

CHAPTER XII

UPGRADATION OF STANDARDS OF ADMINISTRATION IN BACKWARD STATES

The formulation of principles governing grants-in-aid of the revenues of the States in need of such assistance is one of the obligatory functions cast on the Finance Commission under the Constitution. In assessing the needs of the States in pursuance of this Constitutional directive, the Finance Commissions have moved away from the concept of budgetary needs, as emerging from the forecasts of revenue and expenditure admitted by State Governments, to a consideration of fiscal needs in a comprehensive sense. But the determination of grants has been made on the basis of the levels of administrative and social services as already attained in different States. In consequence the accent has been on maintenance and consolidation, rather than on improvement and expansion of the variegated services, that a State Government is called upon to provide in an era of rising expectations. In particular, no attempt appears to have been made so far to quantify the requirements in financial terms of the backward States from the standpoint of progressive equalisation of standards of essential administrative and social services within a definite time horizon. It seems reasonable to us that provision of funds to the States that are backward in administrative and social services, falls within the purview of the Finance Commission. Para 4(b)(v) of our terms of reference appears to confirm this view.

2. It is hardly possible for the Finance Commission within the time allowed to it, either to examine in depth the soundness and adequacy of the administrative set up in the various States or to formulate specific proposals for its improvement. Among the numerous factors which impinge on the efficiency of the administrative system, there are many that cannot be reduced to financial terms in any meaningful sense. Principles and procedures of recruitment, training and deployment of administrative and technical personnel of different categories, clear definition and enforcement of the responsibilities of functionaries at different levels and above all the general political and social milieu in which the administrative machinery has to operate, determine the efficacy of the administrative system. However, the constraint of resources is admittedly one of the important factors impeding the achievement of certain minimum standards of administrative and social services in some of the States. The removal of this constraint comes within the purview of this Commission. It would nevertheless be recognised that the provision of resources is only the first important step in the process of progressive elimination of disparities in standards of administrative and social services. If the provision of additional resources is to fructify in terms of more efficient and adequate service to the community at large, this will have to be followed up

by energetic and purposeful action on a wide front at both political and administrative levels in the backward States.

3. We have carefully examined the implications of the term "General Administration" occurring in this part of our terms of reference. On a narrow interpretation, the term "General Administration" could be deemed to cover only those services, provision for which is normally made under the budget head "19-General Administration". This would mean that the problem of upgradation of standards in backward States might be considered as limited to allocation of additional funds for expenditure on such agencies as Secretariat and Attached Offices, Board of Revenue, Treasuries and general administrative establishments at district, divisional and tehsil levels. We hold that such an interpretation would be unduly restrictive and out of tune with the enlightened approach to the problem of inter-State disparities that has inspired this part of our terms of reference. In our view, the expression "General Administration" occurring in our terms of reference should be taken in its broad sense as comprehending all the instrumentalities of Governments concerned with general administration, maintenance of law and order, administration of justice and other vital functions of Governments pertaining to the health and welfare of the citizens.

4. We have taken the view that the Finance Commission is concerned primarily with expenditure on revenue account. But this can be considered by some as restrictive. Article 112(2) of the Constitution relating to Central Budget and Article 202(2) of the Constitution relating to the State Budget do specifically require that expenditure on revenue account should be distinguished from other expenditure. Article 275 of the Constitution also refers only to 'revenues' of the States. It, therefore, seems to us that while we can deal with all the requirements of the States for upgradation of standards of administration including social services, we should concern ourselves only with expenditure on revenue account and not on capital and loan accounts. For purposes of raising of administrative standards, we have therefore left out of account expenditure in States on schemes such as roads and drinking water supply, which is generally booked under capital account.

5. We examined carefully the criteria with reference to which the backwardness of States in standards of administration could be assessed with a measure of accuracy and the assistance provided to them for reduction of the disparities. In an attempt to assess the extent of leeway to be made up by the backward States in physical terms, we addressed a questionnaire to all the State Governments as in Appendix III.

Many of the subsidiary points on which we obtained information also gave some indication of the levels of physical achievements in several spheres of administration and social services. On an analysis of the information obtained, we found that except in certain sectors such as elementary education or medical and public health, where the enrolment ratios or the hospital bed-population ratios might give some indication of the relative progress made by different States, the information available about many heads of administrative and social services did not provide a workable basis for taking a view on physical requirements of backward States. To illustrate, we thought that the span of control in terms of area and population of different functionaries at district, subdivisional and taluk levels could provide a reasonably satisfactory yardstick for assessment of the standards of general administration in different States. But analysis of the information obtained from the States showed that it would be misleading to apply this yardstick. Thus, for example, the average size of a district in terms of population was found to be high both in Bihar, which is admittedly one of our backward States, and Tamil Nadu which is recognised to be an advanced State. This should suffice to show that the size of a district by itself cannot be taken to be an indicator of the adequacy or otherwise of the administrative machinery of different States. Similarly in the case of Police, available information on the strength of police force and the facilities available to police personnel was not such as to permit any definite conclusions about the adequacy or efficiency of the police force in different States. Even in sectors such as education or medical and public health where the enrolment ratios or the ratio between population and hospital beds gives some indication of the requirements of the States on a comparable basis, we found it difficult to translate the requirements in financial terms in view of wide differences in scales of pay and variations in patterns of assistance to institutions run by local bodies and other aided agencies. On consideration of these and other relevant factors, we were led to the view that per capita expenditure on administrative and social services in different States, with all its imperfections, would be a convenient yardstick for estimation of the requirements of the backward States in broad terms. Having therefore first projected the requirements of all the States—advanced and backward—on the basis of existing standards of administrative and social services with reference to the rates of growth indicated elsewhere in the report, we worked out the per capita expenditure on certain essential services at the levels likely to be reached in 1978-79 and struck an all-States average of such expenditure. The next step was to identify the States whose expenditure was below the all-States average under different heads and work out the provisions needed to bring them up to the all-States average by 1978-79.

6. In order that this concept of upgradation in terms of per capita expenditure may yield satisfactory results, it was found necessary to exclude certain typical States like Jammu & Kashmir, Himachal Pradesh, Manipur, Meghalaya, Nagaland and Tripura. If the figures of expenditure of these States are taken

into account for purposes of working out the all-States average, the results would be vitiated. In working out the average of all States for purposes of provision of additional funds to backward States, we have, therefore, left out these States. The requirements of these exceptional States for raising the standards of administration have, however, been worked out separately on their merits with due regard to their special circumstances.

7. The primary object of upgrading administrative standards in backward States is to enable the State Governments concerned to respond to the needs of the people more effectively. This consideration is not relevant in regard to tax collection charges. Provision for tax collection charges will have to be made in relation to receipts from the various sources of revenue or on the basis of certain reasonable rates of growth on existing levels of expenditure.

8. The question of mitigating disparities in standards of administration as between advanced and backward States is not relevant in respect of items such as Interest Payments(16)*, Appropriation for Reduction or Avoidance of Debt(17), State Legislatures(18), Famine Relief(64), and Pensions and Retirement Benefits(65). Provisions under these heads will have to be worked out with reference to the actual requirements of the States. As regards developmental heads, it may not be relevant to consider Industries(35), Multi-purpose Projects(42), Expenditure on Irrigation Schemes (43 and 44), Road Transport(57), Electricity(45) and Forests(70) from the point of view of elevation of standards, because the expenditure under these revenue heads relates mostly to the maintenance of irrigation schemes, road transport undertakings, and departmental units already in existence. If a State lags behind in these sectors, the deficiency can be made good only through appropriate programmes undertaken as part of the Plan and not through allocation of funds on revenue account under our scheme of devolution. Moreover, it should be remembered that such outlays will be mostly on capital account. We have, however, dealt separately with provision for adequate maintenance of existing assets such as irrigation works and roads and have provided funds on the basis of certain norms. Adequate resources have been provided under our scheme for maintenance of buildings, irrigation and flood protection works, roads, supply of medicines and diet in hospitals and dispensaries for all the States. The backward States which, for paucity of resources or other reasons, have so far been unable to provide adequate funds for maintenance of capital works, would be the principal beneficiaries of the new procedure followed by us for determination of funds for maintenance. The expenditure on Forests(70) has also to be excluded depending as it does on the extent under forests and also perhaps on the revenue derived therefrom. Likewise, we have felt that expenditure on Agriculture,

*Figures in brackets relate to heads of account as in the Account for 1973-74

Animal Husbandry, Rural Development and Co-operation (31, 32, 33 and 34) should be kept out of the present exercise aimed at upgradation of standards in backward States because the expenditure under these heads depends upon factors varying from State to State. Thus, for example, in some of the States, there may not be any scope for development of fisheries. Likewise, in a State where Cooperation has made very little headway, there will be no point in providing additional funds to match the levels of expenditure on staff attained by another State where co-operative movement has registered considerable progress. The expenditure on Agriculture in *per capita* terms may vary with reference to the potential for agricultural production in different States. The provision of funds for improvement of the capacity of the backward States to exploit their full potential in these sectors can be made only within the framework of a Plan. As regards expenditure under "37-Community Development Projects, National Extension Service", the staffing pattern is already uniform. The level of expenditure on "Labour and Employment" (38) is negligible and has no relation to the incidence of unemployment. This head records expenditure on employment exchanges, maintenance of craftsmen training centres, etc. The allocation of additional funds under this head would, therefore, seem to have no significance from the standpoint of upgradation of administrative standards. As regards the head "26-Miscellaneous", Fire Services would seem to be the only service in respect of which it may be necessary to provide additional funds to the States that lag behind. Here again, the strength and standards of fire services needed would vary from State to State depending upon the extent of urbanisation and industrialisation. We have, however, in the course of scrutiny of forecasts of the States, identified the States where expenditure on Fire Services is significantly lower and provided a little extra help to the weaker States to come up to the standards of the rest. The expenditure under "39-Miscellaneous Social and Developmental Organisations" relates to variegated developmental services which are not uniform in different States. The principal services expenditure on which is booked under this head are (i) Statistics, (ii) Social Welfare, (iii) Town and Country Planning, (iv) Tourist Organisation, (v) Welfare of Scheduled Castes/Tribes and Backward Classes and (vi) preservation and translation of ancient manuscripts. It does not seem feasible to make a Statewise comparison of the aggregate expenditure on these services. However, attention needs to be focussed only on welfare of Scheduled Castes/Tribes and Backward Classes. Our developmental programmes are being increasingly reoriented towards promotion of social justice. In this context, the provision of additional funds for Welfare of Scheduled Castes, Scheduled Tribes and Backward Classes acquires special importance. Expenditure on other services under this head is either negligible or does not lend itself to equalisation. There is no uniformity of classification of expenditure falling under Miscellaneous(71) and Miscellaneous Compensations and Assignments(76). The expenditure under Miscellaneous(71) covers a variety of purposes. The varying levels of expenditure under this head also reflects in a measure certain policies relatable to special difficulties confronted with by the States. Thus, for example, expenditure on food subsidy in Jammu & Kashmir figures under this

head. In some other States, payment of subsidies to electricity boards for rural electrification and other purposes is booked under this head. It will, therefore, be wholly inappropriate to seek uniformity in terms of expenditure among States under this head. We have, therefore, analysed the provisions indicated by the States under the head '71' on their own merits. The head "Miscellaneous Compensations and Assignments" accommodates, among other things, grants and assignments of revenue to local bodies. Some of these grants are on a matching basis and, therefore, depend upon the resources raised by the local bodies themselves. Some taxes are levied and collected by the State Government on behalf of the local bodies and the consequential transfer of the proceeds of such taxes figures under this head. There is a wide range of variations in the organisational set up of the local bodies and the extent of delegation of powers to them. It will, therefore, be a futile and misleading exercise to seek to ensure uniformity between States in terms of provisions under this head. It may also be relevant to add here that the bulk of the grants to local bodies is under education, medical and public health and maintenance of roads. The wide disparities in grants-in-aid to local bodies for these purposes will be rectified in large measure under our other proposals.

9. The upshot of the foregoing discussion is that from the point of view of improvement of standards of administration in backward States, attention needs to be focussed only on the following heads of expenditure, both developmental and non-developmental:

- (i) "9-Land Revenue"
- (ii) "19-General Administration"
- (iii) "21-Administration of Justice"
- (iv) "22-Jails"
- (v) "23-Police"
- (vi) "28-Education"
- (vii) "29-Medical"
- (viii) "30-Public Health"
- (ix) "39-Miscellaneous Social and Developmental Organisations ; Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes."

10. General Administration is undoubtedly a sector in respect of which it is essential to analyse the levels of expenditure in different States with a view to ensuring a more liberal treatment to the backward States and enabling them to catch up with the rest. For this purpose, we thought it desirable to take a composite view of expenditure on revenue establishments under "9-Land Revenue" and "19-General Administration" as the two heads taken together provide a better indication of adequacy or otherwise of the general administrative set up of the States. Expenditure on stationery and printing serves the needs of all departments. It will be appropriate to club the expenditure under this comparatively minor head also with that of general administration for assessment of the additional requirements of backward States. In terms of per capita expenditure, eight States will be below the all-States average. These are Assam, Bihar, Gujarat, Kerala, Madhya Pradesh, Mysore, Uttar Pradesh and West Bengal. The standards of general

administration in Gujarat are generally considered to be among the best in the country. Its level of expenditure is low perhaps because Gujarat has devolved responsibilities on local bodies at district, block and village levels to a significant extent. There may not, therefore, be any need to mark up the expenditure on general administration in the case of Gujarat; nor will such mark up have any significance as Gujarat does not qualify for a grant under Article 275 in view of its substantial revenue surplus.

11. An efficient police administration is an essential pre-requisite for effective maintenance of law and order and the creation of necessary conditions in which economic development can take place without serious set-backs. It is this consideration that led the Commission to devote considerable time to analysis of the requirements of the States for strengthening and modernisation of police force in the course of the discussions with the States. However, apart from Jammu & Kashmir, whose requirements have to be dealt with separately, only the following States have indicated specific provisions for reorganisation and modernisation of police force: (i) Andhra Pradesh—Rs. 24.7 crores; (ii) Madhya Pradesh—Rs. 69.2 crores (including Rs. 20.50 crores for police housing which should be accommodated on capital account); (iii) Orissa—Rs. 2 crores; and (iv) Uttar Pradesh—Rs. 30.2 crores. It will obviously not be fair or proper to provide funds for modernisation of police force only in certain States leaving out the rest. Also the request for modernisation has to be assessed carefully with reference to the special problems facing each State, the general law and order position, proximity to border areas, extent of urbanisation and industrialisation. The availability of equipment on the scale entailed by the various proposals for modernisation formulated by States would also have to be carefully checked. We have, therefore, felt that modernisation should be left to be tackled as at present through a special programme administered by the Ministry of Home Affairs but with substantially larger financial allocation. The scheme is now being financed on the basis of 25 per cent grant and 75 per cent loan. We suggest that the present pattern should be liberalised and the grant component raised to 50 per cent.

12. Judged in terms of per capita expenditure, expenditure on Police in nine States, namely, Andhra Pradesh, Bihar, Haryana, Kerala, Madhya Pradesh, Mysore, Orissa, Tamil Nadu and Uttar Pradesh, is lower than the all-States average. Of these nine States, no special assistance to Tamil Nadu and Haryana may be necessary because the gaps to be covered in their case are small and the strength and effectiveness of the police force should be deemed adequate with reference to coverage of police stations and facilities available to them.

13. The expenditure under administration of justice is not significant in any State. The all-States average of per capita expenditure in 1978-79 reassessed by us would be Rs. 1.01. With reference to this average, eight States, namely, Andhra Pradesh, Assam, Bihar, Haryana, Madhya Pradesh, Orissa,

Rajasthan and Uttar Pradesh, would need special assistance. In the case of Haryana, which does not qualify for a grant under Article 275, the mark up will be of only notional significance. The expenditure on jails is not very substantial in any State. Further, comparison among States is vitiated by the fact that in most States jails undertake commercial activities which have the effect of inflating both the receipts and expenditure. Any comparison of the per capita expenditure should, therefore, be made only with reference to the net expenditure after setting off the receipts. On this basis, all-States average for 1978-79 would be 65 Paise. With reference to this, nine States including Maharashtra and Gujarat, whose general level of expenditure is otherwise satisfactory, were below the all-States average, whereas in the case of Bihar, which is recognised as one of the most backward States, the per capita expenditure exceeded the all-States average.

14. Education is by far the most important social service in respect of which the need for bridging the differentials in standards among different States appears to be imperative. It would, however, not be appropriate to assess the requirements of the States with reference to the aggregate levels of expenditure on Education. The general complaint against the States has been that they have tended to spend relatively more on university education to the detriment of primary education. This charge would seem to be partially correct, when we compare State-wise figures of per capita expenditure on education as a whole and State-wise per capita figures on primary education. States like Punjab, Haryana, Rajasthan and West Bengal are above the all-States average in terms of aggregate expenditure on education while they are below the average in terms of expenditure on primary education. The concept of equalisation can be validly applied only to primary education. In this sector, all States except Assam, Kerala, Gujarat, Tamil Nadu, Mysore and Maharashtra are below the average and additional funds need to be provided to raise the level of expenditure on primary education in the remaining States to all-States average. In the case of Punjab and Haryana, which do not qualify for grant under Article 275, the mark up of the provision under primary education would only mean that they would have to earmark a portion of the revenue surplus accruing to them for the purpose.

15. In regard to Medical and Public Health, we have indicated elsewhere the norms evolved by us for supply of medicine and hospital necessities. The provision of funds to States on the basis of such norms would result in a significant upgradation of the quality of medical and public health services in the backward States. But, apart from medicines, the strength of medical and para medical staff has also an important bearing on the level of medical and public health care attained in a particular State. From this point of view, we have, therefore, looked at expenditure on medical and public health as a whole and have identified Andhra Pradesh, Assam, Bihar, Haryana, Madhya Pradesh, Mysore, Orissa and Uttar Pradesh as the States which are lower than the national average.

16. Our terms of reference envisage that the process of improvement of standards of administration in backward States should be so phased that they can reach the level obtaining in the more advanced States over a period of ten years. We have, therefore, applied our minds to the question whether the additional financial allocations, as estimated by us, for bringing the backward States upto all-States average should be spread over a period of ten years or only the five years falling within the period of our award. It is possible to argue that the process of equalisation can be deemed to be fully accomplished only when the backward States are brought up, in terms of per capita expenditure, to the average of the advanced States. We have, however, worked out the additional requirements of the States for the services indicated earlier only with reference to all-States average of expenditure on such services. In other words, our immediate

objective is a more limited one of providing additional funds to certain States to come up to a minimum which we have taken as the average of all States. We consider that this limited objective can, and should be achieved within five years, i.e. by 1978-79. Having, therefore, projected the provisions needed by all the States for the services indicated on the basis of different rates of growth indicated elsewhere, we have worked out the additional provisions needed by the backward States to come up to all-States average of expenditure as assessed for 1978-79. These requirements have been spread evenly over the five-year period of our award.

17. The additional amounts as assessed by us for improvement of standards of essential administrative and social services are set out below :

Financial provision over the Fifth Plan period for upgradation of Standards of Administration

States	(Rs. crores)							
	General Administration	Administration of Justice	Jails	Police	Primary Education	Medical and Public Health*	Welfare of Scheduled Castes/Tribes & Backward Classes	Total all Services
1	2	3	4	5	6	7	8	9
1. Uttar Pradesh	36.03	5.04	2.65	54.30	123.72	55.62	12.80	290.1
2. Bihar	36.21	5.58	..	39.60	35.19	35.19	15.02	166.7
3. West Bengal	3.84	..	..	..	49.56	..	18.83	72.23
4. Orissa . . . . .	..	2.04	0.79	11.88	27.60	7.35	7.40	57.06
5. Andhra Pradesh . . . . .	..	0.27	2.61	20.37	15.54	13.83	..	52.62
6. Madhya Pradesh	12.27	1.62	1.88	3.99	7.38	18.51	4.69	50.34
7. Rajasthan . . . . .	..	1.77	1.31	..	11.31	..	13.04	27.43
8. Mysore	7.02	..	1.76	16.53	..	1.14	..	26.45
9. Haryana . . . . .	..	0.42	..	(1.11)	14.79	2.07	4.17	21.45
10. Assam	4.86	1.65	..	..	..	3.24	8.27	18.02
11. Punjab . . . . .	..	..	..	..	7.02	..	6.92	13.94
12. Gujarat	(10.02)	..	2.56	..	..	..	6.63	9.19
13. Kerala	1.92	..	0.77	3.84	..	..	..	6.53
14. Maharashtra . . . . .	..	..	0.30	..	..	..	3.33	3.63
15. Tamil Nadu . . . . .	..	..	..	(6.54)	..	..	..	..
TOTAL	102.15	18.39	14.63	150.51	292.11	136.95	101.10	815.84

*It relates to expenditure on items other than medicines and diet.

N.B.—Figures in brackets not included in total for the reasons indicated in paras 10 and 12 of this Chapter.

These amounts together with those provided for separately in regard to a typical States have been taken into account by us in the determination of grants-in-aid of the States under Article 275 of the Constitution.

18. The provision of additional funds may not by itself ensure that they would be utilised for the purposes which we have in view. There have been instances when the States, faced with constraint of re-

sources, have diverted the provisions in the Plan for essential social services to other programmes. Having regard to the magnitude of the special help now being provided to them for improvement of certain essential services, it would be in the national interest to prescribe some arrangements for ensuring greater accountability on the part of the States for the funds provided to them. We outline briefly our suggestion in this regard in the Chapter on grants-in-aid.

CHAPTER XIII FISCAL MANAGEMENT

Our terms of reference stipulate that in framing our proposals for grants-in-aid of the revenues of the States, we should have regard among other things to fiscal management and economy combined with efficiency in expenditure at the State level. Fiscal management is a multi dimensional concept. In the application of this concept to concrete situations, both qualitative and quantitative aspects deserve attention. Briefly stated, in assessing sound fiscal management one should have regard both to the manner in which the State has endeavoured to raise the resources needed for meeting its commitments and also the manner in which it has deployed the resources so raised so as to get the best possible results for the expenditure incurred. A review of fiscal management in this broad sense will call for a comprehensive and critical survey of the fiscal policies and administration of State Governments over a period of time. This is a task which is too difficult to undertake within the limited time at our disposal. A review of fiscal policies and administration is already being attempted in some measure on a continual basis by Audit and Public Accounts Committees under our Constitution. Since the advent of planning, the Planning Commission too has an opportunity of surveying from time to time the trends in revenues and expenditure of State Governments and more particularly their efforts at mobilisation of additional resources. Programme Evaluation Organisations at the Centre and their counter-parts in various forms at the States are also expected to play a part in focusing attention on areas of inefficiency in execution and shortfalls in achievement of results in relation to the resources deployed. While within the time at our disposal, it has not been possible to consider in depth issues relating to fiscal policies, expenditure control and quality of fiscal administration in general, during our visits to the States we invariably held discussions among others with Accountants General that enabled us to form a general judgement on the manner in which the State finances were being managed. We also obtained from Accountants General short summaries of the reports of the Public Accounts Committees for the last few years highlighting major financial irregularities and instances of infructuous expenditure. We would only like to observe that these discussions and the materials furnished to us have left us with the feeling that in many States the treasury and accounts organisations need to be considerably strengthened. In particular, arrangements have to be made without further delay for the more prompt and effective compilation and processing of data on receipts and expenditure. The considerable delays which we ourselves experienced in getting response to our requests for information on important points having a bearing on terms of reference such as for example number of employees,

their distribution by pay ranges, norms for maintenance of capital assets and arrears of loans and revenue outstanding clearly point to the need for improvement of fiscal administration in many of the States. It is regrettable that we could not get even the preliminary actuals of revenues and expenditure for 1972-73 from some of the States primarily because the treasuries in the States had in turn failed to submit the monthly statements of accounts according to schedule. Some of the backward States will get additional resources in terms of our award for improvements of their standards of general administration. We would urge that some part of these additional resources should be devoted to the strengthening of financial and accounting organisations in the States without which neither sound planning nor fiscal discipline can be ensured.

2. We also noticed that in many of the States somewhat relaxed attitudes in regard to recovery of loans and tax arrears have been allowed to develop over a period of time. If these attitudes are allowed to persist, fiscal discipline will suffer an irretrievable set back. In reassessing the forecasts of receipts furnished by the State Governments, we have assumed recovery of arrears of revenues and loans to a reasonable extent.

3. A special aspect of fiscal management that arises for consideration is whether the State Governments have exerted themselves to a reasonable extent in raising resources from the sources allocated to them under the Constitution. The Fifth Finance Commission sought to measure the tax performance of the States on the basis of the ratio of per capita revenue to per capita income of the States and the same methodology was also followed by the Planning Commission in determining the tax efforts of the States for distribution of a portion of Central Assistance for State Plans. We devoted some thought to the question of further refinement of the methodology followed by the Fifth Finance Commission and evolving certain criteria for determining the relative tax performance of the States. But we have given up the effort on the practical consideration that the application of a formula based on relative tax effort, however designed, would place at a disadvantage some of the States faced with big gaps on non-Plan revenue accounts. To leave such gaps uncovered on the ground of their poor tax performance, however defensible on theoretical considerations, would jeopardise maintenance of essential administrative and social services for want of adequate resources. States, both advanced and backward, which have done better than the average at resource mobilisation might feel aggrieved that their efforts have not received recognition. But, if in the determination of the principles of Central assistance for