CHAPTER XI

FINANCING OF RELIEF EXPENDITURE

11.1 By paragraph 10 of the President's Order we are required to review the policy and arrangements in regard to financing of relief expenditure by the States affected by natural calamities, and, to suggest such modifications, as considered appropriate, in the existing arrangements, having regard, among other considerations, to the need for avoidance of wasteful expenditure.

11.2 That financing of relief expenditure is primarily the responsibility of State Governments has been accepted as almost exiomatic by earlier Commissions. Notwithstanding this view, successive Finance Commissions have been recommending schemes of Central assistance for meeting relief expenditure. They obviously realised that, on occasions, the magnitude of expenditure required to be incurred might well be beyond the means of the States.

The Second Finance Commission introduced the concept of 'margin money', and built it into the expenditure requirements of the States. This concept was retained by the succeeding Commissions, though they varied the manner of computation of the same. This was done with the object that the margin money should be immediately available for use in the event of calamities of more than moderate severity. It was only if the expenditure requirements exceeded the 'margin money' that Central assistance was to be extended.

11.3 We will briefly describe the existing arrangements which are based on the recommendations of the Seventh Finance Commission. According to the recommendations of that Commission margin moneys aggregating Rs. 100.55 crores annually are to be provided by the States in their budgets. That Commission considered that these provisions should enable the States to bear the burden of relief expenditure better than had been the case until then. Where the expenditure required to be incurred is estimated to exceed the 'margin money', the State concerned has to present a memorandum to the Centre setting out its demands for Central assistance. The memorandum is examined by the Union Ministry of Agriculture, which is the coordinating Ministry for this purpose. Thereafter a Central team consisting of officers drawn from different Ministries is sent to make an on-the-spot assessment and make a report. This report is considered by the High Level Committee on Relief, which recommends ceilings of expenditure for different items. Based on these recommendations, the Ministry of Finance fixes the ceilings of expenditure and communicates them to the State concerned. Expenditure in excess of margin money, subject to the ceiling so fixed, qualifies for Central assistance.

11.4 The Seventh Finance Commission distinguished between droughts on the one hand, and, floods, cyclones, earthquakes, etc. on the other, and suggested different patterns of Central assistance for these two categories of natural calamities.

11.5 For expenditure on droughts, the Seventh Finance Commission recommended that the State concerned should contribute from its Plan, the contribution being subject to assessment by the Central teams and the High Level Committee on Relief. Such contribution is, however, not to exceed 5 per cent of the Annual Plan outlay, and, is to be treated as an addition to the Plan outlay of the State in that year. To enable the State to make this contribution, the Centre provides assistance which is treated as advance Plan assistance. If, however, the expenditure requirement as assessed by the Central team and the High Level Committee on Relief cannot be contained within 5 per cent of the Plan outlay, the extra expenditure is to be taken as an indication of the special severity of the calamity, which would oblige the Central Government to assist the State to the full extent of the extra expenditure. This assistance is to be given half as grant and half as loan, and, is not adjustable against the Plan assistance of the State.

11.6 For expenditure on relief, and, on repairs and restoration of public works following floods, cyclones and other calamities of a sudden nature, the Seventh Finance Commission recommended that the assistance should be given as a non-Plan grant to the extent of 75 per cent of the total expenditure

State in the grant in each year from 1979-80 to 1983-84 should be an amount equivalent to the net collection in that State in that year. The Commission further recommended that Sikkim would also become entitled to a share in the grant if, and when, the levy of wealth tax was extended to that State in the period covered by its Report. Like its predecessor, the Seventh Finance Commission also decided to ignore the shares of the States in the grant while computing the revenues position after devolution, and left the amount of grant to be treated as a Plan resource of the States.

10.8 We have studied the views of the States as to principles that should govern the distribution of the grant. However, it is not necessary to narrate their views as the position with regard to wealth tax on agricultural property has completely changed from the assessment year 1981-82. As a result of the amendment under the Finance (No.2) Act, 1980, wealth tax was not chargeable on agricultural property with effect from the assessment year 1981-82, except on four specific types of plantations, namely, tea, coffee, rubber and cardamom. The wealth tax on these four plantations has also been withdrawn by the Finance Act, 1982 and thus, now, wealth tax on agricultural property totally stands discontinued from the assessment year 1983-84.

10.9 Though wealth tax on agricultural property is not leviable at present, the principles of distribution of the grant still have to be decided so as to enable the distribution of the arrears, if any, that may be collected during the period covered by our Report. As the amounts to be distributed would be quite small, and for the sake of continuity, we adopt the same principle as the Seventh Finance Commission and recommend that the share of each State in the grant in each year from 1984-85 to 1988-89 should be an amount equivalent to the net collection in that State in that year. We too, have left the grants to be treated as the States' Plan resources, and not brought them into computation of the revenue position after devolution.

in excess of the margin. The remaining 25 per cent is to be borne by the State in order to discourage wasteful expenditure. The Central assistance is not adjustable against the Plan of the State or against the Central assistance for the Plan. The Seventh Finance Commission also added that where a calamity is of 'rare severity', it might be necessary for the Central Government to extend assistance to the States concerned on a scale even more liberal than suggested by it.

11.7 Before proceeding to consider what recommendations we should make, it will be useful to briefly mention the important points made in the Memoranda of the States, the Ministry of Agriculture, Ministry of Finance, and, the Planning Commission.

11.8 Andhra Pradesh, Karnataka, Tamil Nadu and Uttar Pradesh have suggested retention of the existing levels of margin money, whereas Gujarat and Haryana have said that the margin money should be a modest amount. Others have suggested an increase in the quantum of margin money by varying amounts. Yet other States have suggested specific amounts of margin money for which provision should be made. Some States have even pleaded that the expenditure incurred by them out of the margin money should be accepted without question by the Centre. There is a divergence of opinion amongst the States as to the period for which the actuals of expenditure should be taken to obtain an average for computing the margin money.

11.9 Andhra Pradesh, Gujarat, Haryana, Orissa and West Bengal have opposed the distinction presently being made between drought on the one hand and floods, cyclones, etc. on the other. As many as thirteen States have opposed linking of relief expenditure with the Plan. Some of them are also against the grant of Central assistance by way of advance Plan assistance, and its subsequent adjustments. They say that, since the major portion of Plan outlays is pre-empted by priority sectors like irrigation and power, it would be unrealistic to expect them to accommodate the relief expenditure within the Plan. They further say that to treat relief expenditure incurred for accelerating on-going Plan schemes, or, on new Schemes as additional Plan expenditure in the year in which the calamity occurs, distorts their priorities, and inevitably leads to a cut back in the allocation for these schemes in the future years. Moreover, in many States the concept of district planning has been accepted which would render it difficult to transfer resources from one district or area to another.

11.10 With respect to the pattern of Central assistance, some States are in favour of the assistance being in the form of 100 per cent grants while others have suggested that the grants should be to the extent of 75 per cent and the rest as loan. Some States have suggested different patterns of assistance for drought and floods. A few States like Bihar and Haryana have said that Central assistance should be given to the extent of 100 per cent as non-Plan grant under Article 275 of the Constitution. Kerala is of the view that the entire responsibility for incurring expenditure on natural calamities should be that of the Centre.

11.11 Some other suggestions of a miscellaneous nature received by us are: that expenditure to meet relief of distress caused by fire and hailstorms should also qualify for Central assistance; that there should be no arbitrary cut-off point like the financial year in the grant of Central assistance, but, that Central assistance should be related to the agricultural year; that spill-over expenditure into the next financial year should also qualify for Central assistance; that the assessment by Central teams and the scales of assistance fixed by them should be realistic; that provision should be made for the non-wage component in employment generation works; that a representative of the State Government should be included in the Central team; that loss of revenue arising from natural calamities should also be compensated by Central assistance; and that there should be no insistence that the unspent margin money in any year should be invested in easily encashable securities.

11.12 The suggestions received from the Ministry of Agriculture emanate from two basic considerations: first, any scheme for financing of relief expenditure should contain disincentives to discourage States from rushing to the Centre for help; secondly, State Governments are primarily responsible for meeting expenditure on natural calamities from their own resources. They, therefore, suggest that no distinction should be made in the pattern of assistance for drought and for other natural calamities, that only 50 per cent of the expenditure should be met by the Centre by way of advance Plan assistance, and that the remaining 50 per cent should be found by the States from their own resources. They have also suggested that advance Plan assistance given to States should be adjusted strictly in accordance with the recommendations of the Finance Commission and that no assistance should be given for restoration and repairs of public properties damaged by natural calamities, for which, at the most, ways and means advances be given to the States.

11.13 The Ministry of Finance are of the opinion that (a) relief expenditure is primarily the responsibility of the State concerned; (b) the present arrangements are totally unsatisfactory leading to abuse of the system and inflated demands; and (c) the scheme of financing of relief expenditure should aim at curbing the present abuses, and, discouraging States from making unnecessary and unjustified demands. The Ministry has put forth two alternative schemes.

According to the first, the State Government should meet the expenditure from its own resources to the extent of 5 per cent of its Plan outlay for the financial year in which the calamity occurs, by suitable adjustments within its Plan and non-Plan outlays. This amount should be found by the States over and above the margin money fixed by the Finance Commission. No distinction need be made between drought and other natural calamities like floods, cyclones, etc. In the event of the expenditure requirement exceeding the margin money and 5 per cent of the State's Plan outlay, the excess expenditure should be met through a five-year non-Plan loan from the Centre.

The second scheme keeps intact the present distinction between drought on the one hand, and, floods, cyclones, etc. on the other. For drought, the suggestion is that the expenditure in excess of the margin money be shared between the Centre and the State in the ratio of 60:40, the Central assistance being advance Plan assistance adjustable within five years from the date of release of assistance. For floods, the sharing of expenditure in excess of the margin money would be in the same proportion, but the Central assistance would be given as a non-Plan loan to the State to be repaid within five years.

The Ministry suggests that the present procedure of sending a Central team to the affected State and placing its report before the High Level Committee on Relief should continue in both cases.

11.14 The Planning Commission has said that the present distinction between droughts, and, floods, cyclones, etc., originated by the Seventh Finance Commission, should be maintained. It also does not think that any change is called for in the existing criteria governing Central assistance for various kinds of natural calamities; except that in the case of States which have had droughts for more than four or five successive years, the entire assistance should be considered for being given as a grant.

11.15 We turn our attention, first, to the alleged deficiencies of the present system. There is no doubt that relief expenditure has increased enormously in recent years; and, also, that the burden of the expenditure has, in the course of time, come to fall more heavily on the Central budget. But, these phenomena could, to a large extent, be the result of forces beyond the control of both the Centre, and the States, e.g. the greater severity of the calamities, and the rise in prices. Therefore, they do not necessarily indicate any intrinsic defect in the system as such.

11.16 However, a comparison of the demands made by the States, and the ceilings fixed by the Centre on the recommendations of the High Level Committee on Relief does show that the claims made by the States tend to be exaggerated. We have made such a comparison in Annexure XI-I. It could be that inflated demands are made by the States as a matter of precaution thinking that no matter how realistic their claim, it is bound to be cut down by the Centre.

11.17 There may, again, be good reason to believe that all the money granted for relief expenditure is not properly employed. However, the present system provides adequate safeguards to minimise that possibility. As we have mentioned already, a Central team is deputed to make an on-the-spot study as soon as a memorandum is received from the State. Of course, it can be said that such a team makes its assessment only on an "impressionistic view", but, we are unable to discover any other method by which it could make a better assessment. It is further true that there is a degree of subjectivity involved, but, given the fact that the Central teams, which go to different States, comprise different officials, who are required to make an assessment in a hurry, some degree of subjectivity is inevitable.

11.18 It seems to us that, even if some flaws have appeared in the functioning of the existing scheme, these are not of such a nature as to indicate that the scheme itself is misconceived. On the contrary, we think, that having regard to all aspects of the problem, it is not easy to devise a better scheme. It contains many checks and balances which, if properly worked, should operate as safeguards against abuse. According to the Union Ministries, the basic flaw in the present system arises from the fact that the Centre is required to subscribe towards relief expenditure. To this, the answer is that there are inbuilt disincentives in the scheme. Assistance by the Centre to a State in the case of drought is given in the form of advance Plan assistance to be adjusted in succeeding years. Though in the case of a flood, a non-Plan grant is given, but, 25 per cent of the expenditure in excess of the margin money has to be borne by the State itself. We think these are considerable deterrents to the misuse of the system.

11.19 Our analysis of relief expenditure, and, relief assistance over the last few years has shown that the margin money fixed by the last Commission has, in practice, proved insufficient in many cases. The earlier Commissions took the average of relief expenditures incurred over a few years and fixed them as the margin moneys for each State. The Second, Fourth and Fifth Finance Commissions took the average of these expenditures for 10 years, 8 years and 9 years respectively, while the Sixth Finance Commission adopted the average of such expenditure for the period 1956-57 to 1971-72, i.e. over a period of 16 years. The actual expenditures taken into account by them included not only expenditure on items of direct relief like gratuitous relief, drinking water arrangements, arrangements for supply of fodder, and other emergent expenditure immediately following a calamity, but, also, expenditure on relief works. These Commissions, however, did not provide for any element of repairs and restoration of public assets, which entails considerable expenditure following floods, cyclones, etc. The Seventh Finance Commission did take such expenditure into account while computing the margin money, but, left out of reckoning the expenditure on relief employment. It took the average annual expenditure for each State for the years 1969-70 to 1977-78 on direct relief other than relief employment, and on repairs and restoration of public properties damaged by floods, cyclones and earthquakes, This 9 year average was increased by 15 per cent to allow for the increase in price levels. The margin money for each State was fixed on this basis after making appropriate adjustments in the case of individuals States where there were exceptionally large expenditures, because of calamities of unprecendented magnitudes, like, for instance the cyclones in Andhra Pradesh and Tamil Nadu in 1977.

11.20 We observe that relief expenditure in many States reached hitherto unprecedented proportions from the year 1977-78 onwards. Fixing the margin money on the basis of a long-term average would, therefore, operate to the disadvantage of the States. We, therefore, think that the margin money should be fixed with reference to the average expenditure over the five years ending 1982-83 as this would correctly reflect the possible needs of the States. Further, we agree with the view of the previous Commission that the margin money should be meant to cover items of direct relief expenditure, and, repairs and restoration of public assets, and not the expenditure on relief employment.

11.21 We have, therefore, taken the average of the expenditure in each State over the period 1978-83 classified as 'non-Plan' expenditure which would accord with the items of expenditure taken into account by the Seventh Finance Commission. The total annual requirement of provisions for all States works out to nearly three times the total annual provision allowed by the last Commission. In the case of some States, we found, that fixation of margin money on this basis resulted in unusually large amounts because of abnormal expenditures in particular years. We have, therefore, moderated the margin money calculated in this manner in the case of such States by limiting the total margin money provision to three times of what was provided by the Seventh Finance Commission. In the case of a few States, the margin money provision, calculated by us on the basis of the five-year average, worked out to even less than what was allowed by the last Commission. In such cases, we have provided what was allowed by them. The margin moneys calculated by us in the light of the foregoing, with the above mentioned modifications, have been rounded-off to the next higher Rs. 25 lacs. On this basis the aggregate margin money for all the States taken together works out to about Rs. 240.75 crores as against an aggregate margin money of Rs. 100.55 crores provided by the previous Commission.

11.22 In one important respect, however, we wish to make a departure from the previous Commissions i.e. in the manner of funding the margin money. The earlier Commissions made a provision equal to the margin money, determined by them, in the revenue forecast of each State. In our scheme of financing the relief expenditure, we propose that the Centre should contribute 50 per cent of the margin money, determined for each State, in every year. We further propose that on the occurrence of a natural calamity, a State will be entitled to draw on the Centre's share after it has exhausted its own share of the margin money. The Centre should make this money available on demand. If, in any year, the Centre's share of the margin money or a portion thereof is not paid to any State, it shall be carried forward into the next year. The accumulated balances lying to the credit of a State will then be available to it in a year of need together with that year's contribution from the Centre. We are advisedly not suggesting that the unspent balances in the margin money should be invested in easily encashable securities, for, we are aware that in practice this does not happen. While the unspent balances in the margin money need not be invested in easily encashable securities, the balance out of the margin money in any year would be deemed to have been notionally carried forward into the next year. In a year in which a natural calamity occurs necessitating Central assistance, the Centre would naturally take note of all the unspent balances in the margin money from the previous years while determining the quantum of Central assistance.

11.23 Now that we have enlarged the margin money on the basis of an average derived from the annual expenditure during the five years ending as recently as 1982-83, and, have further recommended that 50 per cent of the margin money should be contributed by the Centre. We think that, in the ordinary course, it should be possible for the States to cope with a natural calamity without having to seek any further assistance from the Centre. As regards the situation in which such further assistance may become necessary, we think, no change is necessary to be made in the existing scheme of Central assistance based on the recommendations of the Seventh Finance Commission. Accordingly, we recommend that, as at present, there should be a distinction between drought on the one hand, and, flood, cyclones, earthquakes, etc. on the other. Further, the present arrangements relating to Central assistance for these two categories of natural calamities should continue during the period covered by our report. The only changes that we recommend are in respect of the quantum of margin money and the manner of its funding.

11.24 Now, reverting to the other points raised by the States, some of them have represented to us that expenditure incurred on relief of distress caused by hail-storms and fire should also be deemed to be expenditure on natural calamities. We understand that expenditure on relief necessitated by hail-storms qualifies for Central assistance even in the scheme as it exists, so no recommendation by us is required. The position in regard to fire has hitherto not been very clear. We recommend that expenditure for relief of distress caused by fire should be treated on the same footing as a natural calamity of the category of floods, cyclones, earthquakes, etc.

11.25 It has been suggested by some States that expenditure on staff and establishment sanctioned on a regular basis to meet a calamity, which recurs annually, should be treated as a legitimate charge on the margin money of the State. We think that expenditure on regular staff and establishment should not normally be a charge on relief expenditure, except where additional staff has been specifically recruited for the purpose of relief operations.

11.26 As for the point made by some States that Central assistance should not be related to the financial year, but, to the agricultural year, we understand that the Centre does sanction additional assistance in the succeeding financial year in respect of natural calamities like drought, which continue beyond the financial year. However, there is no doubt that it would make for better planning and continuity of relief operations if the Centre, while sanctioning its assistance, were to indicate the likely quantum of Central assistance even for the period falling in the next financial year. If budgetary constraints require the sanctions to be restricted to the financial year, the ceilings of expenditure can be fixed with reference to the full duration of the calamity in question, but, the financial sanctions could be suitably divided to fall in the respective financial years.

11.27 Some of the States have said that Central assistance should take into account the non-wage element in expenditure on relief employment. We gather that this is already being done.

Some States have complained that cost norms adopted by the Central team for items such as repairs/reconstruction of damaged houses are too low. We suggest that Central Government may review the norms.

11.28 As regards the complaint of some States that spill-over requirements are not met by the Centre, we feel that the States have a good case. Though a flood or a cyclone may have ended, the expenditure on the repairs and restoration of public works, which it entails, may spill over into the next, and, succeeding financial years. We understand that under the existing arrangements the Central assistance is restricted to the financial year in which the natural calamity occurs, and, that all spill-over expenditures are expected to be met by the States themselves by making suitable provisions in their budgets for the subsequent years. We are of the view that this is unfair to the States. If after an on-the-spot assessment, the Centre is satisfied about the extent of expenditure required to be met, than the Central assistance should extend to the whole of the expenditure on the repairs and restoration of public works, regardless of whether it can be incurred in the financial year in which the calamity occurs, or, whether it will have to be spread over the next and subsequent years. Technicalities of financial years should not be allowed to come in the way of sanctioning what has been assessed as legitimate expenditure.

11.29 As regards the suggestion that a representative of the State Government should be included in the Central team, we think, this will cause unnecessary difficulties, and, we do not, therefore, favour this suggestion.

11.30 We would like to add a word regarding the existing procedure for providing relief assistance to the States. Some States have complained that there is considerable delay in sending Central teams to the

States and sanctioning Central assistance. It hardly needs to be emphasised that when there is a natural calamity, the situation is one demanding urgency on all hands. We, therefore, think that the procedures should be streamlined as much as possible, and, the Centre should give its attention to this aspect. In any case, we think, it should be possible for the Centre to send a team within 15 days of receipt of a report from the State giving a broad assessment of the damage caused by the calamity, and, the assistance required. Sending of the Central team should not be delayed to await a detailed memorandum. It should also be the endeavour of the Centre to sanction relief within 15 days of the return of the Central team.

11.31 Lastly, we turn to the objections of certain States to linking of Central assistance to Plan assistance. Though the arguments of the States are not without some force, the fact remains that the major portion of advance Plan assistance is for relief employment, and, drinking water supply schemes. It should not be difficult for the States to dovetail these with their Plan programmes either by accelerating the existing Plan schemes or by taking up schemes which, in any case, would have been taken up in the near future as a part of Plan programmes, Dovetailing of relief expenditure with the Plan should not prove too difficult, if, the States have a shelf of schemes ready in advance.

11.32 To sum up, therefore, we recommend that the scheme of financing of relief expenditure as recommended by the Seventh Finance Commission should continue. The further relief we have proposed is in regard to the quantum of margin money and its sharing between the Centre and the States.

11.33. The revised margin moneys fixed by us for the different States are shown in the following Table. The margin moneys allowed by the last Commission are also shown alongside.

Margin moneys as recommended by the Eighth Finance Commission and the Seventh Finance Commission.

(Rs. crores)

	STATE	Margin Money recommended by Eighth Finance Commission	Margin Money recommended by Seventh Finance Commission
	1.	2.	3.
1.	Andhra Pradesh	24.50	8.58
2.	Assam	7.25	3.46
3.	Bihar	33.75	13.08
4.	Gujarat	28.75	9.56
5.	Haryana	4.50	1.47
6.	Himachal Pradesh	1.75	0.51
7.	Jammu & Kashmir	1.50	1.30
8.	Karnataka	6.00	2.00
9.	Kerala	5.00	1.59
10.	Madhya Pradesh	4.75	1.83
11.	Maharashtra	7.25	4.57
12.	Manipur	0.25	0.08
13.	Meghalaya	0.25	0.07
14.	Nagaland	0.25	0.14
15.	Orissa	26.25	8.71
16.	Punjab	6.00	2.68
17.	Rajasthan	16.75	7.74
18.	Sikkim	0.25	0.01
19.	Tamil Nadu	8.75	8.59
20.	Tripura	0.75	0.18
21.	Uttar Pradesh	32.50	10.80
22.	West Bengal	23.75	13.60
	TOTAL :	240.75	100.55

Half the margin money for each State, as now fixed by us, has been taken into account in the reassessment of the State's forecasts. We recommend that the remaining half of the margin money should be provided by the Centre.

CHAPTER XII

UPGRADATION OF STANDARDS OF ADMINISTRATION

12.1 In making our recommendations, para 5(vi) of the President's order enjoins us to have regard, among other considerations, to 'the requirements of the States for upgradation of standars in non-developmental sectors and services, particularly of States which are backward in general administration, with a view to bringing them to the levels obtaining or likely to obtain in the more advanced States', and to indicate the manner in which such expenditure could be monitored.

12.2 Such a consideration was first mentioned in the terms of reference of the Sixth Finance Commission. It was asked to have regard to the requirements of States which were backward in standards of general administration, for upgrading the administration with a view to bringing it to the levels obtaining in the more advanced States over a period of ten years. For this purpose, that Commission adopted the yardstick of the per capita expenditure on administrative and social services in different States. Those States which fell below the all States' average in per capita expenditure in selected sectors were given supplemental provisions in the re-assessed forecasts by way of upgradation provisions. The Sixth Finance Commission confined itself to the expenditure on revenue account in estimating these requirements.

The corresponding term of reference to the Seventh Finance Commission was similar to ours. That Commission examined the requirements of upgradation of standards of administration according to physical norms. It also had regard to the feasibility of approved schemes supported by upgradation grants during the period covered by the Report of the Commission. It did not make a larger provision for any State than that proposed by the State itself.

12.3 Though we agree with the approach of the Seventh Finance Commission that the standards of service in the selected sectors should be judged according to physical norms, we do not think that the provisions made should necessarily be restricted to the amounts requested by the State. Thus, we have made provisions for upgradation on the basis of physical norms, uninhibited by the amount named by the State.

12.4 The proposals for upgradation received from all States would require a total outlay of Rs.19,424 crores. The proposals cover the whole gamut of administration. Given the limitation of resources, it is obviously not possible for us to provide for all the upgradation needs for which we have received requests, nor to the total extent asked. We have, therefore, selected the following sectors for upgradation. They are:

(i) police;
(ii) education;
(iii) jail administration;
(iv) tribal administration;
(v) health;
(vi) judicial administration;
(vii) district and revenue administration;
(viii) training; and
(ix) treasury and accounts administration

12.5 It is, perhaps, for the first time that a Finance Commission has decided to support training by upgradation. We think that management training is essential for public servants as they are involved in every sphere of the nation's activities and their role is immense. It is obvious that such training will enhance their effectiveness. Though education and health are conventionally treated as developmental sectors, we have selected them for upgradation in view of their crucial importance. Besides, 33 years of Planning have brought into existence large-sized infrastructural facilities in health and education sectors. But, the vital inputs which these sectors need are lacking. Accordingly, we have sought to