.01	14.93	15.21	13.43
Tripura	10.59	10.22	9.46	10.71	11.09	11.08	12.45	10.96
Uttar Pradesh	18.68	24.64	22.41	25.34	26.69	31.74	28.49	27.92
West Bengal	19.75	19.36	21.94	23.62	26.74	31.49	35.95	27.28
All States	**15.28**	**17.10**	**16.72**	**17.52**	**18.59**	**21.09**	**21.46**	**19.07**

* *Excludes receipts from lotteries.*

Annexure XI.10

Statement Showing Amounts of Debt Reliefs Sanctioned to Various State Governments in Pursuance of TFC Recommendations

(Para 11.20)

(Rs. in lakhs)

State	1995-96		1996-97		1997-98		1998-99		1999-2000		Total 1995-2000	
	GDR	SDR	GDR	SDR	GDR	SDR	GDR	SDR	GDR	SDR	GDR	SDR
Andhra Pradesh		0.00	1307.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1307.42	0.00
Arunachal Pradesh		24.01	45.61	27.66	0.00	31.44	0.81	35.96	0.00	40.38	46.42	159.45
Assam		246.33	0.00	293.69	0.00	323.85	427.42	360.94	685.79	400.11	1113.21	1624.92
Bihar		592.90	1126.51	789.48	0.00	943.22	0.00	1067.08	1724.15	1209.77	2850.66	4602.45
Goa		0.00	106.18	0.00	148.56	0.00	0.00	0.00	0.00	0.00	254.74	0.00
Gujarat		0.00	865.11	0.00	1340.01	0.00	0.00	0.00	0.00	0.00	2205.12	0.00
Haryana		0.00	177.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	177.47	0.00
Himachal Pradesh		67.58	128.40	96.58	0.00	118.86	0.00	143.58	0.00	172.59	128.40	599.19
Jammu & Kashmir		216.34	0.00	242.38	460.52	259.56	493.16	283.26	0.00	314.66	953.68	1316.20
Karnataka		0.00	722.25	0.00	0.00	0.00	576.06	0.00	0.00	0.00	1298.31	0.00
Kerala		0.00	356.53	0.00	259.46	0.00	285.50	0.00	0.00	0.00	901.49	0.00
Madhya Pradesh		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Maharashtra		0.00	605.57	0.00	1900.41	0.00	0.00	0.00	0.00	0.00	2505.98	0.00
Manipur		17.38	33.01	20.53	0.00	22.97	0.00	25.61	0.00	28.28	33.01	114.77
Meghalaya		22.14	0.00	27.47	52.20	31.35	59.55	35.21	66.91	40.82	178.66	156.99
Mizoram		19.11	0.00	21.95	0.00	24.44	0.00	26.76	0.00	28.96	0.00	121.22
Nagaland		23.54	3.58	27.08	0.00	33.95	0.00	36.95	7.38	41.90	10.96	163.42
Orissa		304.22	0.00	385.67	0.00	452.83	0.00	531.23	0.00	612.58	0.00	2286.53
Punjab *		0.00	11.03	0.00	1423.63	0.00	1064.01	0.00	0.00	0.00	2498.67	0.00
Rajasthan		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sikkim		14.39	0.00	16.74	0.00	18.48	0.00	20.38	0.00	22.16	0.00	92.15
Tamil Nadu		0.00	1085.85	0.00	1348.87	0.00	1685.74	0.00	0.00	0.00	4120.46	0.00
Tripura		30.05	0.00	39.43	12.47	46.48	88.31	53.24	101.15	59.37	201.93	228.57
Uttar Pradesh		1266.44	4.81	1707.39	0.00	2114.91	0.00	2488.44	0.00	2839.26	4.81	10416.44
West Bengal		0.00	0.00	0.00	375.38	0.00	0.00	0.00	0.00	0.00	375.38	0.00
All States Total		**2844.43**	**6579.33**	**3696.05**	**7321.51**	**4422.34**	**4680.56**	**5108.64**	**2585.38**	**5810.84**	**21166.78**	**21882.30**

Notes: *GDR : General debt relief linked to fiscal performance.*

SDR : Specific relief to States with high fiscal stress etc.

Under the scheme linked to the utilisation of the proceeds of disinvestment in the State Public Enterprises for retiring Central loans, relief of Rs. 1038.91 lakh was given during 1996-97 to the Government of Tamil Nadu, only.

* *This does not include relief of Rs. 495.22 crore on repayment of Special Term Loans to Punjab as per the recommendations of TFC.*

Annexure XI.11

Profile of Amounts of Fresh Loans received from the Centre during 1994-99 and Outstanding as on March 31, 1999

(Para 11.22)

(Rs. in lakhs)

State	Plan Loans	Drought Loans	Others	Central Sector	Centrally Sponsored Schemes	Total Plan	Small Savings Loans	Moder-nisation of Police	Housing of IAS Officers	Others	Total Non-Plan	Total Loans
Andhra Pradesh	595279	0	0	0	21351	616630	246498	296	1186	53	248033	864663
Arunachal Pradesh	17973	0	0	347	104	18424	2153	537	0	0	2690	21114
Assam	53088	0	0	9960	1625	64673	135406	314	25	876	136621	201294
Bihar	353156	0	0	1334	516	355006	280868	608	127	0	281603	636609
Goa	22642	0	0	8	164	22814	18290	62	0	0	18352	41166
Gujarat	270294	0	0	11156	3599	285049	576076	282	175	100	576633	861682
Haryana	131414	0	0	3106	745	135265	192528	147	70	0	192745	328010
Himachal Pradesh	25071	0	0	18	2050	27139	175123	131	131	0	175385	202524
Jammu & Kashmir	103146	0	0	433	645	104224	65317	431	22	0	65770	169994
Karnataka	271374	0	0	2028	10793	284195	290268	356	48	300	290972	575167
Kerala	181335	0	0	404	9419	191158	153454	256	47	0	153757	344915
Madhya Pradesh	328166	0	0	6308	7744	342218	224880	752	166	316	226114	568332
Maharashtra	542107	0	0	1338	11096	554541	887153	405	136	0	887694	1442235
Manipur	17433	0	188	420	314	18355	4512	760	49	0	5321	23676
Meghalaya	11570	0	331	14	424	12339	4572	109	43	301	5025	17364
Mizoram	11521	0	0	491	239	12251	1610	202	5	79	1896	14147
Nagaland	13969	0	98	336	205	14608	1608	437	136	0	2181	16789
Orissa	317347	0	0	6991	9476	333814	107187	302	52	0	107541	441355
Punjab	262299	0	0	35	7868	270202	373433	294	522	61	374310	644512
Rajasthan	282549	0	0	23	9336	291908	324673	1239	57	4571	330540	622448
Sikkim	9336	0	0	0	510	9846	1799	33	38	0	1870	11716
Tamil Nadu	431343	0	0	1926	3746	437015	208560	795	555	207	210117	647132
Tripura	13292	0	0	27	679	13998	11876	677	36	1007	13596	27594
Uttar Pradesh	817033	0	0	449	26230	843712	952829	665	433	0	953927	1797639
West Bengal	427883	0	0	543	2397	430823	1048862	477	138	2477	1051954	1482777
Total	**5510620**	**0**	**617**	**47695**	**131276**	**5690208**	**6289535**	**10566**	**4197**	**10348**	**6314646**	**12004854**

Source: *States' Forecast.*

Annexure XI.12

Repayments of Central Loans during 2000-2005 @

(Para 11.22)

(Rs. in lakhs)

State	Plan Loans	Drought Loans	Others	Central Sector	Centrally Sponsored Schemes	Total Plan	Small Savings Loans	Moder-nisation of Police	Housing of IAS Officers	Others	Total Non-Plan	Total Loans
Andhra Pradesh	130932	0	0	0	6794	137726	37772	91	375	26	38264	175990
Arunachal Pradesh	4520	0	0	87	40	4647	284	279	0	0	563	5210
Assam	12048	0	0	1423	453	13924	21557	64	12	280	21913	35837
Bihar	83813	0	0	325	180	84318	34682	131	100	0	34913	119231
Goa	4702	0	0	2	52	4756	1791	14	0	0	1805	6561
Gujarat	56069	0	0	2348	979	59396	72604	63	109	0	72776	132172
Haryana	26660	0	0	412	295	27367	23511	31	46	0	23588	50955
Himachal Pradesh	5595	0	0	4	546	6145	22095	29	74	0	22198	28343
Jammu & Kashmir	23586	0	0	173	186	23945	8670	90	15	0	8775	32720
Karnataka	60025	0	272	53	3328	63678	43223	78	29	150	43480	107158
Kerala	41547	0	0	99	3165	44811	23329	55	29	0	23413	68224
Madhya Pradesh	71555	0	0	1505	2129	75189	27471	164	95	0	27730	102919
Maharashtra	117630	0	0	317	2101	120048	86957	89	79	0	87125	207173
Manipur	3854	0	54	100	84	4092	521	276	31	0	828	4920
Meghalaya	2586	0	78	6	136	2806	594	23	25	232	874	3680
Mizoram	2584	0	0	121	106	2811	211	45	34	0	290	3101
Nagaland	3305	0	29	170	67	3571	191	93	73	0	357	3928
Orissa	67955	0	0	2299	2517	72771	15181	65	32	0	15278	88049
Punjab	63463	0	0	0	2046	65509	45974	61	270	0	46305	111814
Rajasthan	61210	0	0	10	2362	63582	43873	551	35	731	45190	108772
Sikkim	2098	0	0	0	290	2388	235	7	21	0	263	2651
Tamil Nadu	99975	0	0	458	958	101391	32088	172	252	0	32512	133903
Tripura	3059	0	0	7	270	3336	1341	362	22	260	1985	5321
Uttar Pradesh	182300	0	0	249	10886	193435	125723	145	257	0	126125	319560
West Bengal	89273	0	0	140	508	89921	132800	105	85	558	133548	223469
Total	**1220344**	**0**	**433**	**10308**	**40478**	**1271563**	**802678**	**3083**	**2100**	**2237**	**810098**	**2081661**

Note: *@ Relating to the loans received from the Centre during 1994-99 and as outstanding on March 31, 1999.*
Source: *States' Forecast.*

Annexure XI.13

Schedule of Repayment of Principal and Interest of Special Term Loans of Punjab from 2000-2001 to 2004-2005

(Para 11.28)

(Rs. in crores)

Year	Principal	Interest	Total
2000-2001	362.17	389.77	751.94
2001-2002	362.15	353.37	715.52
2002-2003	362.17	317.13	679.30
2003-2004	362.16	280.72	642.88
2004-2005	362.19	244.32	606.51
Total (2000-05)	**1810.84**	**1585.31**	**3396.15**

Source: *Information received from the State government.*

Appendix 1.1

(Para 1.3)

INTERM REPORT

I The Background

1. The Eleventh Finance Commission was constituted by a Presidential Order of July 3, 1998 with mandate to give its report by December 31, 1999. As in the past, matters on which the Commission was required to make recommendations were set out in the Terms of Reference (ToR).

2. The ToR of this Commission have several distinguishing features. In addition to the task of deciding the share of the States in the divisible Union taxes, and their *inter se* allocation, and formulating principles to govern the determination of grants-in-aid to States in need, the Commission has been asked to recommend measures for augmenting the Consolidated Funds of the States to supplement the resources of their local bodies, viz., Panchayats and Municipalities. The Commission is also required to review the finances of the Union and the States and suggest ways and means by which the governments, collectively and severally, can bring about a restructuring of the public finances so as to restore budgetary balance and maintain macro-economic stability. Furthermore, in making its recommendations, the Commission is required to have regard to, *inter alia*, the needs of the States for meeting not only non-Plan revenue expenditures but current expenditures under the Plans as well. Another notable new feature of theToR of this Commission is the requirement to suggest suitable corrective measures for ensuring long-term sustainability of the country's public debt, while making an assessment of the debt position of the States as on March 31, 1999.

3. While the ToR were thus considerably wider than in the past, requiring an in-depth study of government finances at all levels, the time available to the Commission for carrying out its exercises and consultations was rather inadequate. That apart, the Commission's work, particularly the process of consultation with the States, got disrupted because of the mid-term general elections held in September-October 1999. Faced with this situation, the Commission asked for an extension of the time allowed to it originally. In response, a Presidential Order dated December 20, 1999 extended the time for submission of the Commission's report till June 30,2000. However, in order that the formulation of budgets of the governments at the Centre and the States is not handicapped, the Commission has been asked to make an Interim Report available by January 15, 2000 for enabling provisional arrangements to be made for devolution of Central taxes and grants-in-aid to the States for the financial year 2000-01. Copies of relevant orders are enclosed.

4. In taking a view on what would be the appropriate share of the States in the Centre's revenues by way of tax devolution and grants-in-aid, the Commission reviewed the current state of finances of the Centre and the States, based on information furnished by the governments concerned. The picture that emerged is a cause of deep concern. While the Centre is facing a large fiscal deficit, the predominant component being deficit on revenue account, the position of the States is no better. The States' revenue deficits have risen to unprecedented levels in the last two years, pushing up the already high fiscal deficits further, even as capital expenditures have undergone compression.

5. Escalation of deficits in the government budgets in recent years is the outcome of a sharp rise in current expenditures on the one hand and marked deceleration in the growth of revenue receipts on the other. These trends are evident uniformly across States and also at the Centre. In the case of the States, a major factor underlying the alarming deterioration of fiscal situation has been the impact of revision of emoluments of employees in the wake of the Central Pay Commission recommendations. This has accentuated the burden of interest payments and pensions which have been growing persistently at a rapid rate. In the case of the Centre, apart from the pay revision of employees, the pressures on the budget have emanated from several other directions. There has been an urgent need to supplement the allocation for defence in view of the new security threats to the country. The interest burden too has been growing relentlessly. This is the background in which the Commission has had to deliberate on what could be the appropriate share of the States in Central revenues.

6. The Commission has also to take note of the increasing role of the Municipal bodies and the Panchayati Raj Institutions consequent to the 73rd and the 74th amendments to the Constitution. While this has added a new dimension to the system of democratic governance in the country, it has also brought new demands on the State governments to fulfil the expectations raised by the constitutional amendments. The conforming legislations have been passed by nearly all States by now. The States were expected to devolve functions on the local bodies with necessary funds and powers to raise revenues on their own. As mandated by the Constitution, State Finance Commissions were also set up in most States and many of them have submitted their reports. In the course of interaction with the States, it has been the endeavour of the Commission to ascertain the actual position regarding devolution of funds, functions and functionaries to the local bodies. It was found that necessary follow-up measures to implement the legislations are yet to come into effect in many States. Given this reality, assessing the requirements of the States to enable them to supplement the resources of their local bodies has been a difficult task. One important reason is that the ground covered by the SFCs has varied widely from State to State and in several States, their recommendations are yet to be acted upon fully. Moreover, the fiscal capacity of the local bodies also differs widely across States and across local bodies within the States. Estimating the

requirements of the States on account of the needs of local bodies will require more detailed examination. Hence, for the present, the Commission would like to propose some ad hoc assistance to the States for helping the local bodies.

II Approach and Recommendations

7. Given the large resource gaps of both the Centre and the States, before proceeding to decide what proportion of the Central revenues could be transferred to the States during the year 2000-01, the Commission had to make a reason able estimate of the revenues and expenditures of the governments at all levels. The recommendations made in this report are based on our provisional assessment of the availability of resources and the fiscal needs of the Centre and the States for the year 2000-01 in the light of information furnished by the governments, past trends, and certain yardsticks.

8. In making this assessment the Commission has taken into account the requirements of the Centre and the States for meeting their committed expenditure liabilities as also the expenditures which they may have to undertake, inter-a@ to meet, in the case of the Centre, the enhanced security needs of the country and, in the case of the States, to augment the level of some of the basic public services particularly health, education, sanitation, water supply and maintenance of infrastructure like roads. The Commission has made every effort to see that legitimate requirements of the governments are met. At the same time, in order that federal revenues are shared in an equitable and efficient manner, for estimating revenues and expenditures, our aim has been to rely, as far as possible, on certain objective norms. These will be elaborated in our final report. The scheme of transfers envisaged by us is designed also to introduce incentives for fiscal discipline and encourage resource-raising effort at all levels.

9. It should be noted that the allocation of revenues between the Centre and the States will depend also on the adjustment path that may be envisaged for fiscal correction to address the task of restructuring of government finances for achieving fiscal balance and maintaining macro-economic stability. The recommendations put forward in this Interim Report are designed to move the government budgets towards such adjustment and to achieve fiscal balance in the medium term. At the same time, it is our endeavour to see that essential public services whether in the Centre, State or local bodies are taken care of.

10. Under its ToR, the Commission is required to determine the share of the States in the net proceeds of income tax and Union excise duties, and specify the share of each State therein. It may be recalled that the Tenth Finance Commission (TFC) had recommended that the present scheme of tax sharing be replaced by an alternative scheme of devolution whereby a specified share of Central taxes, excluding surcharges, would be devolved on the States. The emphasis was on pooling of revenues from all Union taxes. The recommended share of the States was 29 per cent. The TFC had envisaged this proportion to remain valid for fifteen years to start with. The scheme required an amendment to the Constitution. We understand that a consensus has been reached between the Centre and the States on the proposal for pooling, leaving however, the proportion to be devolved to the States open to review by the Finance Commission periodically. The Commission is cognizant of the fact that as of now despite the consensus on pooling, the required amendment has not come about. Accordingly, the Commission has proceeded to determine the States' share in the divisible Central taxes on the basis of existing provisions of the Constitution. However, while making our recommendations regarding the States' share in income tax and Union excise duties, we have taken care to see that the quantum of devolution conforms broadly to 29 per cent of the gross tax revenue of the Centre excluding surcharges.

11. By virtue of article 270 of the Constitution, the Centre's income tax revenue is to be shared with the States after setting apart a share representing the amount of the net proceeds of the tax attributable to the Union Territories. The TFC had determined the share of Union Territories at 0.927 per cent on the basis of population as of 1971. The Commission recommends that for the year 2000-01, the same proportion be continued as the share of Union Territories.

12. The TFC had recommended that 77.5 per cent of the net proceeds of the income tax after allowing for the share of the Union Territories be devolved to the States. Based on an assessment of the likely revenue position of the Union and the States, and their expenditure liabilities, the Commission recommends that this share be raised to 80 per cent for the year 2000-01.

13. On the same consideration as mentioned in the preceding paragraph, we further recommend that the share of States in the net proceeds of Union excise duties be raised to 52 per cent, compared to 47.5 per cent recommended by the TFC.

14. For the distribution of the sharable proceeds of income tax and Union excise duties among the States as proposed above, the Commission would like to propose a transitional arrangement. We suggest that pending finalisation of our report, each State be given the share as recommended by the TFC as their shares of revenue from income tax and Union excise duties. Necessary adjustments may be made in the light of final report.

15. By a tax rental arrangement with the States entered into in 1957, the Central government levies and collects additional excise duty in lieu of sales tax on sugar, tobacco and textiles. The net proceeds of these additional excises, after setting apart a share for the Union Territories, are to be distributed among the States on the basis of criteria that may be recommended by the Finance Commission. As a provisional arrangement, we recommend that for the financial year 2000-01 the relative shares of Union Territories and individual States in the net proceeds of additional excise duties be continued at the same percentage levels as were prescribed by the TFC. Again, necessary adjustments may require to be made after we submit our final report.

16. Para 7(b) of the ToR requires the Commission to make recommendations regarding grants to be made to States in lieu of tax on railway passenger fares, which used to be levied under the Railway Passenger Fares Act of 1957, since repealed. The TFC recommended that 10.7 per cent of the collections of fares from non-suburban journeys be designated as the share of the States to be given as grants in lieu of tax on railway passenger fares. We recommend that this percentage be continued on the basis of collection of fares from non-suburban journey in the year 1999-2000 unless any change is thought necessary in our final report. As for the infer-se shares of the States in this grant, pending the determination of the exact amount to be devolved on this account, it is recommended that, provisionally, each State be allocated an amount 50 per cent more than what was recommended by the TFC. This will also be subject to the Commission’s final report.

17. We expect that the enhanced proportions of income tax and Union excise duties along with the proceeds of additional excise duties levied in lieu of sales tax, and grants in lieu of railway passenger fare tax will provide the States with about 29 per cent of the Centre’s tax revenues, excluding surcharges.

18. For bridging the gap between revenue and expenditure of the States the Constitution envisages, in addition to devolution of a portion of designated Central taxes, the provision of appropriate grants-in-aid to States which face deficit in their revenue budget even after devolution. Para 3(b) of our ToR enjoins on us to determine the principles that should govern the grants-in-aid to States which are in need of assistance, and also specify the sums to be paid to each State on this account.

19. The transfers recommended by the TFC did not envisage any revenue deficit grants to the States in the year 1999-2000 in the expectation that revenue deficits would disappear from their budgets with better revenue effort and expenditure management. As already noted, this has not materialised. On the contrary, there has been steady deterioration. In order to ascertain whether any State would require grants-in-aid of revenues to meet their budget gap after taking into account the enhanced devolution of income tax and Union excise duties, the Commission looked into the forecast of revenues and expenditures furnished by the States as well as those of the Centre to make a preliminary assessment of their finances. The assessment was made on the basis of past trends as well as certain norms considered desirable for equity and efficiency. The memoranda received from many of the State governments also urge us to follow the normative approach in our assessment of the revenue gaps of the States. As mentioned in paragraph 8, we are still in the process of evolving these norms. On a preliminary assessment we find that a sum of Rs.11,000 crore will need to be provided as grants-in-aid to States facing a revenue gap in their non-Plan account after devolution of their share in Central taxes. Firm figures of the amount of grants-in-aid and State-wise allocation will be specified in our final report.

20. The amount of grants-in-aid recommended in the preceding paragraph should serve to meet the non-Plan revenue gaps of the States. Para 5(iii) of ToR requires us to take into consideration their requirements for meeting revenue expenditures on the Plan account as well. An allied consideration mentioned in theToR is the need for generating surplus for capital investment and reducing fiscal deficit. Currently, Plan revenue expenditures are expected to be met primarily out of the balance from current revenues (i.e., excess of revenue receipts including tax devolution and grants-in-aid over non-Plan revenue expenditure), and the revenue components of the assistance for State Plans flowing from Centre. Because of shortfall in revenue in the face of burgeoning non-Plan revenue expenditures, the balance from current revenues in most States has turned negative. Even with Plan grants, the revenue budget is in deficit in all but a few States which implies that a large part of the Plan expenditures and, in some States, even a good part of non-Plan revenue expenditures is met out of borrowings. This has created a vicious circle of borrowing leading to mounting interest burden, adding in turn to the deficit in revenue account. Restructuring of government finances to restore the fiscal balance will require measures to get out of this vicious circle. The task may call for a radical change in the system of budgeting for the Plans and their financing. It will be our endeavour to suggest a scheme of restructuring in the final report to meet this objective. For the present, the magnitude of revenue transfers from the Centre has been worked out within a macro\ framework with a tentative programme of fiscal correction in the medium term. The programme we have in mind is designed to reverse the trend of growing revenue deficit of the Centre and the States as percentage of GDP in 2000-01 itself. In this scenario, the amount of transfers that can be made by the Centre to the States by way of assistance for the State Plans and centrally sponsored schemes (CSS) going directly to the State Budgets works out to Rs.l8,600 crore. The respective components of assistance for the State Plans and for expenditures of the States on CSS has to be determined keeping this in perspective.

21. Exercises for approval of the annual Plans of the States for 2000-01 by the Planning Commission are expected to commence shortly. In the absence of any indication of what would be the size of total Plan outlay of the States or their revenue components, we are not in a position to anticipate what will be the ultimate revenue gap of the States. Our prognostication of the deficit scenario in 2000-01 is based on the assumption that Plan revenue expenditures of the States will not exceed what would be available by way of Plan grants including grants for CSS as contemplated by us and the balance from current revenues in the States where it is in surplus. Plan revenue expenditure in excess of the amounts so available will necessitate borrowings over and above what is implicit in the tentative adjustment path we have in view.

22. In terms of para 10 of theToR, the Commission is required to review the present scheme of Calamity Relief Fund and make appropriate recommendations thereon. Currently, funds for calamity relief are supposed to be maintained in the States in the form of States’ Calamity Relief Fund and at the Centre as National Calamity Relief Fund. The Commission is now in the process of evolving an alternative scheme for funding calamity relief operations. Keeping in view the average

expenditure of the States on natural calamities in the last twelve years and the need for augmenting them further, we recommend that the provision for the States' Calamity Relief Fund for the year 2000-01 be enhanced to Rs.2000 crore as against Rs.1384.60 crore in 1999-2000 determined by the TFC for the year. The Centre's share in this was fixed by the TFC at 75 per cent. We recommend that unless changed in our final report, this proportion may be maintained for the Centre's contribution to this Fund. Accordingly, it is proposed that an amount of Rs.1500 crore be provided in the Central budget by way of Centre's share in the Calamity Relief Fund of the States. Sums may provisionally be released to the States out of this amount in the same relative proportions as obtaining in the year 1999-2000.

23. As mentioned in paragraph 2, this Commission is required to recommend measures for the augmentation of the Consolidated Fund of the States to supplement the resources of the Panchayats and the Municipalities on the basis of the Report of the State Finance Commissions. A review of the reports of the State Finance Commissions, wherever these have been constituted and their reports are available, is still on. We are still in the process of obtaining information regarding the status of follow-up of these reports. The Commission is yet to formulate its approach in this regard. In the interim, we propose that the grants recommended by the TFC for the local bodies be enhanced by 50 per cent for each State. This will add up to about Rs.2018 crore. This amount may be divided between rural and urban local bodies in the ratio of 80 to 20. We are proposing this grant in order that the local bodies can improve on their core functions like road maintenance, water supply, sanitation and street lighting and raise the levels of services provided by them currently, subject to conditions prescribed by TFC till our final report. The respective bodies should draw up suitable schemes for utilisation of these grants. No part of these funds should be used for additional expenditure on salaries and wages.

24. It has been the practice of recent Finance Commissions to make recommendations for grants to upgrade certain services such as police, jails, judiciary, education, health etc. and grants for addressing special problems. Our ToR also enjoin us to make recommendation for upgradation grants. All States have made representations for substantially higher grants for upgradation of their administrative and other services. Pending further examination of these representations for the year 2000-01, we recommend that a provision of Rs.2,000 crore be made for upgradation grants to the States to be released against proposals, which will be specified by us in the final report after necessary scrutiny, Our endeavour would be to ensure that such grants for upgradation are focussed on a few substantial projects rather than be spread thinly over too many items.

III Highlights and Concluding Observations

25. Although the package of transfers of Central revenues to the States recommended in this report for the year 2000-01 is provisional, it has been drawn up keeping in view the acute fiscal stress that is being felt at all levels of government in the country and the need for a workable plan that can bring the fist into balance in the medium term while enlarging the availability of funds for investment, It would be unrealistic to expect full fiscal correction to come about in one year. The macro-framework we have in mind envisages correction towards sustainable levels of deficit and debt over a period of five years. The adjustment path will be spelled out in the final report. However, a beginning must be made in the coming fiscal year itself. We expect that our recommendations will serve to meet in the first instance the non-Plan revenue expenditures of all States. Additionally, we have also provided for a revenue grant from the Centre for assisting the State Plans in implementing their Plan projects along with those under CSS.

26. Even with Plan grants and surpluses in the non-Plan revenue account of some States, there may be a deficit in the overall revenue account of the States taken together. In other words, a part of the Plan revenue expenditure will need to be met out of borrowing. It may not be possible to eliminate the deficit in the short run. However, it is necessary to recognise that the level of revenue deficit as obtaining at present cannot be sustained and must be brought down substantially. Depending on the size of the revenue component of the Plan outlay, with the transfers recommended in this report we expect the combined revenue deficits of the Centre and the States to come down by about 1 per cent of GDP in 2000-01 reversing the recent trends.

27. In making an assessment of the revenue requirements of the States and what can reasonably be expected to flow from the Centre, the Commission has laid particular emphasis on the need to inculcate fiscal discipline among governments. For this purpose, the Commission has adopted a two-fold strategy. In the first instance we have attempted to estimate the revenues and expenditures of the governments normatively wherever such norms can be readily applied. In addition, while deciding the infer-se shares of the States in the Union taxes, we are considering some new factors for the devolution formula in the form of incentives and measures for fiscal self-reliance.

28. The Commission also took earnest note of the needs of the local bodies. Although it has not been possible for us to make detailed recommendations in this regard, the grants meant for local bodies have been enhanced by 50 per cent straightaway in recognition of their new role under the Constitution.

29. The package of transfers recommended by us for 2000-01 is as follows:

i) The share of States in the net proceeds of income tax be fixed at 80 per cent.

ii) The States' share of net proceeds of Union excise duties be fixed at 52 per cent.

iii) The share of the States in the net proceeds of additional excise duties be continued at the same percentage levels as were recommended by the TFC.

iv) Each State be allocated an amount 50 per cent more than what was recommended by the TFC as grant in lieu of tax on railway passenger fares.

v) An amount of Rs.11,000 crore be provided in the Central budget for grants-in-aid to States facing revenue deficit after devolution.

vi) The aggregate size of State Calamity Relief Funds be enlarged to Rs.2,000 crore and an amount of Rs.l,500 crore be provided in the Central budget as Centre's share. Sums may provisionally be released to the States out of this amount in the same proportions as obtaining in the year 1999-2000.

vii) Grants for local bodies be fixed at Rs.2,018 crore. This amount may be divided between rural and urban local bodies in the ratios of 80 : 20. Assistance on this account may be provided to the States by scaling up the yearly grants recommended by the TFC for local bodies by 50 per cent. These grants are meant specifically for improving the content and quality of the core services of the local bodies.

viii) An amount of Rs.2,000 crore be earmarked in the Central Budget towards upgradation and special purpose grants to the States.

30. Our recommendations are meant to take effect from the financial year 2000-01 as mandated in the Presidential Order of December 20,1999. We would like to reiterate that these will be subject to such changes as might be considered necessary in the final report.

Sd.l-
[A.M. Khusro]
Chairman

Sd.l-
[N.C. Jain]
Member

Sd./-
[J.C. Jetli]
Member

Sd.l-
[Amaresh Bagchi]
Member

Sd.l-
[TN. Srivastava]
Member-Secretary

New Delhi
January 15, 2000

Appendix III.1
(Para 3.14)

Finances of Centre and States: Base and Reform Scenarios

a. Restructuring Central Finances: Dimensions of Adjustment

1. In the Centre's base scenario, revenues and most components of expenditure grow by their historical drives. We take the 1999-00 revised estimates as the base figures and apply the trend growth rates (TGRs) calculated over the period 1987-88 to 1998-99 on these base figures to arrive at projections in the base scenario. The details are given in Table AIII.l. In this scenario, Centre's gross tax revenues rise to a level of about 9.24 per cent of GDP while the non-tax revenues actually fall from a level of 2.75 per cent to 2.3 per cent of GDP

2. On the expenditure side, major expenditure categories are projected on the basis of their TGR. However, interest payments are projected by applying the effective interest rate on outstanding debt at the end of the previous financial year. Outstanding debt is projected forward by an estimate of fiscal deficit, which is the resultant of the excess of total expenditure over non-debt revenue and capital receipts. Fiscal deficit of the Centre in the base run rises from 5.64 per cent of GDP in 1999-00 to above 6 per cent by 2004-05. This level is accompanied by a fall in capital expenditure from 2.62 per cent of GDP to 2.11 per cent, if it grows at the historical rate of around 8 per cent. As a result of the rise in fiscal deficit, outstanding debt remains roughly at about 53 per cent of GDP which is almost the same level as at present. However, revenue deficit is as high as 4.57 per cent of GDP

3 The unacceptable features of this base scenario, therefore, are a high revenue deficit, a high fiscal deficit, and a low level of capital expenditure relative to GDP This scenario needs to be corrected in order to generate higher fiscal transfers to States, higher capital expenditure at the Centre accompanied by a higher plan expenditure. This could be brought about by additional revenue mobilisation both through tax and non-tax sources and curtailment of non-plan revenue expenditure. The relevant ways and means for bringing about these changes have already been spelt out. The proposed changes are incorporated in the reform scenario, and the results relating to these are given in Table AIII.2. In this scenario, gross tax revenues of the Centre increase to nearly 10.3 per cent of GDP and non-tax revenues to 3 per cent of GDP thereby giving an overall increase in Central revenue receipts of the- order of 1.73 per cent of GDP as compared to the corresponding level in 1999-00. On the expenditure side, revenue expenditure falls to 11.47 per cent of GDP whereas capital expenditure increases to 4 per cent of GDP This leads to a sustainable fiscal deficit of 4.5 per cent of GDP and a fall of roughly 5 percentage points in the debt-GDP ratio of the Centre. Potential fiscal transfers to the States rise by about one per cent of GDP whereas the revenue deficit falls to 1 per cent of GDP

4 In the reform scenario, as compared to the base line scenario, there is a compression of revenue expenditure of 2.14 percentage points by the year 2004-05, while capital expenditure has been augmented by 1.89 percentage points in the case of Central finances. Both fiscal and primary deficits are reduced with an increasing margin of reduction in successive years.

b. Restructuring of State Finances: Dimensions of Adjustment

5. The impact of reforms on State finances are also considered by constructing a base scenario and a reform scenario. In the case of States, for various items of revenue and expenditure, the trend growth rates have been estimated over the period 1987-88 to 1998-99. Figures for the base year 1999-00 are derived by applying the TGR on the corresponding 1998-99 figures except for interest payment which is obtained by applying the effective interest rate on the outstanding debt of the previous year. From this point onwards, two routes are taken, one for the base scenario, and the other for the reform scenario. In the case of the base scenario, projections are done by continuing to use the TGRs for the years 2000-01 to 2004-05. The respective TGRs alongwith the projections are given in Table AIII.3.

6. The main features of the base scenario are an increase in the revenue deficit from 2.96 per cent to 3.27 per cent and an increase in the fiscal deficit from 4.71 per cent to 4.84 per cent. The outstanding debt-GDP ratio also shows an increase from 25.07 per cent of GDP to 32.21 per cent of GDP On the other hand, capital expenditure as a proportion of GDP falls from 2.06 per cent to 1.92 per cent. These are all undesirable features which result from continuation of historical drives of revenues as well as expenditures.

7 In the reform scenario we go by targets of tax and non-tax revenues as percentage to GDP fixed for 2004-05 and the change is distributed over the intervening years. In the reform scenario, tax-GDP ratio increases by 1 .15 percentage points and non-tax revenue increases by 0.5 percentage points of GDP. This would lead to an increase in the own tax and non-tax GDP ratios from 5.29 to 6.44 and 1.03 to 1.53 respectively. Identified subsidies have been put to zero from the first year onwards. Interest payment has been derived by applying an effective interest rate on outstanding debt at the beginning of the period. Given the high effective rate of interest in the base year, a decrease of 10 basis points is allowed in each successive year. Restructuring within revenue expenditure is in favour of priority education (elementary education), priority healthcare (primary health), water supply & sanitation & roads and bridges, which are all stated to grow according to targets defined for 2004-05. In the reform scenario, both fiscal and revenue deficits are targeted to decline from 4.71 to 2.5 per cent of GDP and from 2.96 to zero respectively in the terminal year of projection. In the reform scenario, capital expenditure (net of repayment) increases from 2.06 to 2.85 per cent of GDP The details are given in Table AIII.4.

Table AIII.1 : Central Government : Fiscal Profile 2000-01 to 2004-05

(Rs. in crores)

Base Scenario	Gr.Rt./Parameters	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Corporation tax	20.06	29915	35916	43121	51771	62156	74624
Income tax	18.74	26684	31685	37622	44673	53044	62985
Customs	10.93	47800	53025	58820	65249	72381	80292
Union Excise Duties & Service Tax	10.90	63000	69867	77483	85928	95294	105681
Addl. Exc. Duties (net Proceeds)	10.90	3037	3368	3736	4143	4594	5095
Other Taxes	15.27	2580	2974	3428	3952	4555	5251
Gross Tax Revenue		**169979**	**193466**	**220474**	**251572**	**287430**	**328833**
Surcharges and Cesses		11316	13029	15021	17343	20050	23213
Cost of Collection	7.00	2026	2168	2320	2482	2656	2842
Taxes of UTs	12.21	325	365	409	459	515	578
Shareable Tax Revenue			177905	202724	231288	264209	302201
States' Share in Shareable Pool	29.50	**43510**	**52482**	**59803**	**68230**	**77942**	**89149**
Centre' Net Tax Revenue		**126469**	**140984**	**160670**	**183342**	**209489**	**239684**
Non Tax Revenue	**9.09**	**53035**	**57856**	**63115**	**68852**	**75111**	**81938**
Gross Revenue Receipts		**223014**	**251322**	**283589**	**320424**	**362541**	**410772**
Rev. Rec. Excl. Tax. Dev.		**179504**	**198840**	**223785**	**252194**	**284599**	**321622**
Potential Fiscal Transfer (as % of Gr. Rev. Rec)		0.346	0.375	0.375	0.375	0.375	0.375
Potential Fiscal Transfer			*94246*	*106346*	*120159*	*135953*	*154039*
Interest Payments	9.83	91425	101266	114475	129355	146103	164938
Pensions	20.34	14304	17213	20715	24928	29998	36100
Defence Services	11.63	35873	40045	44702	49901	55705	62183
Other General Services	15.41	12516	14445	16671	19240	22204	25626
Social Services	13.51	6900	7832	8890	10091	11455	13002
Subsidies	10.20	25692	28313	31200	34383	37890	41755
Economic Services	12.06	6885	7715	8646	9688	10857	12166
Fin. Comm. & Oth.Non-Plan Grants	9.25	6582	17676	19311	21097	23049	25181
Exp. of UTs (without legislature)	13.00	1140	1288	1456	1645	1859	2100
Other Non-Plan Expenditure	11.97	3587	4016	4497	5035	5638	6313
Total Non Plan Rev. Exp.		204904	239810	270563	305364	344758	389364
Total Plan Rev. Exp.	14.58	48132	55150	63190	72404	82960	95056
Total Revenue Exp.		**253036**	**294959**	**333753**	**377768**	**427718**	**484420**
Revenue Deficit		**73532**	**96119**	**109968**	**125573**	**143119**	**162798**
Potential Plan Grants to States			*20794*	*23578*	*26780*	*30469*	*34726*
Cap. Expenditure (net of rep.)	8.18	**50702**	54849	59336	64190	69441	75121
Total Expenditure		303738	349809	393089	441957	497159	559541
Capital Receipts		**124234**	**150969**	**169304**	**189763**	**212559**	**237918**
Recovery of Loans	6.98	12736	13625	14576	15593	16682	17846
Non -debt Cap. Rec.	12.92	2600	2936	3315	3744	4227	4773
Fiscal Deficit		**108898**	**134408**	**151413**	**170426**	**191650**	**215299**
Primary Deficit		17473	33142	36938	41071	45547	50361
Disinvestment for retiring debt							
Outstanding debt	891506	1030444	1164852	1316265	1486691	1678341	1893640
As % of GDP							
Total Expenditure		**15.72**	**16.02**	**15.94**	**15.86**	**15.78**	**15.72**
Rev. Expenditure		13.10	13.51	13.53	13.55	13.58	13.61
Cap Exp (net of rep.)		2.62	2.51	2.41	2.30	2.20	2.11
Tax Rev (gross)		8.80	8.86	8.94	9.03	9.13	9.24
Non tax Rev.		2.75	2.65	2.56	2.47	2.38	2.30
Fiscal Deficit		5.64	6.16	6.14	6.11	6.08	6.05
Rev Deficit		3.81	4.40	4.46	4.51	4.54	4.57
Primary Deficit		0.90	1.52	1.50	1.47	1.45	1.41
Outstanding debt		53.34	53.36	53.36	53.34	53.28	53.20
GDP	13.00	**1931819**	**2182956**	**2466740**	**2787417**	**3149781**	**3559252**
Debt Sustainability Condition*		1.02	0.02	0.00	-0.02	-0.05	-0.08

Source (Basic Data): Budget Documents

*Note:(+) indicates that debt-GDP/GSDP ratio would keep growing until the sign is reversed.

Table AIII.2 : Central Government : Fiscal Profile 2000-01 to 2004-05

(Rs. in crores)

Base Scenario	Gr.Rt./Parameters	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Corporation tax	0.195	29915	37978	45384	54233	64809	77447
Income tax	0.1885	26684	31590	37545	44622	53033	63030
Customs	0.143	47800	53572	61233	69989	79998	91437
Union Excise Duties & Service Tax	0.156	63000	73452	84911	98157	113469	131170
Addl. Exc. Duties (net Proceeds)	0.156	3037	3387	3915	4526	5232	6048
Other Taxes	0.156	2580	1634	1889	2184	2524	2918
Gross Tax Revenue		**169979**	**198226**	**230961**	**269185**	**313833**	**366002**
Surcharges and Cesses		11316	12463	14602	17113	20062	23526
Cost of Collection	0.07	2026	2181	2334	2497	2672	2859
Taxes of UTs	0.156	325	329	380	440	508	588
Shareable Tax Revenue			183253	213645	249135	290591	339030
States' Share in Shareable Pool	0.2950	**43510**	**54060**	**63025**	**73495**	**85724**	**100014**
Centre' Net Tax Revenue		**126469**	**144166**	**167935**	**195690**	**228109**	**265988**
Non Tax Revenue		**53035**	**57464**	**67201**	**78499**	**91599**	**106778**
Gross Revenue Receipts		**223014**	**255690**	**298162**	**347684**	**405432**	**472780**
Rev. Rec. Excl. Tax. Dev.		**179504**	**201630**	**235137**	**274189**	**319707**	**372766**
Potential Fiscal Transfer (as % of Gr. Rev. Rec)		0.346	0.375	0.375	0.375	0.375	0.375
Potential Fiscal Transfer		*77255*	*95884*	*111811*	*130381*	*152037*	*177292*
Interest Payments	0.0983	91425	101266	112201	124181	137291	151620
Pensions	0.100	14304	15843	17427	19170	21087	23196
Defence Services	0.100	35873	40661	44727	49200	54120	59532
Other General Services		12516	13260	14056	14900	15797	16749
Social Services		6900	6187	6991	7910	8960	10161
Subsidies		25692	22800	22800	22800	22800	22800
Economic Services		6885	7183	7844	8571	9371	10252
Fin. Comm. & Oth. Non-Plan Grants	0.050	6582	17676	18560	19488	20462	21485
Exp. of UTs (without legislature)	0.130	1140	1185	1339	1513	1710	1932
Other Non-Plan Expenditure	0.050	3587	2707	2842	2984	3134	3290
Total Non Plan Rev. Exp.		204904	228768	248788	270718	294732	321018
Total Plan Rev. Exp		48132	50287	58133	66840	76528	87340
Total Revenue Exp.		**253036**	**279055**	**306921**	**337558**	**371260**	**408358**
Revenue Deficit		**73532**	**77425**	**71785**	**63369**	**51552**	**35593**
Potential Plan Grants to States			*20842*	*26403*	*32980*	*40742*	*49888*
Cap. Expenditure (net of rep.)		**50702**	**57389**	**78313**	**96161**	**117327**	**142370**
Total Expenditure		303738	336444	385234	433719	488586	550728
Capital Receipts		**124234**	**134814**	**146435**	**158995**	**172545**	**187133**
Recovery of Loans	0.0733	12736	13539	14531	15597	16740	17967
Non-debt Cap. Rec.		2600	9000	9000	9000	9000	9000
Fiscal Deficit		**124234**	**112275**	**122904**	**134399**	**146805**	**160166**
Primary Deficit		17473	11009	10702	10217	9514	8548
Disinvestment for retiring debt			1000	1000	1000	1000	1000
Outstanding debt	891506	1330444	1141719	1263623	1397022	1542827	1701993
As % of GDP							
Total Expenditure		**15.72**	**15.41**	**15.62**	**15.56**	**15.51**	**15.47**
Rev Expenditure		13.10	12.78	12.44	12.11	11.79	11.47
Cap Exp (net of rep.)		2.62	2.90	3.17	3.45	3.72	4.00
Tax Rev (gross)		8.80	9.08	9.36	9.66	9.96	10.28
Non tax Rev.		2.75	2.63	2.72	2.82	2.91	3.00
Fiscal Deficit		5.64	5.14	4.98	4.82	4.66	4.50
Rev Deficit		3.81	3.55	2.91	2.27	1.64	1.00
Primary Deficit		0.90	0.50	0.43	0.37	0.30	0.24
Outstanding debt		53.34	52.30	51.23	50.12	48.98	47.82
GDP	**0.13**	**1931819**	**2182956**	**2466740**	**2787417**	**3149781**	**3559252**
Debt Sustainability Condition		1.02	-0.96	-1.00	-1.04	-1.07	-1.10

Source (basic Data) : Budget Documents.

Note : As in Table A III. 1.

Table A1113 : State Governments: Fiscal Profile 2000-01 to 2004-05

(Rs. in crores)

Base Scenario	Gr. Rate	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Own Tax Revenues	14.79	**85912**	**102168**	**117278**	**134624**	**154535**	**177390**	**203626**
Share in Central Taxes		**39844**	**44789**	**54574**	**63602**	**74140**	**86444**	**100814**
Non-Tax Revenues	12.02	**14172**	**19973**	**22367**	**25052**	**28065**	**31444**	**35237**
Grants		**23069**	**33501**	**41310**	**48209**	**56241**	**65593**	**76478**
Potential Fiscal Transfers		62913	78290	95884	111811	130381	152037	177292
Revenue Receipts (Excl. C.Entries)		**162996**	**200430**	**235529**	**271487**	**312980**	**360872**	**416155**
General Services	18.12	**76184**	**97987**	**114216**	**135972**	**161455**	**191322**	**226355**
Interest Payment*	11.03	35422	44397	53429	64208	76634	90949	107439
Pension	22,15	16174	22188	27103	33106	40439	49397	60338
Police	15.40	11973	14494	16726	19302	22274	25705	29663
Election	24.45	272	1120	1394	1735	2160	2688	3345
Other General Services	10.29	12343	15787	15564	17620	19948	22584	25570
Social Services		**81346**	**99012**	**112887**	**128709**	**146752**	**167326**	**190788**
Education	14.40	44722	56826	64943	74220	84822	96939	110788
Priority Education	14.57	22406	25525	29244	33505	38386	43979	50387
Other Education	14.05	22316	31302	35699	40715	46436	52960	60401
Medical & Public Health	13.36	10515	12482	14132	15999	18114	20509	23219
Priority Health	12.94	3175	3376	3813	4307	4864	5493	6204
Other Health	13.32	7339	9106	10318	11693	13250	15015	17015
Family Welfare	12.43	1948	2326	2615	2940	3306	3717	4179
Water Supply & Sanitation	13.92	5320	5563	6338	7220	8225	9370	10674
Other Social Services	13.96	18841	21814	24859	28330	32285	36791	41928
Economic Services		**47368**	**56038**	**63306**	**71594**	**81058**	**91880**	**104273**
Irrigation	10.37	5051	6314	6969	7691	8489	9369	10341
Roads and Bridges	13.22	4685	4244	4805	5440	6159	6974	7895
Power	8.62	257	208	226	246	267	290	315
Transport	9.10	70	183	199	218	237	259	283
Others (Excl. Subsidies)	11.19	28336	34795	38688	43018	47831	53184	59135
Identified Subsidies	20.64	8969	10294	12418	14982	18074	21804	26305
Contra Entries		9808	9339					
C & A to Local Bodies	**19.32**	**3452**	**4555**	**5435**	**6485**	**7737**	**9232**	**11016**
Revenue Exp (Excl. C Entries		**208350**	**257591**	**295844**	**342760**	**397002**	**459760**	**532432**
Recovery of Loans and Adv.	16.26	3256	5900	6860	7975	9272	10780	12532
Other Capital Receipts		509	0	0	0	0	0	0
Capital Receipts	15.87	**3765**	**5900**	**6860**	**7975**	**9272**	**10780**	**12532**
Capital Outlay	12.73	22797	28131	31712	35749	40300	45431	51214
Loans and Advances	8.30	10093	11600	12563	13606	14735	15958	17283
Repayment of Loans and Adv.	12.76	22292	17130	19315	21780	24559	27693	31227
Capital Exp. (Net of Rep.)	11.51	32890	39732	44276	49356	55036	61389	68497
Capital Expenditure		**55181**	**56862**	**63591**	**71136**	**79595**	**89082**	**99724**
Revenue Deficit		**45355**	**57161**	**60315**	**71273**	**84022**	**98888**	**116276**
Fiscal Deficit		**74479**	**90993**	**97731**	**112653**	**129785**	**149497**	**172241**
Primary Deficit		**39057**	**46595**	**44302**	**48445**	**53151**	**58548**	**64802**
Outstanding Debt		**400754**	**484393**	**582124**	**694777**	**824562**	**974060**	**1146300**
GDP		**1762609**	**1931819**	**2182956**	**2466740**	**2787417**	**3149781**	**3559252**

As a per cent of GDP

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Own Tax Revenue	4.87	5.29	5.37	5.46	5.54	5.63	5.72
Total Tax Revenue	7.13	7.61	7.87	8.04	8.20	8.38	8.55
Non-Tax Revenue	0.80	1.03	1.02	1.02	1.01	1.00	0.99

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Revenue Receipts	9,25	10.38	10.79	11.01	11.23	11.46	11.69
Priority Education	1,27	1.32	1.34	1.36	1.38	1.4	1.42
Priority Health	0.18	0.17	0.17	0.17	0.17	0.17	0.17
Roads and Bridges	0.27	0.22	0.22	0.22	0.22	0.22	0.22
Water Supply & Sanitation	0.3	0.29	0.29	0.29	0.3	0.3	0.3
Total Priority Expenditure	2.02	2	2.02	2.05	2.07	2.09	2.11
Revenue Expenditure	11.82	13.33	13.55	13.9	14.24	14.6	14.96
Capital Expenditure	3.13	2.94	2.91	2.88	2.86	2.83	2.8
Cap. Exp. (Net of Rep.)	1.87	2.06	2.03	2	1.97	1.95	1.92
Revenue Deficit	**2.57**	**2.96**	**2.76**	**2.89**	**3.01**	**3.14**	**3.27**
Fiscal Deficit	**4.23**	**4.71**	**4.48**	**4.57**	**4.66**	**4.75**	**4.84**
Primary Deficit	**2.22**	**2.41**	**2.03**	**1.96**	**1.91**	**1.86**	**1.82**
Outstanding Debt	**22.74**	**25.07**	**26.67**	**28.17**	**29.58**	**30.92**	**32.21**
Debt Sustainability Condition**	**1.82**	**1.97**	**1.56**	**1.47**	**1.39**	**1.32**	**1.26**

Note: Priority Expenditures are defined as follows:

1. Priority Education consists of elementary education (head 2202-01 of Finance Accounts)
2. Priority Health consists of Rural Primary Health & Control of diseases (head 2210-03)+ (2210-06-101) of Finance Accounts
3. Roads & Bridges (head 3054 of Finance Accounts)
4. Water supply & sanitation (head 2215 of Finance Accounts)
5. Base year outstanding debt includes reserve funds & deposits

* Effective Rate of Interest

** As indicated on Note under Table A Ill. 1.

Source (Basic Data): Finance Accounts of State Governments & State Budget Documents.

Table AIII.4: State Governments: Fiscal Profile 2000-01 to 2004-05

(Rs. in crores)

Reform Scenario	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Own Tax Revenues	**85912**	**102168**	**120098**	**141175**	**165952**	**195076**	**229312**
Share in Central Taxes	**39844**	**44789**	**54574**	**63602**	**74140**	**86444**	**100814**
Non-Tax Revenues	**14172**	**19973**	**24752**	**30436**	**37181**	**45164**	**54594**
Grants	23069	33501	41310	48209	56241	65593	76478
Potential Fiscal Transfers	62913	78290	95884	111811	130381	152037	177292
Contra Entries							
Revenue Receipts (Excl C.Entries)	**162996**	**200430**	**240734**	**283423**	**333513**	**392277**	**461198**
General Services	**76184**	**97987**	**111861**	**122589**	**134170**	**146697**	**160263**
Interest Payment	35422	44397	53178	62829	72424	81825	90861
Pension	16174	22188	24407	26848	29533	324~6	35735
Police	11973	14494	15943	17538	19291	21221	23343
Election	272	1120	1232	1356	1491	1640	1804
Other General Services	12343	15787	17100	14019	11430	9526	8520
Social Services	**81346**	**99012**	**114592**	**132732**	**153842**	**178395**	**206947**
Education	44722	56826	65460	75466	87060	100488	116041
Priority Education	22406	25525	30715	36823	44000	52420	62287
Other Education	22316	31302	34745	38643	43060	48068	53754
Medical & Public Health	10515	12482	15124	18268	22001	26423	31654
Priority Health	3175	3376	5017	7027	9475	12440	16017
Other Health	7339	9106	10107	11241	12526	13983	15637
Family Welfare	1948	2326	2582	2872	3200	3572	3995

Reform Scenario	**1998-99**	**1999-00**	**2000-01**	**2001-02**	**2002-03**	**2003-04**	**2004-05**
Water Supply & Sanitation	5320	5563	7212	9196	11573	14413	17796
Other Social Services	18841	21814	24214	26930	30009	33499	**37461**
Economic Services	**47368**	**56038**	**60521**	**65411**	**70755**	**76592**	**82972**
Irrigation	5051	6314	6969	7691	8489	9369	10341
Roads and Bridges	4685	4244	6456	9172	12484	16503	21356
Power	257	208	226	246	267	290	315
Transport	70	183	199	218	237	259	283
Others (Excl. Subsidies)	28336	34795	46670	48084	49277	50171	50678
Identified Subsidies	8969	10294	0	0	0	0	0
Contra Entries	9808	9339					
C & A to Local Bodies	3452	4555	5435	6485	7737	9232	**11016**
Rev Exp. (Excl C. Entries)	**208350**	**257591**	**292408**	**327216**	**366504**	**410917**	**461198**
Recovery of Loans and Adv.	3256	5900	6860	7975	9272	10780	12532
Other Capital Receipts	509	0	0	0	0	0	0
Capital Receipts	**3765**	5900	**6860**	**7975**	**9272**	**10780**	**12532**
Capital Outlay	22797	28131	28932	36978	46600	58068	71698
Loans and Advances	10093	11600	12563	13606	14735	15958	17283
Repayment of Loans and Adv.	22292	17130	19315	21780	24559	27693	31227
Capital Exp. (Net.Rep.)	32890	39732	48355	58559	70607	84806	**101514**
Capital Expenditure	**55181**	**56862**	**60810**	**72364**	**85894**	**101720**	**120208**
Revenue Deficit	**45355**	**57161**	**51674**	**43793**	**32991**	**18640**	**0**
Fiscal Deficit	**74479**	**90993**	**93169**	**94377**	**94326**	**92667**	**88981**
Primary Deficit	**39057**	**46595**	**39990**	**31548**	**21902**	**10842**	**-1880**
Outstanding Debt	**400754**	**484393**	**577562**	**671939**	**766265**	**858932**	**947913**
GDP	**1762609**	**1931819**	**2182956**	**2466740**	**2787417**	**3149781**	**3559252**
As a per cent of GDP							
Own Tax Revenue	4.87	5.29	5.50	5.72	5.95	6.19	6.44
Total Tax Revenue	7.13	7.61	8.00	8.30	8.61	8.94	9.28
Non-Tax Revenue	0.80	1.03	1.13	1.23	1.33	1.43	1.53
Revenue Receipts	9.25	10.38	11.03	11.49	11.96	12.45	12.96
Priority Education	1.27	1.32	1.41	1.49	1.58	1.66	1.75
Priority Health	0.18	0.17	0.23	0.28	0.34	0.39	0.45
Roads and Bridges	0.27	0.22	0.30	0.37	0.45	0.52	0.60
Water Supply & Sanitation	0.30	0.29	0.33	0.37	0.42	0.46	0.50
Total Priority Expenditure	2.02	3.23	2.26	2.52	2.78	3.04	3.30
Revenue Expenditure	11.82	13.33	13.40	13.27	13.15	13.05	12.96
Capital Expenditure	3.13	2.94	2.79	2.93	3.08	3.23	3.38
Cap. Exp.(Net of Rep.)	1.87	2.06	2.22	2.37	2.53	2.69	2.85
Revenue Deficit	2.57	2.96	2.37	1.78	1.18	0.59	**0.00**
Fiscal Deficit	4.23	4.71	4.27	3.83	3.38	2.94	**2.50**
Primary Deficit	2.22	2.41	1.83	1.28	0.79	0.34	**-0.05**
Outstanding Debt	**22.74**	**25.07**	**26.46**	**27.24**	**27.49**	**27.27**	**26.63**
Debt Sustainability Condition	**1.82**	**1.97**	**1.37**	**0.80**	**0.31**	**-0.13**	**-0.52**

Note: Priority Expenditures are defined as follows:

1 . Priority Education consists of elementary education (head 2202-01 of Finance Accounts)

2. Priority Health consists of Rural Primary Health & Control of diseases (head 2210-03)+ (2210-06-101) of Finance Accounts

3. Roads & Bridges (head 3054 of Finance Accounts)

4. Water supply & sanitation (head 2215 of Finance Accounts)

5. Base year outstanding debt includes reserve funds & deposits

* Effective Rate of Interest

Source (Basic Data): Finance Accounts of State Governments & State Budget Documents

Table AIII.5: Determining Sustainability of Fiscal Deficits of States

State	Debt/GSDP Ratio	Effective Interest Rate Average	Gr Rate of GSDP TGR	Fiscal Deficit to GSDP Ratio	Primary Deficit to GSDP Ratio	Excess of Primary Deficit over Sustainability Condition *
	1998-99	**1996-97 to 1998-99**	**1993-94 to 1996-97**	**1998-99**	**1998-99**	
Andhra Pradesh	0.203	0.108	0.168	0.047	0.025	0.015
Arunachal Pradesh	0.402	0.120	0.108	0.034	-0.010	-0.005
Assam	0.232	0.086	0.107	0.012	-0.006	-0.011
BOar	0.331	0.103	0.118	0.049	0.017	0.012
Goa	0.342	0.085	0.196	0.051	0.024	-0.008
Gujarat	0.181	0.111	0.182	0.051	0.031	0.020
Haryana	0.211	0.120	0.186	0.048	0.027	0.015
Himachal Pradesh	0.559	0.104	0.175	0.154	0.108	0.074
Jammu & Kashmir	0.480	0.100	0.121	0.079	0.029	0.020
Karnataka	0.175	0.104	0.160	0.034	0.017	0.008
Kerala	0.271	0.103	0.204	0.049	0.025	0.003
Madhp Pradesh	0.186	0.102	0.148	0.039	0.022	0.014
Maharashtra	0.131	0.100	0.173	0.030	0.015	0.007
Manipur	0.447	0.091	0.162	0.038	0.006	-0.021
Meghalaya	0.234	0.104	0.104	0.048	0.026	0.026
Mizoram	0.584	0.090	0.180	0.064	0.016	-0.028
Nagaland	0.509	0.112	0.124	0.068	0.018	0.013
Orissa	0.378	0.107	0.105	0.074	0.036	0.037
Punjab	0.346	0.122	0.144	0.062	0.024	0.017
Rajasthan	0.289	0.113	0.201	0.067	0.038	0.017
Sikkim	0.642	0.129	0.134	0.186	0.119	0.116
Tamil Nadu	0.164	0.104	0.170	0.039	0.022	0.012
Tripura	0.372	0.117	0.165	0.031	-0.006	-0.021
Uttar Pradesh	0.280	0.103	0.171	0.065	0.034	0.018
West Bengal	0.262	0.114	0.152	0.063	0.037	0.028

Source (Basic Data): Finance Accounts of State Governments, and CSO.

* As indicated in Table A 111.1.

Appendix VII.1

(Para 7.17)

A scheme proposed by Shri N.C. Jain, Member, Finance Commission, on clearance of the backlog of pending cases

1. Paragraph 5(v) of the Presidential Order ordains upon us a duty to take into account the requirements of the States for upgradation of services in non-developmental and social sectors and services. We identified judicial administration as one of such subjects. The details of it are in paragraph 7.16 of this report.

2. The backlog of the cases, i.e. the cases pending since long, is too heavy. As per the information obtained from the Department of Justice, Government of India, and also the State Governments, the balance of cases pending in the district and subordinate courts in the recent years has been as under: -

31.12.1995	2.13 crores
31.12.1996	1.95 crores
31.12.1997	1.96 crores
31.12.1998	1.92 crores

3. State-wise details of pending cases are indicated in Appendix-VII.1 .A. This statement also discloses that at present the number of courts in all the 25 States is 12,378, and during 1998, the average institution of cases per court was 1 ,017, while the average disposal per court was 994, though the average disposal rate per court from 1995 to 1998 was 1048. We are also informed that the pendency of criminal cases in the magisterial courts has decreased by about 2,15,485, though in the sessions courts, it has increased by 44,291 cases (Source: Ministry of Law & Justice, GOI, letter to the Registrar, Supreme Court of India on 31 .1.2000).

4. The demand made to us by the States for upgradation of judicial administration, including establishment of new courts, sums up to Rs.4,870 crore, as may be seen in Appendix-VII.1 .B. This is too large an amount to be met out of the upgradation grant that this Commission has at its disposal. It also goes without saying that the creation of these new courts would require very large recurring and non-recurring expenditure. Therefore, we should evolve a scheme whereby a smaller fund would serve the larger purpose of clearing the backlog substantially by the end of 2004-05. Besides, it should be manageable within the limited amount that we can afford as upgradation grants for the judicial administration. Since multiple demands for multiple sectors were to be considered by us, we could manage to provide Rs.502.90 crore only for upgradation of judicial administration. My scheme, explained below, may satisfy the need even within this amount.

The Scheme

5. The Scheme is that instead of employing new judges, retired sessions judges and additional sessions judges be appointed as ad hoc judges specifically for disposing of the pending sessions cases.

6. It can also be made clear that the tenure of such new appointees as ad hoc sessions judges may be limited to a period of two years so that the later retirees may also get accommodated subsequently. Moreover, a fixed tenure of two years would be an impetus to them to dispose of the cases early and not to linger on with an expectancy of extended tenure. Some definite guidelines for the disposal of the cases may be given to them, e.g., 14 sessions trial cases to be disposed of in a month. If 5 judges are appointed in a district (of course, looking to the size of the district and the pendency of the cases) and they dispose of 14 sessions cases in a month, each judge will then be disposing of 168 cases in a year and 5 judges. 840 cases. In 600 districts (this is a round figure, though the districts are 571), the total disposal will be 5 lakh cases per year and in 4 years time, i.e. 2001-05, approximately two million cases will be disposed of. The experiment may later be carried forward for the disposal of other criminal (other than Sessions) and civil cases also, for which the disposal rate may be 20 to 25 per month.

7. I have got some figures worked out to concretize my proposal in the monetary frame and I am thankful to all those who assisted me in that respect. It is appended as Appendix-VII.1 .C. According to my estimates, if 5 courts, on an average, are established in a district for disposal of the pending sessions cases only, nearly 2 million pending cases will be disposed of in 4 years time, i.e. during 2001-05, for which the recurring cost would be Rs.87 crore per year and non recurring, Rs.138 crore.

8. Quite interestingly, this would also entail enormous saving of expenses over the under-trials languishing in jails. The total number of under-trials, as on 31.12.1998, was 1,88,241. The average of the last five years brings this figure down to a little over 1,80,000 under-trials. The average cost per under-trial per day is Rs.55, covering diet, medicine, clothing, with extra provision for sanitation and water, correctional programmes and transportation to the courts and back. The information available in Appendix-VII.1 .A indicate that there are States where pendency is very large and those where it is medium to low. However, even if the disposal of cases becomes faster, it can be expected that one-third of the under-trials will always be there in prisons pending appeals etc. This figure works out to 60,000 under-trials. In other words, if the trial of cases is expeditiously taken up and disposed, the presence of 1,20,000 under-trials would not be

necessary. In a year, the saving would be to the tune of Rs.20,000 per under-trial, which, for 1,20,000 under-trials, comes to **Rs.240 crore**. Thus, if the ad hoc session judges were asked to take up trial of the under-trials on a priority basis, the overall saving would be of approximately Rs. 240 crore per year. We have pointed out earlier that the recurring expenditure of providing 5 sessions court in each district of the country will come to approximately Rs.87 crore per year. The Government will, therefore, be **saving** Rs.153 crore every year. Further, there will be savings on behalf of the under-trials too, who have to engage lawyers to plead their cases. There will also be savings on account of public prosecutors who have to remain involved at every appearance. There will be some administrative savings too, as the requirement of manpower for running the prisons will come down, Above all, the fundamental rights of a citizen for a speedy trial will be met.

9. Appendix-VII.1 .C deals only with the sessions cases but there are other magisterial and criminal cases too. Some retired senior Civil Judges or even Additional District Judges may be appointed on ad hoc basis for disposal of those pending cases. Their cost may be borne by the State Governments from out of the savings on account of the released under-trials.

10. During my tenure as Advocate General in Madhya Pradesh, I had suggested that a district level body may be constituted for scrutinizing cases of such under-trials who are languishing in jails for more than the period for which they may be convicted ultimately. This scheme is working satisfactorily in the State and several thousand cases have been disposed of in this manner by releasing the incumbents.

11. It is true that a year's time may be required to work out the modalities to be settled by the Law Ministry for amendment of the laws, making rules for the appointment of the ad hoc judges, their selection, appointment and for the construction of the court rooms etc. But, safely enough, this exercise can be completed by 31.3.2001. And if a beginning is made immediately, concrete results should be attainable by 2005 and most of the backlog may be cleared in about 8 to 10 years time.

12. Some reconsideration may perhaps be required about the provision of cars for the ad hoc judges. It has been suggested that one staff car can serve 5 *ad hoc* judges in a district. It may be seen whether one staff car can conveniently serve five judges or more cars may be necessary. If the number of cars are required to be increased, the extra cost would not be very much and some adjustments may be made in my calculations.

13. The above proposal is only a tentative outline. The scheme can be further viewed, reviewed and refined. I shall always be available for any work entrusted to me for this purpose.

Sd/-
(N C Jain)
Member (EFC)

29.6.2000

Appendix VII.1A

State-wise details of civil and criminal cases instituted, disposed and balance, in 1998 and average rate of disposal during 1995-98

Sl. No.	State	Opening Balance as on 1 st January	Institution	Disposal	Closing Balance as on 31 st December	No. of Courts$	Institution per court	Disposal per Court	Cases pending per Court	Average Disposal Rate per Court (1995-98)
1	2	3	4	5	6	7	8	9	10	11
1	Andhra Pradesh	1057328	1011221	766377	1302172	672	1505	1140	1938	1553
2	Arunachal Pradesh$	1845	835	831	1849	48	17	17	39	15
3	Assam	179920	103802	96923	186799	221	470	439	845	547
4	Bihar	1207205	347773	331788	1223190	1648	211	201	742	200
5	Goa	44846	22694	24241	43299	44	516	551	984	532
6	Gujarat	3026278	1655283	1681231	3000330	640	2586	2627	4688	2918
7	Haryana**	400665	280824	264721	416768	266	1056	995	1567	820
8	Himachal Pradesh	130129	153983	147669	136443	94	1638	1571	1452	1422
9	Jammu & Kashmir*	124808	125264	128231	121841	162	773	792	752	697
10	Karnataka	1248040	801686	795071	1254655	632	1268	1258	1985	1151
11	Kerala	539710	861733	799747	601696	382	2256	2094	1575	1872
12	Madhya Pradesh	1456259	911544	920950	1446853	988	923	932	1464	977
13	Maharashtra	3071277	1723509	1839683	2955103	1250	1379	1472	2364	1795
14	Manipur	7600	3215	2819	7996	30	107	94	267	329
15	Meghalaya*	2154	1313	1238	2229	8	164	155	279	155
16	Mizoram	2282	8198	6748	3732	53	155	127	70	87
17	Nagaland	762	1324	426	1660	22	60	19	75	19
18	Orissa	619806	214479	186620	647665	457	469	408	1417	533
19	Punjab**	325471	364256	339299	350428	301	1210	1127	1164	933
20	Rajasthan	864291	539082	528308	875065	761	708	694	1150	693
21	Sikkim	2703	3295	4218	1780	12	275	352	148	270
22	Tamil Nadu	839340	1382320	1393563	828097	602	2296	2315	1376	2292
23	Tripura	19320	26413	26880	18853	73	362	368	258	337
24	Uttar Pradesh	3178827	2064151	1998627	3244351	2239	922	893	1449	790
25	West Bengal	1313280	624758	626520	1311518	773	808	811	1697	492
	Total	**18938010**	**12587875**	**12308709**	**19217176**	**12378**	**1017**	**994**	**1553**	**1048**

Source: Department of Justice, GO] and State Governments.

* Figures relates to 1997.

** Figures relates to 1996.

$No. of Judicial Officers (sanctioned posts), as in September, 1999 (Source: Report of the Judicial Pay Commission, 1999). For Arunachal Pradesh. figures are as given by the State Government.

Annexure VII.1.B

Proposals of States submitted to EFC for Upgradation of Judicial Administration during 2000-05

(Rs.in lakhs)

States	Buildings		Establishment of New Courts		Record Rooms	Library	Court Lockups	Office Aids	Computers	Furniture/ Furnishing	Salaries	Vehicles	Training	Toilet facilities/ amenities	Modernisatiion & Re-organisation	Miscellaneous	Total
	Residential	Non-Residential	High Court	District & Subordinate Courts													
1 Andhra Pradesh		16748			438	100	979	398	530			522				425	20140
2 Arunachal Pradesh				146												45	191
3 Assam				4600		600		47	91		1281						6619
4 Bihar	1912	21492				47		18	125	275		45				4	23918
5 Goa				320			15	15	25								375
6 Gujarat																	0
7 Haryana	7248	20270						559		559	10081	210					38927
8 Himachal Pradesh	3516		1074	1723	180	90		245	16								6844
9 Jammu & Kashmir	250			312	51	20	4									235	872
10 Karnataka	608			3664						535				636		5443	
11 Kerala	3414		8000	5560					50	905	8470		400			4669	31468
12 Madhya Pradesh	350	193	165	65785		340			498		946		950	1800	1163	2550	74740
13 Maharashtra				110000													110000
14 Manipur	27			845					100								972
15 Meghalaya	468			481													949
16 Mizoram		262						30	15		22	11				82	422
17 Nagaland	350	1030													609		1989
18 Orissa	440		2030	1360		324		96	43			123					4416
19 Punjab																	0
20 Rajasthan	1442			12201					256								13899
21 Sikkim	720	100	200			5		4	2	1	8	8				100	1148
22 Tamil Nadu		3500				405			4258					71			8234
23 Tripura	250			200													450
24 Uttar Pradesh	22033		29121	47097				1984	31000					239	2500	1027	135001
25 West Bengal																	0
Total-All States	**43028**	**63595**	**40590**	**254294**	**669**	**1931**	**998**	**3396**	**37009**	**2275**	**20808**	**919**	**1350**	**2110**	**4908**	**9137**	**487017**

Appendix VII.1 .C

(Para 7.17)

Requirement for an additional Sessions Court

Staff:

1) One Additional Sessions Judge
2) One Peshkar/Ahalmat
3) One Stenographer
4) One Peon

Building:

1) Court hall- 400 sq. ft.
2) Office room for the judge including toilet -240 sq. ft.
3) Office room for peshkar/ahalmat and stenographer - 168 sq. ft.

Total - 808 sq. ft.

Cost calculations:

The salaries and allowances of the judges and the supporting staff vary from State to State. However, on an average, it may be assumed that the average expenditure per month on this account for a judge would be Rs.19,000, for a peshkar/ ahalmat, Rs.8500, for a stenographer, Rs.5,500 and for a peon, Rs.3,500. The total comes to Rs.36,500 per month. However, since we are suggesting re-employment, the actual cost will be half that of a regular incumbent as the Government will not have to pay pension etc. Thus the monthly cost will be approximately Rs.l8,000, which works out to Rs.2.16 lakh per year.

The present cost of construction works out to around Rs.500 per sq. ft. The total cost for 808 sq. ft. comes to approximately Rs.4 lakh. This will be a one-time expenditure. Since we are contemplating providing 5 courts in each district, one car with a driver can provide the necessary support. A car costs Rs.3 lakh. The driver will cost approximately Rs.3,550 per month. However, since he will be a re-employed person after retirement, the actual cost will be Rs. 1,775 per month or Rs.21,300 per year.

Recurring cost:

Salaries and allowances for the judge, peshkar/ahalmat, stenographer and the peon will be Rs.2.16 lakh per year, and for the driver will be Rs.21,300 per year. In addition, 10 per cent of the basic pay as House Rent Allowance -approximately Rs.45,000 per year, may be required. The cost of fuel/maintenance for the car will be Rs.30,000 per year and that of stationery, registers etc., Rs.20,000 per year. The total recurring cost thus works out to Rs.3.32 lakh per year.

For 5 courts, the cost comes to Rs.16.60 lakh. Since we are suggesting that only one car will be sufficient to meet the needs of all 5 judges in a district, we have to subtract the cost of 4 drivers. The cost then becomes Rs.15.75 lakh. Further, since only one vehicle has to be provided for 5 judges, we have to subtract the cost of maintenance of 4 vehicles, The cost would then come down to Rs.14.55 lakh. Non-recurring cost: Cost of construction of 5 courtrooms with office rooms being Rs.20 lakh and the cost of a vehicle, Rs.3 lakh, the total non-recurring cost for a district would be Rs.23 lakh.

Total cost:

Thus the total recurring cost of 5 sessions courts comes to Rs.14.55 lakh per year and the non-recurring cost, Rs.23 lakh. For 600 districts in the country the recurring cost will come to Rs. 87 crore per year, while the non-recurring cost, Rs.138 crore. In the first year the cost will be Rs.225 crore. Thereafter the cost will be Rs.87 crore per year.

Appendix VII.2

(Para 7.22)

Scheme for utilisation of the upgradation grants provided towards computer training for school children

The upgradation grant provided by the Finance Commission towards computer training for school children should be utilised by way of setting up a computer centre in each district. The cost of a centre is estimated to be Rs.43 lakh, inclusive of 50 computer machines with necessary peripherals, building, instructors' remuneration and training software. A committee chaired by the District Collector should manage each centre. Children studying in classes 8 to 12 and enrolled in recognised schools as regular students alone would be entitled to use these centres. Weekends (Saturdays and Sundays) and all other holidays should be reserved for students from schools located in the rural areas. A student may be allowed to use the Centre for two hours in a week and should get about 50 hours of computer education in a year. For working out the detailed modalities of construction, purchases, curricula, user charges, etc., each State may set up a committee under the chairmanship of the Chief Secretary and other experts in the field.

Appendix VIII.1
(Para 8.24)

Methodology adopted for determining the allocation to States towards Panchayats

The allocation for each State has been determined on the basis of a five-fold criterion, explained below:

1. **Rural Population (Weight=40 per cent):** In considering the rural population of the States, the 1991 Census figures have been adopted.

2. **Geographical Area (Weight=10 per cent):** In considering the geographical rural areas of the States, the 1991 Census figures have been adopted.

3. **Distance from per capita agricultural income (Weight=20 per cent):** The average per capita GSDP from primary sector (at current prices, excluding mining and quarrying) has been arrived at by using the GSDP figures published by the CSO and population figures (projection) published by the Registrar General of India, for three years, viz. 1994-95, 1995-96 and 1996-97. Distance of each State is measured from the reference highest point, viz. the highest average per capita GSDP, plus half of the standard deviation. The distances are weighted by the rural population (1991) of the respective State to arrive at its share.

4. **Own revenue efforts of the Panchayats (Weight=10 per cent):** The own revenue efforts of the Panchayats in each State have been measured against two indicators, viz. (i) the State's own revenues and (ii) GSDP from primary sector, excluding mining & quarrying. This is explained further below:

   i. The own revenue collection of the Panchayats in each State is measured against the own revenue collection of the State Government for three years, viz. 1995-96, 1996-97 and 1997-98. The average of these ratios is weighted by the rural population (1991) to arrive at the share of each State. This index has been given a weight of 5 per cent in the total allocation.

   ii. The own revenue collection of the Panchayats in each State is measured against the GSDP from primary sector excluding mining and quarrying for the years 1994-95, 1995-96 and 1996-97. The average of these ratios is weighted by the rural population (1991) to arrive at the share of each State. This index has been given a weight of 5 per cent in the total allocation.

3. **Index of decentralisation (Weight=20 per cent):** The index of decentralisation has taken into account the following ten indicators:

   i. **Enactment of State Panchayat Legislation in conformity with the 73rd CAA:** States have been graded on a scale of 5 for their promptitude in enactment of conformity legislation, with reference to the date of bringing into force the 73rd CAA, i.e. 24th April, 1993. Marks have been assigned as 5, 4, 3, 2 and 1 for bringing in such legislation within 3 months, 3 to 6 months, 6 to 9 months, 9 to 12 months and above 12 months, respectively. No mark has been assigned for those States that have not brought in such legislation so far.

   ii. **Intervention/restriction in the functioning of the Panchayats:** The level of autonomy made available to the Panchayats in the State Panchayat Legislation has been measured in terms of the provisions relating to three kinds of intervention/restriction, viz. (a) power to suspend/dissolve the elected bodies, (b) power to suspend/remove the elected officials and (c) power to suspend/cancel the resolutions/orders of the Panchayats. These have been measured on a scale of 5 each for each tier of the Panchayats and marks assigned as under:

Authority for intervention	**Marks**
None	5
State Government	4
Head of the Department/ Commissioner/Zilla Parishad	3
District Collector	2
Sub-Divisional Officer	1

States having three-tier Panchayats have been measured against a total of 45 marks and those having two-tier Panchayats, 30 marks.

iii. **Assignment of functions to the Panchayats in the State Panchayat Legislation vis-à-vis the Eleventh Schedule:** The 29 functions listed in the Eleventh Schedule of the Constitution have been grouped[1] as core functions (5 items), welfare functions (13 items), agriculture & allied (9 items) and industries (2 items). Assignment of each function has been measured on a scale of 5, giving 5 marks for assigning the function to the village panchayats; 4, to the intermediate panchayats; and 2, to the district panchayats. For assignment of a function concurrently to the panchayats at village level as well as to one or more at the higher tiers, 5 marks are awarded. The core functions are given a weight of 3, welfare functions, 2 and the remaining, 1. In this way, the States are measured on a scale of 260.

iv. **Transfer of functions to the Panchayats by way of Rules/Notifications/Orders of State Governments:** The methodology indicated for item (iii) above has been adopted here too, while comparing the status of actual transfer of functions to the Panchayats in the States by way of rules/notifications/orders of the State Government.

v. **Assignment of taxation powers to the village panchayats as per State Panchayat Acts:** A menu of 23 taxes has been prepared that includes the taxes provided for levy by the village panchayats in the various State Panchayat Legislation. Of these, the house/property tax has been given a weight of 3, profession tax, 2 and the remaining taxes, 1 each. For an obligatory levy, 5 marks and for optional, 3 marks, are assigned.

vi. **Levy of taxes by the village panchayats:** The methodology indicated for item (v) above has been adopted here too, while comparing the actual levy of taxes by the village panchayats in the States.

vii. **Constitution of State Finance Commissions and submission of Action Taken Reports:** The promptness of the State Governments both in (a) constitution of the State Finance Commission (SFC) and (b) submission of Action Taken Report (ATR) on the SFC Report is measured on a scale of 5 each. For the first item, the date of constitution of SFC has been reckoned w.r.t. 24th April, 1993. States that constituted the SFC within 12 months, are assigned 5 marks; within 12 to 24 months, 3; 24 to 36 months, 1; and beyond 36 months, zero. As regards the ATR, States that submitted it within 3 months of the Report of the SFC, are assigned 5 marks; 3 to 6 months, 4; 6 to 12 months, 3; and beyond 12 months, nil.

viii. **Action taken on the major recommendations of the SFC:** The major recommendations of the SFCs are grouped as those relating to devolution of resources and 'others', and given a weight of 2 and 1, respectively. For a recommendation where final decision has been taken, 5 marks, and where only partial decision taken, 3 marks are assigned. For a recommendation under consideration, no mark is given.

ix. **Elections to the Panchayats:** States have been graded for their promptitude in conducting elections to the Panchayats in accordance with the 73rd CAA as per the following scale:

No delay	5
12 to 24 months	4
24 to 36 months	3
36 to 48 months	2
Above 48 months	0

x. **Constitution of District Planning Committees[2]:** States that have constituted the District Planning Committees in all the districts, have been assigned 5 marks, whereas those that have constituted it in some districts only, 3 marks. No mark is assigned to the State that has not constituted any District Planning Committee so far.

Construction of the index of decentralisaton: The index of decentralisation has been constructed in the following steps:

Step 1: Marks scored by the States in respect of each of the above mentioned 10 items[3] have been converted on scales of 100.

Step 2: In respect of each item, States are grouped into 4 categories, as follows:

Group A	Above the Arithmetic Mean (A.M.) plus 0.5 Standard Deviation (s.d.).
Group B	A.M. $\pm$ 0.5. s.d.
Group C	Below A.M. – 0.5 s.d., but above zero.
Group D	Zero.

Step 3: For position of the States in each Table as A, B, C or D, the following marks are assigned:

A =3, B =2, C =1 and D=0.

Step 4: Arithmetic mean and standard deviation of the total marks of the various States have been computed and States grouped into four categories and marks assigned as follows:

Group	Range	Marks
A	Above (A.M. + 0.5 s.d.)	4
B	A.M. $\pm$ 0.5 s.d.	3
C	Below (A.M. –0.5 s.d) but above zero	2
D	Zero	1

Step 5: The marks so obtained have been used as weights to the rural population to determine the index of decentralisation and, accordiSngly, the share of each State under this criterion.

[1] Functions appearing in the Eleventh Schedule at Sl. Nos. 1, 13, 14, 23 and 29 are classified as Core functions; Sl. Nos. 10, 15 to 21, 24 to 28, as Welfare functions; 1 to 7, 12 & 22 as Agriculture & Allied; and Sl. Nos. 8 and 9, as Industries.

[2] Constitution of Metropolitan Planning Committees has not been considered since none of the States has constituted it.

[3] Where requisite information has not been furnished by the State, no mark has been assigned for that item.

Appendix VIII.2
(Para 8.24)

Methodology adopted for determining the allocation to States towards Urban Local Bodies

The allocation for each State has been determined on the basis of a five-fold criterion, explained below:

1. **Urban Population (Weight=40 per cent):** In considering the urban population of the States, the 1991 Census figures have been adopted.

2. **Geographical Area (Weight=10 per cent):** In considering the geographical urban areas of the States, the 1991 Census figures have been adopted.

3. **Distance from per capita non-agricultural income (Weight=20 per cent):** The average per capita GSDP excluding primary sector (at current prices) has been arrived at by using the GSDP figures published by the CSO and population figures (projection) published by the Registrar General of India, for three years, viz. 1994-95, 1995-96 and 1996-97. Distance of each State is measured from the reference highest point, viz. the highest average per capita GSDP, plus half of the standard deviation. The distances are weighted by the urban population (1991) of the respective State to arrive at its share.

4. **Own revenue efforts of the ULBs (Weight=10 per cent):** The own revenue efforts of the ULBs in each State have been measured against two indicators, viz. (i) the State's own revenues and (ii) GSDP excluding the primary sector. This is explained further below:

   i. The own revenue collection of the ULBs in each State is measured against the own revenue collection of the State Government for three years, viz. 1995-96, 1996-97 and 1997-98. The average of these ratios is weighted by the urban population (1991) to arrive at the share of each State. This index has been given a weight of 5 per cent in the total allocation.

   ii. The own revenue collection of the ULBs in each State is measured against the GSDP excluding the primary sector for the years 1994-95, 1995-96 and 1996-97. The average of these ratios is weighted by the urban population (1991) to arrive at the share of each State. This index has been given a weight of 5 per cent in the total allocation.

5. **Index of decentralisation (Weight=20 per cent):** The index of decentralisation has taken into account the following ten indicators:

   i. **Enactment of State Municipal Legislation in conformity with the 74th CAA:** States have been graded on a scale of 5 for their promptitude in enactment of conformity legislation, with reference to the date of bringing into force the 74th CAA, i.e. 1st June, 1993. Marks have been assigned as 5, 4, 3, 2 and 1 for bringing in such legislation within 3 months, 3 to 6 months, 6 to 9 months, 9 to 12 months and above 12 months, respectively. No mark has been assigned for those States that have not brought in such legislation so far.

   ii. **Intervention/restriction in the functioning of the Municipal Bodies:** The level of autonomy made available to the ULBs in the State Municipal Legislation has been measured in terms of the provisions relating to three kinds of intervention/restriction, viz. (a) power to suspend/dissolve the elected bodies, (b) power to suspend/ remove the elected officials and (c) power to suspend/cancel the resolutions/orders of the local bodies. These have been measured on a scale of 5 each for the Municipal Corporations and other Municipal Bodies and marks assigned as under:

Authority for intervention	Marks
None	5
State Government	4
Head of the Department/ Commissioner	3
District Collector	2
Sub-Divisional Officer	1

States having Municipal Corporations as well as other levels of Municipal Bodies, have been measured against a total of 30 marks and others, 15 marks.

   iii. **Assignment of functions to the ULBs in the State Municipal Legislation vis-à-vis the Twelfth Schedule:** The 18 functions listed in the Twelfth Schedule of the Constitution have been grouped[1] as core functions (5 items), welfare functions (6 items) and development functions (7 items). Assignment of each function has been measured on a scale of 5, giving 5 marks for assigning the function to either the Municipal Corporations or the Municipalities, and 10, where a function is assigned to both the levels of ULBs. The core functions are given a weight of 3, welfare functions, 2 and the development functions, 1. In this way, the States that have got Municipal Corporations also are measured on a scale of 340 and others, on 170.

   iv. **Transfer of functions to the ULBs by way of Rules/Notifications/Orders of State Governments:** The methodology indicated for item (iii) above has been adopted here too, while comparing the status of actual transfer of functions to the ULBs in the States by way of rules/notifications/orders etc. of the State Government.

v. **Assignment of taxation powers to the ULBs as per State Municipal Acts:** A menu of 33 taxes has been prepared that includes the taxes provided for levy by the ULBs in the various State Municipal Legislation. Of these, the house/property tax has been given a weight of 3, profession tax, 2 and the remaining taxes, 1 each. Octroi has been omitted. For an obligatory levy, 5 marks and for optional, 3 marks, are assigned.

vi. **Levy of taxes by the ULBs:** The methodology indicated for item (v) above has been adopted here too, while comparing the actual levy of taxes by the ULBs in the States.

vii. **Constitution of State Finance Commissions and submission of Action Taken Reports:** The promptness of the State Governments both in (a) constitution of the State Finance Commission (SFC) and (b) submission of Action Taken Report (ATR) on the SFC Report is measured on a scale of 5 each. For the first item, the date of constitution of SFC has been reckoned w.r.t. 24th April, 1993. States that constituted the SFC within 12 months are assigned 5 marks; within 12 to 24 months, 3; 24 to 36 months, 1; and beyond 36 months, zero. As regards the ATR, States that submitted it within 3 months of the Report of the SFC, are assigned 5 marks; 3 to 6 months, 4; 6 to 12 months, 3; and beyond 12 months, nil.

viii. **Action taken on the major recommendations of the SFC:** The major recommendations of the SFCs are grouped as those relating to devolution of resources and 'others', and given a weight of 2 and 1, respectively. For a recommendation where final decision has been taken, 5 marks, and where only partial decision taken, 3 marks are assigned. For a recommendation under consideration, no mark is given.

ix. **Elections to the ULBs:** States have been graded for their promptitude in conducting elections to the Municipal Bodies in accordance with the 74th CAA, as per the following scale:

No delay	5
12 to 24 months	4
24 to 36 months	3
36 to 48 months	2
Above 48 months	0

x. **Constitution of District Planning Committees[2]:** States that have constituted the District Planning Committees in all the districts, have been assigned 5 marks, whereas those that have constituted it in some districts only, 3 marks. No mark is assigned to the State that has not constituted any District Planning Committee so far.

Construction of the index of decentralisaton: The index of decentralisation has been constructed in the following steps:

Step 1: Marks scored by the States in respect of each of the above mentioned 10 items[3] have been converted on scales of 100.

Step 2: In respect of each item, States are grouped into 4 categories, as follows:

Group A	Above the Arithmetic Mean (A.M.) plus 0.5 Standard Deviation (s.d.).
Group B	A.M. $\pm$ 0.5. s.d.
Group C	Below A.M. – 0.5 s.d., but above zero.
Group D	Zero.

Step 3: For position of the States in each Table as A, B, C or D, the following marks are assigned:

A =3, B =2, C =1 and D=0.

Step 4: Arithmetic mean and standard deviation of the total marks of the various States have been computed and States grouped into four categories and marks assigned as follows:

Group	Range	Marks
A	Above (A.M. + 0.5 s.d.).	4
B	A.M. $\pm$ 0.5 s.d.	3
C	Below (A.M. –0.5 s.d) but Above zero	2
D	Zero	1

Step 5: The marks so obtained have been used as weights to the urban population to determine the index of decentralisation and, accordingly, the share of each State under this criterion.

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[1] *Functions appearing in the Twelfth Schedule at Sl. Nos. 4, 5, 6, 14 and 17 are classified as Core functions; Sl. Nos. 9 to 13 and 15, as Welfare functions; and Sl. Nos.1, 2, 3, 7, 8, 16 and 18, as Development functions.*

[2] *Constitution of Metropolitan Planning Committees has not been considered since none of the States has constituted it.*

[3] *Where requisite information has not been furnished by the State, no mark has been assigned for that item.*

APPENDIX XI.1
(Para 11.22)

Improvement in Fiscal Performance: Scheme of Debt Relief

As an incentive to better fiscal management, a modified version of the scheme recommended by the Tenth Finance Commission which linked debt relief to the fiscal performance of a State on revenue account is being recommended. Improvement in fiscal performance is to be measured by comparing the ratio of revenue receipts (including devolution and grants from the Centre but excluding revenue deficit grants) to total revenue expenditures in a given year (r) with the average of corresponding ratios (r*) in the three immediately preceding years. Thus, each State is to be considered against its own performance in the past. Debt relief will be calculated as percentage of repayment falling due in each year of the period of recommendation. Only those repayments as pertain to fresh Central loans to the States during 1995-96 to 1999-2000 and as outstanding on March 31, 2000 will be covered. This percentage (R) will be five times the excess of (r) over (r*) as defined above. Thus, if the performance of a State improves by 2.5 percentage points, i.e. (r-r*) = 2.5, the State government will become entitled to a relief equivalent to 12.5 per cent, i.e. R = 12.5 (per cent). The maximum limit of R has been prescribed as 25 per cent.

This scheme of relief is dynamic in the sense that performance is to be evaluated each year. However, since there is a time lag in actual data regarding revenues and expenditures, the scheme operates with a lag.

Values of r are calculated in a corresponding manner for each year during 2000-01 to 2004-05. As such, the relief pertaining to repayments due in 2004-05 will be given in the next financial year. If in any year, the Ministry of Finance finds an increase in revenue receipts or revenue expenditure of a State on account of an unusual or abnormal item, it may take cognizance of this and make suitable adjustments.

It may be noted that for the calculation of relief in any one year, a reference to 6 years becomes relevant. Thus, for relief in year t, we refer to the following years:

Year in which relief is given	:	t
Year with reference to which relief is determined (repayments due will relate to this year)	:	(t-1)
Year for which latest actuals are available (r is calculated for this year)	:	(t-3)
Years from which (r*) is calculated	:	(t-4), (t-5), (t-6)