

Direction of change and recommended reforms : a synopsis

Direction of Change

Receipts

Tax Revenues	Increase
Non Tax Revenues	Increase

Expenditure

Non Salary Maintenance	Increase
Plan Expenditure	Increase
Wages & Salaries	Reduce
Subsidies and Current Transfers	Reduce

Recommended Reforms

Taxes

- * minimise tax incentives for new industrial Units as they have proved to be ineffective
- * prepare ground for implementation of VAT
 - ~ reduce the number of rate categories
 - ~ introduce a system of giving partial relief on taxes paid on inputs
 - ~ computerise tax accounts
 - ~ train staff in the admin. of VAT
 - ~ launch a drive for information dissemination to the dealers
- * use the system of fair market value in the case of Stamp duties and Registration fees
- * launch a drive for collection of arrears of sales And other taxes
- * use luxury tax on residential buildings
- * use entry tax only minimally
- * do not press for consignment tax

Non Tax Revenues

- * increase fees and user charges in social and economic services
- * target recovery of current cost for services which do not involve large externalities or significant welfare motives
- * specially target economic services : in particular, irrigation, energy, industry and minerals transport, 'other' economic services
- * increase tuition and other fees for higher education, technical education and medical education

Expenditure

- * reduce net employment growth in general government to zero
- * let recruitment of teachers take place
- * reduce direct subsidies and transfers
- * increase non salary maintenance expenditure
- * shift structure of expenditure towards plan and development expenditure

State Level Public Enterprises

- * KSEB : acting as a central and coordinating agency --
 - ~ increase pvt sector participation in generation.
 - ~ facility of automatic tariff revision should also cover domestic consumers
- * KSRTC : ~ a regulatory commission should look after tariff revision
 - ~ rationalise routes
 - ~ reduce staff-bus ratio by freezing additional employment
 - ~ work out an attractive VRS
- * Other SLPEs : ~ close down unviable enterprises
 - ~ merge enterprises operating in the same field wherever feasible
 - ~ undertake revamping of such SLPEs as are assessed to be viable
 - ~ introduce a general VRS for all SLPEs
 - ~ encourage people to go on long leave to seek alternative employment