

GOVERNMENT ARTS AND SCIENCE

COLLEGE

NAGERCOIL

DEPARTMENT OF ECONOMICS

III B.A

PUBLIC FINANCE – I

SMEC- 52

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PUBLIC FINANCE – I

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Preamble : To make the students acquire the adequate knowledge of the nature and characteristics of public finance system in an economy. To provide insights into the formulation and evaluation of effective budgetary policies.

Unit – I : Introduction

Public Finance – Nature and Scope of Public finance – meaning – Distinction between Private and Public Finance – Role of Public Finance in Developing and Developed economies. (15L)

Unit – II: Public Expenditure

Public Expenditure – meaning – Need for Public expenditure – Principle of Public expenditure – Causes of Public expenditure – Reasons for the growth of Public Expenditure in India. (15L)

Unit – III: Public Revenue

Public Revenue – Meaning – Sources of Public revenue – A Detailed study – A study on Indian Public Revenue. (10L)

Unit – IV: Taxation

Taxation – meaning – Classification of taxes – direct and indirect taxes, merits and demerits, Canons of Taxation – Progressive, Proportional – regressive – Goods and Service Tax (GST) – Forms. (10L)

Unit – V: Public Debt

Public Debt – meaning – Need for Public debt – Classification of Public debt – Sources of Public debt – Methods of redemption of Public debt. (10L)

(Total: 60L)

Text Books:

1. Public Finance – K.P.M.Sundharam
2. Public Economics – M.L.Jhingan

Reference Books:

- | | | |
|----------------------------------|---|-----------|
| 1. Public Finance | - | H.L.Batia |
| 2. Public Finance Administration | - | S.L.Goel |
| 3. Public Finance | - | B.P.Tyagi |

18-8-2020
Tuesday

Public Finance^①

Unit - I

Introduction

Public finance - Nature & scope
of Public finance - Meaning
Distinction between private and public finance
Role of Public finance and development
economics.

Unit - II

Public Expenditure

Public expenditure - meaning
Need for Public expenditure - Causes of
P.E - Reasons for the growth of P.E
in India.

Unit - III

Public Revenue.

Public Revenue - Meaning =
Source of public Revenue - A detailed

②
study - A study on Indian public
Revenue.

Unit - IV

Taxation

Taxation meaning - Classification
of taxes - direct and indirect taxes -
merits and demerits - Canons of taxation
Progressive, Proportional - regressive - goods
and services taxes (GST) forms.

Unit - V

Public Debt

Public debt - meaning Need

for Public debt - Classification of

Public debt - sources of P.D. - methods

of redemption of P.D.

Definition

Public finance is not a process
a mechanical one of the fund raising
and spending by the government.

It has a well defined

objective our goals.

The most important objective
is that it is used as instruments (or)
means social and economic changes in
society.

Public finance or fiscal

economics has assumed great importance

Public finance is one of
those subjects which the adjustment
of one affects the other.

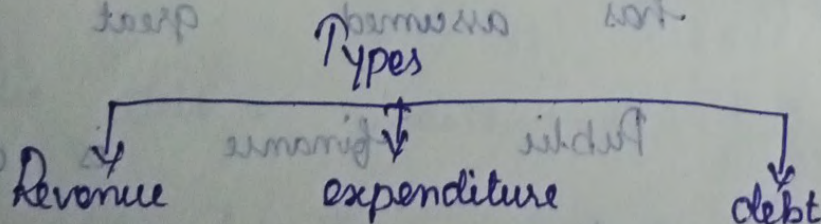
It is concerned with the
income and expenditure of the public
authorities.

Public is used to signify
"Government and state".
Public authorities include all

sorts of government
It can be said that it
details with the finance of the
government Central, state, local.

The subject matter of Public
finance is legally though not strictly
concerned with the financial aspects of
the business of government.

Types of Public finance



It is supposed to deal
with the financial aspects of
Public bodies or government sector

③

Public finance to be noted
that there was no unanimity among
classical economists scope of the subject.

Revenue aspect of Public finance
while Adam Smith gave precedence to
the expenditure aspect.

A field of enquiry that
treats of Income and outgo of
government (Federal, state and local)

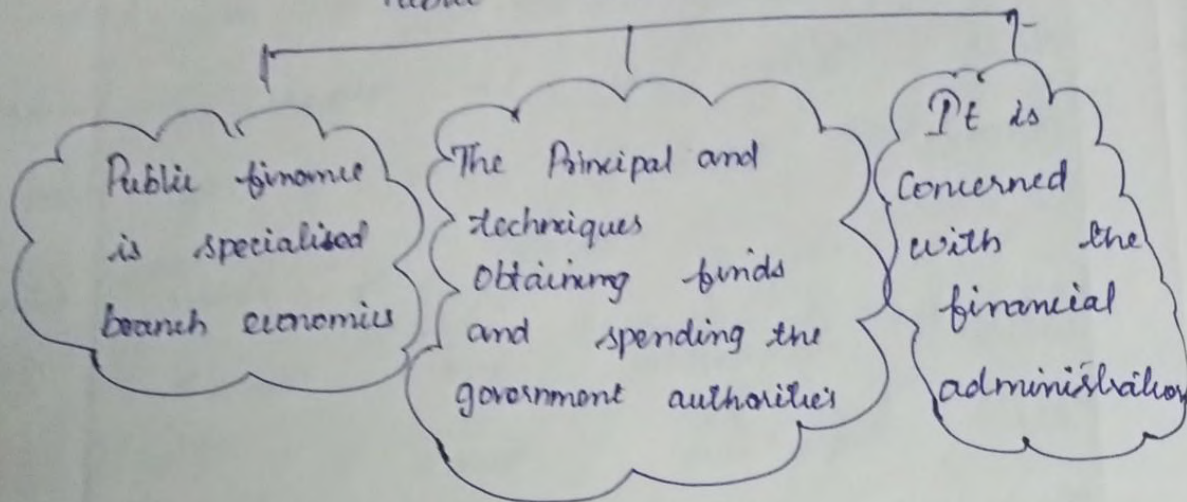
In modern time this
includes four major divisions

The Public finance or fiscal
economics is concerned with the discussion
and explanation of the Public authorities

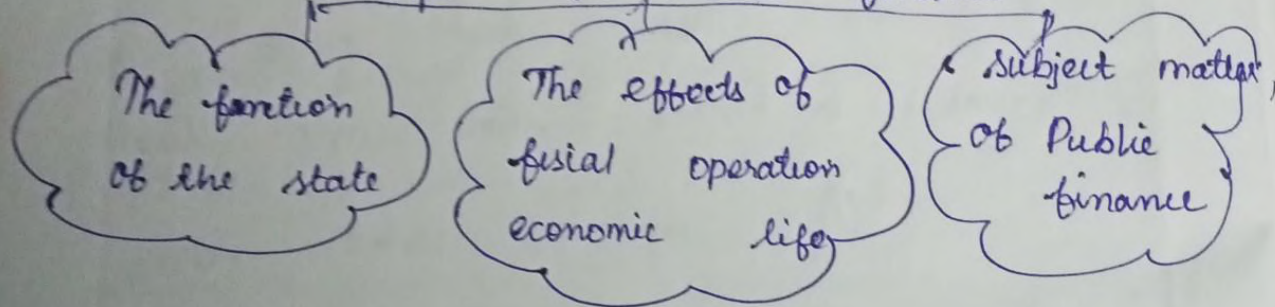
The revenue and expenditure
process is administered.

The government is affecting
the economic and social aspect
of the economy.

Public Finance Means.



Scope of Public finance



Objectives:

Restraining consumption and transferring resources of investments.

Increasing in incentive to save and investment.

Transferring resources in the

Public investment.

Reduce economic inequalities.

Hence, the scope and the importance of Public finance in developing countries is larger.

Objectives of fiscal operators

* To secure adjustments in allocation of resources.

* To secure adjustments in distribution of income.

* To secure economic stabilisation

* To accelerate economic development

Distributive Justice.

Subject Matter of RE

Public revenue Public expenditure Public debt Fiscal administration

⑧
Difference between Public finance
and Private finance.

Defining

Public finance between denoted
the finance of the govt private
finance that individual or business
finance.

Private finance deals with
financial problems and Policies of an
individual economic unit.

Similarities

1) Objectives behind the financial
activities of the govt and individual
of the same viz satisfaction of
human wants.

2) Private finance is concerned
with the satisfaction of Personal
wants or the family or economic
unit.

Public finance is concerned with the satisfaction of the social wants or the collective wants of the society.

2) Both individuals and state finances deal with receipts and expenditure and try to ~~to~~ balance each and get the maximum satisfaction.

Obtaining maximum satisfaction with minimum resources is a principle both finance.

3) Budgeting has to be done in both finances.

Private finances this is done in very casual or sorry way.

Public finance this is highly a technical process which has to be looked into the according to law of the land.

4) When income falls short or expenditure borrowing becomes essential in both finance.

The individual has to repay the loan with interest. So also the state should redeem the debt in due course.

5) Adjustment of income and expenditure

Scarce means and unlimited wants.

The consequent discriminating etc. or the main problems in the case of Private as well as the public finance.

Dis Similarities

Dis Similarities between Private finance and public finance or larger.

i) This at methods and motives in the financial operations.

①.

⑧

ii)

Fundamental

Operations

between two

is

that

increase

-the

Government

resources

Changes

in

-these

financial

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Policies

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understanding

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business

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simultaneously

with

fundamental

Unit-II

government.

Unit - II

Public Expenditure

Definition

The state has to perform economic, social, and political functions. It has incurred expenditure for performing these functions.

This expenditure incurred by the state authorities, central government, and local government is called P.E.

It is the expense incurred by the govt on its various activities.

(2)
Classification of Public expenditure
P.E generally refers to the expenditure of the state and local authorities.

Other the protecting the citizens or promoting their economic and social welfare.

P.E may be classified into several ways

i) The maintenance of the ceremonial head of the state and diplomatic representable abroad.

ii) The maintenance of the machinery of civil govt, which includes expenses of the executive and the legislative.

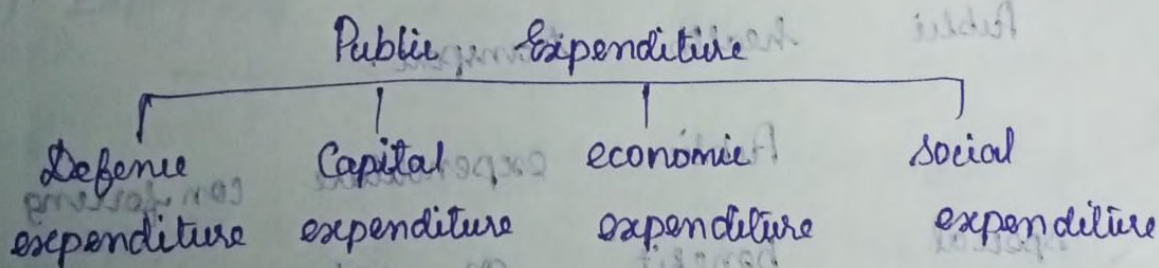
iii) The army and Police the protect the country from foreign aggression and to maintain law and order within the country.

iv) The administration of justice

v) The expenditure on the development of industry supply of currency and conduct the Postal services transports and Ports etc.

vi) Social expenditure on health education child allowances Pensions and other forms of social security and price subsidies.

vii) Public debt changes including interest repayment of Principal and cost of management.



P.F

Primary Expenditure

Secondary Expenditure

The former includes all expenditure with must be incurred by every state eg. defence maintenance

of law and order of civil
administration Payment of debt etc.

The remaining items
as education, Public health, Poor relief

social expenditure.

Public expenditure basis of benefit
into 4 classes.

Public expenditure beneficiary
the entire society.

eg. administration defence education,
Public health transport.

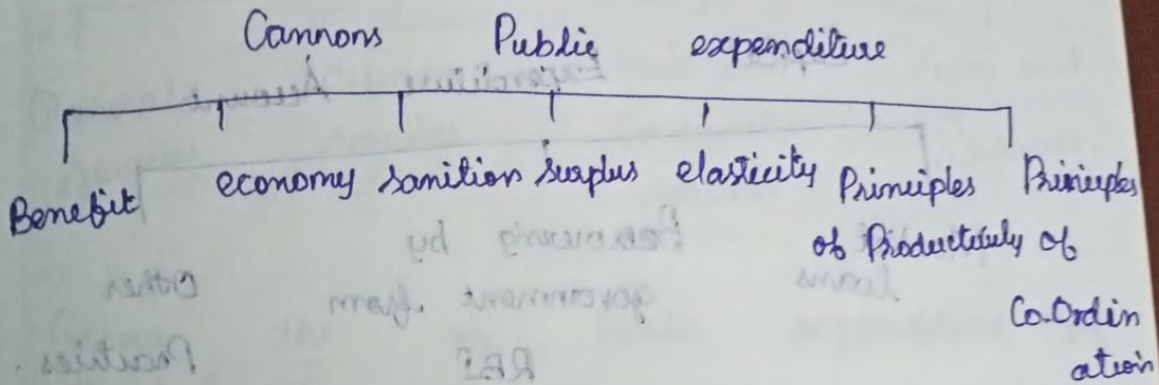
Public expenditure conferring
special benefit on certain people.

eg: administration of justice for
Poor of needy.

Public expenditure beneficiaries
particular group entire society.
eg: pension, unemployment.

(15)

Public expenditure
benefit to some.
eg: Subsidy to particular industry



Public expenditure in India the expenditure
union government is divides in to categories

i) Expenditure Revenue Account:

financed out of the
receipts of the and other revenues
such as contribution from railways
Post and telegraphs civil works etc.

ii) Expenditure on Capital Account.

Normal running the
government department and various
services interest.

generally expenditure which does not result in the creation of assets is treated as revenue expenditure.

Capital Expenditure Account

Market loans Borrowing by government from RBI Other Practices.

Loan received from foreign government and international industries.

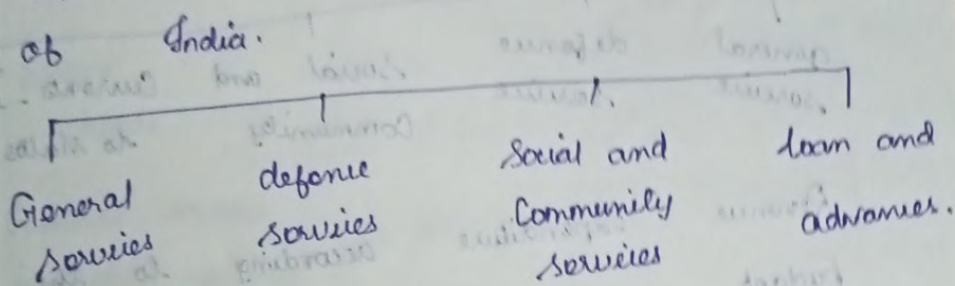
Expenditure on capital Account consists of expenditure of all taxes

like land building machineries equipment and investment in shares etc.

Land and advance granted by central government to state government.

Government Companies, Corporation and other parties for development Purposes.

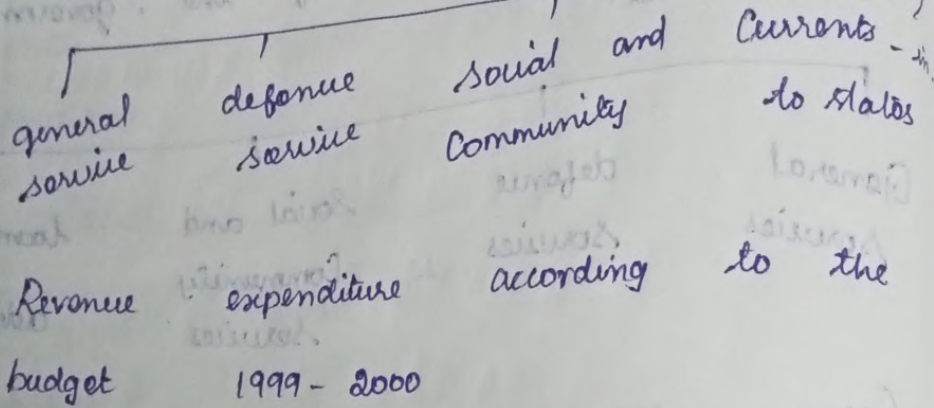
The important heads of Capital expenditure budget of the government of India.



Growth of Public expenditure of Government of India.

| Year | Expenditure on Revenue Account | Expenditure on Capital Account | Total |
|-------------|--------------------------------|--------------------------------|-------------|
| 1950 - 1951 | 346.00 | 183.00 | 529.00 |
| 1980 - 81 | 543.00 | 9633.25 | 24176.00 |
| 1990 - 1991 | 73516.00 | 31782.00 | 105229.00 |
| 1995 - 1996 | 1,36,861.00 | 38,414.00 | 178295.00 |
| 1998 - 1999 | 2,18,139.00 | 63,773.00 | 2,81,912.00 |
| 1999 - 2000 | 2,37,109.00 | 46,895.00 | 2,37,109.00 |

The composition of revenue expenditure consists



| Major heads | Budget | Revised | Budget |
|---|-------------|-------------|-------------|
| general services including defence services | 1,25,723.35 | 1,31,368.09 | 1,44,500.00 |
| social and Community | 13,962.89 | 13,577.33 | 14,270.00 |
| Economic services | 46,502.74 | 46,645.25 | 44,340.00 |
| Grants and in | | | |
| Other states | 28,782.7 | 26,311.21 | 32,320.00 |
| Total | 2,10,062.07 | 2,18,138.97 | 2,39,100.00 |

Capital expenditure of government of India according to the budget 1999-2000

| Major heads | Budget 1998-1999 | Revised Budget 1998-1999 | Budget 1999-2000 |
|---|------------------|--------------------------|------------------|
| General Services including defence services | 11,523.99 | 11,189.89 | 13,564.50 |
| social and community services | 1,050.55 | 1,013.62 | 1,147.95 |
| loans and advances | 10,370.71 | 7,019.20 | 9,360.03 |
| economic services | 34,589.92 | 44,253.97 | 22,495.34 |
| Total Capital expenditure | 57,864.98 | 63,775.86 | 46,895.12 |

Unit - III

Public Revenue

Introduction

Types of Public Revenue.

1. Public Revenue
2. Public Receipts

Main Source of Public Revenue

1. Taxation Tax
2. Fees admini
3. Prizes donation gift
4. Fines
5. Special assessment
6. Earnings of Public enterprises

Special features of Public Revenue.

- i) Its represents an exercise of taxing Power by the state.
- ii) There should be an element of Public Purpose.

- iii) The benefits should be capable of appropriating for purpose of special levy.
- iv) It relates to only special local
- v) Improvements where a group of people are the beneficiaries.
- vi) The government performs a definite particular act in return.

Classification of Public Revenue.

- i) Receipts from Public Property.
- ii) Receipts from enterprise.
- iii) Fees for services.
- iv) Receipts from government monopolies.
- v) Receipts for Voluntary Public loans.
- vi) Receipts from special assessments.
- vii) Deficit financing
 - 1. Issue for newspaper currency
 - 2. Public expenditure.

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viii) Voluntary gifts.

Sources of the Public Revenue.

- i) Grants and gifts
- ii) Administrative Revenue
- iii) Commercial Revenue
- iv) Taxes are Compulsory Payments

Public Revenue

1. Tax Revenue
2. Non tax Revenue.

Revenue Receipts

1. under tax revenue
2. non under tax Revenue.

Under tax Revenue.

1. Taxes on income and expenditure

Viz. Ex: income tax, Corporation tax.

Bank interest

- ii) Taxes on Property and Capital transaction Viz

Ex: Wealth tax, gift tax, land revenue.
iii) Stamps and registration fees
Taxes on commodities and services
Ex: Import and export duties, Cesses on export, union excise duties and other miscellaneous receipts.

Under non-tax Revenue.

1) Receipts from currency, Co image and mint which covers of currency.

2) Interest receipts dividends and profit comprising of interest receipts on loans by central Government.

3) The Public sector undertakings and Contributions from railways Post and telegraphs

4) Also surplus Profits of the RBI transferred the Government.

2) Other items of tax revenue
and under non tax revenue from
various government activities

6) Public service Commission, jails, Police,
agriculture and allied services,
industry and minerals, water and
power development.

7) Transport and Communications, supplies
and disposals, Public works.

8) Education information and Publicity
broad casting grants in aid
and contribution etc.

Public revenue

Unit IV

Taxation

Introduction

Adam Smith by saying that he had "Performed noble service in economic thought and teaching for ever hundred".

Let us discuss the Canon's of taxation as propounded by Adam Smith.

Types of Canons of taxation

1. Canon of equality
2. Canon of certainty
3. Canon of convenience
4. Canon of economy.

1. Canon of equality.

* This means that taxation should be imposed on people according to their capacity to pay taxes.

* Poor Persons whose income is low should be taxed less and rich Persons should be taxed more.

* This canon involves the principle of justice

* The subject of every state ought to contribute to every state the support of the government as nearly as possible in proportion to their respective abilities, i.e. in proportion to the revenue which they respectively enjoy under the protection of the state"

* Support of government signifies the political object of taxation

* The expression Protection of the state notifies the services rendered by the state to it

People and ability to pay indicates equitable sharing of the tax burden.

2) Canon of Certainty.

* "The tax which each individual is bound to pay ought to be certain and not arbitrary."

* The time of payment the manner of payment the quality treasury of the state.

* The Process should not impair the Productive Powers of the Community.

A) Simplicity

* A System

* The Canon of Certainty as ensured through the publicity of the budget.

* The discussions in the Parliament or legislature on every details of taxation.

known to everyone about the new rate of the tax imposed and the rate of the tax etc.

* Frequently thinking tax rates changing the base annually in the budgets will an air of uncertainty among the tax payer.

* Supplementary budgets. Changing the structure of the envisaged in the main budget will shake the confidence of the tax payer.

3) Canon of Convenience.

* Every tax ought to be levied in the manner in which it is most likely to be convenient for the contributor the taxpayer.

collected is of duty import convenience the

Canon so and people above public

impair the

(39)
* The income tax is usually collected at source. The sales tax is collected at the time of sale of the commodity and the import duty is collected at the time of importing the goods into the country.

* So that payment might be convenient and less burdensome to the tax payer.

4) Canon of economy

* Every tax ought to be so contrived as both to take out and keep out of the pockets of the people as little as possible over and above what it brings into the Public Treasury of the State.

* The process should not impair the productive powers of the community.

* The tax laws and procedure should be simple so that the

People might easily understand them
and might not have to do much
heavy expense to maintain their
account and fill in the tax
returns.

A. Simplicity

* A system of taxation
should be simple, plain and
intelligible to the common understanding
of the tax payers.

* The incidence and effects
of tax should be easily traced.

b) Elasticity

* The tax system
yield adequate revenue which should
be annual needs of the state.

* Without making any major
structural changes the tax system
should not be yield

c) Stability

* Taxes should not be frequently changed.
 * This will bring about an unsettled condition among the producers and would not give them time to adjust their programmes in the light of the tax policy of the state.

* This does not mean that the tax system should not be flexible it should be stable as well as flexible.

d) Equality

The most desirable characteristic feature of tax is that it should be fair to classes of equity are distinguished

1. Horizontal equity

2. Vertical equity

1. Horizontal

1. Horizontal Equity

This refers to equal treatment of equal people.

2. Vertical equity

Which refers to treatment of tax payers

unequal incomes with the

degree of the inequality in the

rate structure.

2) Beneficial

Taxation should not interfere with the process of production in the economy.

It should be not take away the incentive to save and should not be adversely affect the Capital formation.

f) Neutrality

* The tax imposed should avoid disturbing the working of the market mechanism.

* An individual when the wants to buy a commodity is expected to institute a comparison of the benefit of his purchase with the cost involved.

* Any taxation on which irrelates to any economic activity will clearly distort this comparison of costs and benefits.

* The distortion of choices which is involved in the process of taxation is known as the excess burden of taxation.

g) Economic efficiency

* Kaldor holds the view that the principle aim of taxation is to restrain private expenditure.

and they ^{success} of the tax
should be judged from the angle.
the expenditure restraining
effects of tax is economic
efficiency.

Causes of taxation
Indian Conditions

1. Mobilisation of economic surplus.
2. Taxation according to unmet capacity.
3. Income elasticity of taxation.

I. Mobilisation of economic surplus.

* It is held that a country like India where Capital formation.

* The economic development have been given to Priority mobilisation of economic surplus

(35)
should be a fundamental principle of taxation.

* The taxation should be map up a greater part of the surplus.

II. Taxation according to unsaved Capacity.

* It has been pointed out that each person in economy should be made contribute of taxation.

* Taxation in accord with assessed capacity an ability to contribute in economic development.

III. Canon income - elasticity of taxation.

* The taxation should be continued to prevent consumption.

* The share of taxation total income must \uparrow as income rise.

* There must be built in flexibility in the tax system.

* The burden involved in economic development distributed equitably

among the different sections
of the community.

Characteristics of a good revenue
system.

1) Good revenue system is not a
collection of isolate acts relating to
taxation measures.

2. It must enable to finance ministers
to frame his budget with their
accuracy anticipated revenue yield.

I. Good revenue system as follows:

1. The administration of the revenue
system should be a simple.

2. The administration of tax system
should not be complex and cumbersome.

3. The merit of simplicity should
be criterion.

③

II. A tax system which has number

of taxes, it is to the system of which

2) Direct, indirect tax Progressive and

Proportional taxes.

3) So that desirable revenue and returns

may be without acting Production of

consumption.

Unit - V

Public Debt.

Definition.

1) demerit and merit

Public debt

Public debt types

2) advantages of

3) budgetary

General Bank

Commercial Bank

Business Organisation

Individuals.

Classification of debt.

Redeemable and irredeemable

debt.

⑧ funded and unfunded debt
Voluntary and compulsory debt
Internal and external debt
Production and consumption debt

Causes of the growth of Public debt
War and preparation of war
Social and obligations.

Economic development deficit

Budgets.

Employment and economic statistics

Burden and Public debt

Burden and Public debt

Money Burden and Real

Burden

Burden of external debt

Redemption of debt

Repudiation of Public debt

Refunding ⁽⁸⁹⁾ of Public debt.
Conversion of debt.

Provision for repayment of Public debt

Saving fund approach

Surplus revenue.

Terminal attitude

Capital levy.

Borrowing

Central government

State government

Local authorities

Public debt.

Public debt reference to all types of borrowings by the government from the central Bank, Commercial bank, business organisation and the individuals the borrowings of the government may be with in the

country or from outside the country or both.

Classification types: kinds.

Public debt may be classified into may categories depending on the nature and the purpose of the debt. As well as the duration of debt.

On the basis of duration of the loan debt may be classified as redeemable and irredeemable debt.

On the basis of method of flotation of loan debt may be classified as internal debt and external debt.

On the basis of Purpose it may be classified as Productive debt and unproductive debt.

(41)
Redeemable debt:

Redeemable debt loans are those loans for which the government promised to pay off and some judex redeemable debt when it is a redeemable debt the government has to make same arrangement for its repayment. It may impose fresh tax or increasing the existing tax.

Irredeemable debt

Irredeemable debt loans are those loans for which the government does not promise to pay off all some judex debt. In the Irredeemable date the government may have to pay only the interest regularly.

Internal debt:

Internal debt refers to loan floated within the country.

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If the debt is internal the net income will not get reduced. The country national income is the same. Hence internal loans do not affect the productivity of nations.
External debt.

External debt refers to the debt obligations due to the foreign government. The payment of interest on foreign debt reduces the net income foreign loans can be incurred for development purpose.

During the period of war many country's would be forced to borrow the foreign loan.

Productive debt:

Debt incurred for the developing purpose may be considered as productive loans. It may be flooded for construction of railway, dam, etc.

or Power ⁽¹³⁾ Project etc.

Classification of Public debt:

Public debt may be classified into many ~~etc~~ categories depending on the nature and purpose of the debt.

As follows the duration of debt:

On the basis of the period of the loan debt may be classified as permanent ~~etc~~ debt and redeemable debt and also long term debt and short term debt.

On the basis of the method of flotation of loans debt can be classified as internal debt and external debt.

On the basis of Purpose it may be classified as Productive method or Productive method or development debt

or war debt an Productive debt is ~~etc~~ called dead weight debt.

Budgetary Procedure in India

Sound financial administration is sound budgetary procedure. It means that budgeting and budgetary procedure are the most important constituent of the financial administration. It involves four different operations which have been given as follows.

- * Preparation of the budget
- * Enactment of the budget
- * Execution of the budget
- * Parliamentary control of the budget.

Preparation of the budget

In India the budget is the annual financial statement of accounts for the preceding and current year and the estimates of the

revenue and expenditure of the coming year. In Indian budget from 1st April and ends on 31st March. The finance ministry is responsible for framing the budget of the Indian government.

Administrative ministers and heads of the department are supplied from on which these asked to prepare the estimated. The departmental officials prepare the estimates for the coming financial year.

The Prescribed from four different Column.

* Actual of the previous year.

* Sansanioned estimate for the current year.

* Revised estimate for the current year.

* Budget estimate for the next year.

These estimates are then consolidated by the ministries. Consaned

and Post on the Finance Minister
The Finance Minister consolidate all these
estimates and prepares the budget
for the presentation before the
Parliament.

Enactment of the budget.

The central government
could rise revenue incur expenditure
revenue and incurred expenditure with
the approval of the budget vidhansabha
and vidhansabha Parishad.

In the inaugural speech
of the budget system the President
makes a reference that the annual
financial statement will be presented
in the house. The Finance Minister
presents the budget in Parliament usually
on the last day of February.
The day of the presentation of the

budget is ^(A) called as "budget day".

There is no discussion on the budget on the day on which it is presented to the house. The time and day the swelter discussion are fixed by the swelter. The time and day for discussion are fixed by the swelter. Discussion takes place in the house. No item of expenditure is exceeded from general discussion. The general discussion is continued upon matters related to Physical Policy.

After the budget is passed in the Lok Sabha, it then goes to Rajyasabha. The Rajyasabha does not enjoy the power of amending or rejecting the budget. The Rajyasabha can make a recommendation of the Lok Sabha, but which is not binding in the period of 14 days. The Lok Sabha may

either accept the recommendation of Rajyasabha.

Execution of the budget.

The responsibility to execution the budget lies upon the government. It is expected from the goods that it will execute the budget with a high degree of integrity and efficiency.

The execution of the budget there aspects namely distribution of grants to different administrative ministries or departments collection of revenue Proper custody of collected fund etc.

After the approval of the budget the finance ministry communicates to each administrative ministry of finance distribution the sanctional funds among the various controlling

officers.

(70)

Collection of revenue is an important step towards budget collection. It involves two kinds of operative ~~assessive~~ assessment of revenue and collection of revenue.

After collection next thing is the custody of government funds.

There is a distinct treasury in each district of the country which is the unit of the fiscal system of the country.

Parliamentary Control over finance

In democratic countries the alternate control over public expenditure is exercised by the Parliaments.

In India Parliaments exercised control over public expenditure through the institutions.

* Direct Control by the Parliaments.

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* Control by Parliamentary
Committees
* The audit department
under the control of the Comptroller and
Auditor General of India.

Qualities of a good budget /
Characteristic or Features.

A sound budget should
possess the following characteristics

Responsibility

To prepare the budget
there should be the responsibility
of some well defined authority.
In USA the budget is prepared
by the budget under the direction
by Presidents. In India OK and
most other countries the budget
is prepared by the Finance
Minister

Comprehensiveness :

The budget should be Comprehensive that is it should show the entire financial position of the government in broad details and all sorts of explanatory statements

Flexibility

A good budget should have certain degree of flexibility and should avoid too much rigidity with regard to its detailed allocation.

Reliability

The information on which the budget estimates are based should as much reliable as possible.

Integrity

A good budget should involve the assumption that the fiscal Programme as enacted carried out substantially

14th Finance Commission

The 14th Finance Commission has submitted the report to the president Pranab Mukherjee. The Commission is headed by former Reserve Bank of India governor Y.V. Reddy. Finance Commission in its report has given their views on devolution of tax receipt from the center to the state from 1st April 2018 to 31st March 2021.

Earlier the finance Commission was appointed in January to give its report by October 31st of that year. But its tenure was extended till December 31st as they have sought to more months extension period to examine Financial Projections.

the Andhra Pradesh⁵³ and Telugana government
It was also into the goods and
service tax.

This report will be a key
input in the Preparation of the
union budget 2015-16 union government
has accepted the recommendation of
the 14th Finance Commission. The accepted
recommendation are for the five year
Period 2015-16 to 2019-20.

Key Facts / Features

The Share of states in
the Centre net tax receipt will
go up by 1 lakh 78 thousand crores
in 2015-16. It is the largest every
change in Percentage of devolution.

Higher tax devolution will
allows states greater autonomy in
financing and designing of schemes
as per their needs and requirement.

Finance Commission in India

| S.No | Finance Commission | Year of establishment | Chairman | Operation duration |
|------|--------------------|-----------------------|----------------------|--------------------|
| 1 | First | 1951 | K.C. Nengy | 1952-57 |
| 2 | Second | 1956 | K. Sandhamam | 1957-1962 |
| 3 | Third | 1960 | A.K. Chanda | 1962-1969 |
| 4 | Fourth | 1964 | P.V. Rajamohanam | 1966-1969 |
| 5 | Fifth | 1968 | Mahaveer Nangi Reddy | 1969-1974 |
| 6 | Sixth | 1972 | K. Brahmaiah | 1974-1979 |
| 7 | Seventh | 1977 | J.M. Shelat | 1979-1984 |
| 8 | eighth | 1983 | V.B. Chavara | 1984-1989 |
| 9 | Ninth | 1987 | N.K.D. Setalval | 1989-1995 |
| 10 | Tenth | 1992 | K.C. Basu | 1995-2000 |
| 11 | Eleventh | 1998 | A.M. Kishore | 2000-2005 |
| 12 | Twelfth | 2008 | Vijay | 2009-2013 |
| 13 | Thirteenth | 2013 | | |
| 14 | Fourteenth | | | |

identified granted as additional Finance revenue deficit resources for the period 2013-14

of President Chairman 12th N

the

the Central

15%

recomm

Proper follow

to prod

(55)

13th Finance Commission

The 13th Finance Commission of India was constituted by the President of India under the Chairmanship of Vijay L. on 13th November 2007

The major Recommendation of the Commission

The share of states in the net Proceeds of the shareable central taxes should be 82%. This 15% Periods higher than the recommendation of the 12th Commission

Revenue deficit to be progressively reduced and eliminated followed by revenue surplus by 2013-14

Physical deficit to be reduced to 31 of the groups domestic produced (GDP) by 2014-2015

A target of 68% of

66
GDP for the combined detail by
of Centre and states.

The medium term Fiscal
Plan (MTPP) should be reformed.

Physical responsibility and
budget management act 2003 need
to be amended.

Both centre and states
should conclude grand Bargain implement
the model goods and services Acts
(GSA).

States need to address the
Problem of losses in the Power
sector.

An amount of Rs 24068
Crores has been recommended as
grant for elementary education.

An Amount of Rs 27945
Crores has been recommended for
state specific needs.

Amount ⁶⁷ of Rs 5000 crores
have been recommended for forest
renewable energy and water sector
management.

The national calamity ~~Contingency~~
Contingency Fund (NVCCF) shall be
merged with the national disaster
response fund and the calamity relief
Fund (CRF) with the state disaster
response funds (SDRFS) of the
respective states.
