

Methodology to compute the additional grants-in-aid payable to deficit States to meet the increase in committed liability on account of making provisions for the maintenance of Plan Schemes completed by 1984-85.

The amount of grants, if any, to be paid to the ten deficit States in each of the years 1985-86 to 1988-89 (and for Rajasthan in 1985-86 only) should be computed as follows:—

- (a) The budgetary measures to raise additional resources which these States are expected to take in 1984-85 may be computed in the same manner as we have computed the budgetary measures which the States were expected to take in the year 1983-84 (vide para 3.44). In other words, out of the target of additional resource mobilisation fixed by the Planning Commission for 1984-85, 48.56 per cent may be treated as the target of additional resources to be raised through budgetary resources. This would be the estimated yield in 1985-86 and this may be projected in the remaining three years of the forecast period at 8 per cent, which is the average all-States rate of growth of tax revenue derived from the tax revenues adopted for the forecast period.
- (b) The increase in the revenue component of the approved plan outlay in 1984-85 over the corresponding outlay in 1983-84 may be ascertained. In the case of Andhra Pradesh, this may be ascertained after excluding the provisions for the mid-day meals scheme, in respect of which full provisions have already been made for maintenance. 30 per cent of this increase may be assumed as the additional committed expenditure which the States would have to incur in 1985-86. This amount may be projected at 6 per cent for the remaining three years.
- (c) If the committed expenditure as computed in (b) is more than the additional revenue computed as in (a) in any of the years commencing from 1985-86, grants-in-aid may be provided to the deficit States concerned.