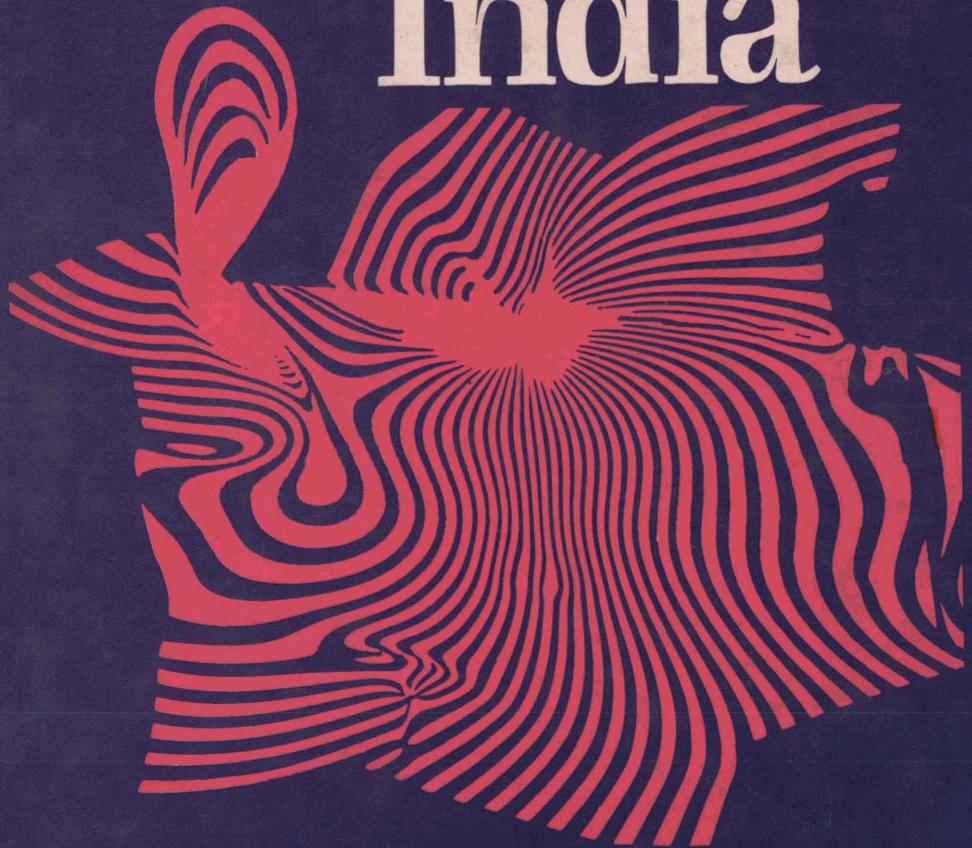


State Finances in India



Edited by
Amaresh Bagchi J L Bajaj
William A Byrd

NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY

This book, based on the contributions of a number of distinguished scholars and government officials, provides a comprehensive overview, description, and analysis of state finances in India, with an accent on recent trends, current problems, and policy issues facing state governments.

State finances comprise a very important part of India's federal public finance system. In recent years the states have faced increasingly serious problems in balancing their revenues and expenditures; moreover, capital investment and other development-oriented spending have been squeezed by the rapid growth of current expenditure, wages and other establishment costs in particular. Cost recovery for many services provided by state governments has been low and declining. State taxes are narrowly based, and there are imbalances between overexploitation of certain revenue sources and neglect of others. Such trends need to be reversed for the states to be able to play their Constitutionally-mandated role in India's development. In addition, there are a host of important issues such as the nature and adequacy of revenue bases, tax composition and buoyancy, plan implementation and financing, central transfers and centrally-sponsored schemes, local government finances, externally aided projects, and others, which deserve serious attention from researchers and policymakers.

The book is based primarily on eight in-depth studies prepared for a seminar on state finances in India, held under the auspices of the National Institute for Public Finance and Policy and the World Bank in New Delhi on April 19-20, 1991. The papers examine a broad range of topics, including both general research covering all states and case studies providing comprehensive analyses of individual states. The volume starts with an introduction and overview. Budgetary trends and plan financing, state government subsidies, local government finances, and issues related to externally-funded projects are the subjects of the papers on general aspects in Part I of the book. Part II provides detailed analyses of the state finances of Tamil Nadu, Uttar Pradesh, Gujarat, and Kerala. Part III includes a summary of conference proceedings and two additional short papers circulated at the seminar.

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