The Deteriorating Fiscal Health of Kerala

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The white paper 2016 attributes failure of expenditure control and poor resources mobilisation as the major causes of fiscal crisis.

Objectives

- Present the deteriorating fiscal situation
- Examine expenditure pattern and curtailing non-plan revenue expenditure (NPRE)
- Discuss avenues for revenue generation

I. Deteriorating fiscal situation of Kerala

Findings of White Paper, June 2016

- The State is facing an acute fiscal crisis
- Entire borrowing is just sufficient to meet the day to day expenditure
- No funds left for capital expenditure
- State budgets presented are highly unrealistic (inflated)
- Additional resource mobilisation measures have not been implemented
- Highly inflated annual plans
- Fall in plan expenditure (actual plan expenditure 60-70%)
- Schemes in the budget had no resources to finance them
- The state has been living on a financial lie.

Prediction of White Paper 2016

- If the same fiscal situation continues, state would be in a fiscal anarchy in 2017-18.
- By 2021, the revenue deficit would exceed 3.25% of GSDP and gross fiscal deficit 6.25% of GSDP
- Will Result in default of payments on salaries, pensions and loan repayment obligations by 2021
- The state will move to fiscal collapse by 2021

Fiscal Situation Worsens Since 2015-16

- The CAG report on state finances says that the fiscal crisis become more worse in 2016-17 (Table 1,2 & 3)
- There has been an increase in revenue deficit, fiscal deficit and debt GDP ratio.
- During 2017-18 government imposed severe restrictions on treasury payments during the major part of the year
- Additional treasury restrictions were announced in March 2018.
- In addition to the existing treasury restrictions, new restrictions were imposed in December 2018.

- The deluge during August 2018 contributed to substantial fall in revenue receipts.
- From February 15, 2019 withdrawal celling of bills from treasury is limited to one lakh for all bills except salary, pension, medical and dietary charges.
- Desperate attempts mobilise borrowing from co-operatives and welfare boards to prevent closure of treasury.

Table 1
Trends in Revenue Deficit (RD)

Year	Revenue deficit (Rs Crore)	RD as % of revenue expenditure	GSDP* (□ crore)	RD as % of GSDP	RD as per KFR Act (%)
2000-01	3147	26.5		4.3	
2005-06	3129	17.0		2.3	
2010-11	3674	10.6	324513	1.13	
2011-12	8035	17.4	364048	2.21	1.4
2012-13	9352	17.5	412313	2.27	0.9
2013-14	11309	18.7	465041	2.43	0.5
2014-15	13796	19.2	512564	2.69	0.0
2015-16	9657	12.3	561994	1.72	0.0
2016-17	15484	17.0	616357	2.51	0.0
2017-18	16928	16.9	686764	2.46	0.0

Note: *The GSDP figures given in budget in brief 2019-20 issued for calculation of all GSDP fiscal indicators in the paper

Source: CAG (2016), Report of CAG on state finances for the year ended March 2015 and CAG (2018), Report for the year ended March 2017 and budget in brief 2019-2020.

Table 2
Trends in Gross Fiscal Deficit (GFD)

Year	GFD (Rs crore)	GFD as % of total expenditure	GFD as % of GSDP	GFD Target as per KFR Act (%)
2000-01	3878	31.1	5.3	
2005-06	4182	21.4	3.1	
2010-11	7731	19.9	2.38	
2011-12	12815	25.2	3.52	3.5
2012-13	15002	25.3	3.64	3.5
2013-14	16944	25.5	3.64	3.0
2014-15	18642	24.2	3.64	3.0
2015-16	17818	20.5	3.17	3.0
2016-17	26448	25.8	4.29	3.0
2017-18	26837	24.3	3.91	3.0

Source: Same as Table 1

Table 3
Trends in public debt

Year	Public debt (Rs Crore)	Rate of growth (%)	Debt/GSDP (%)	Target as per KFR Act (Debt-GSDP Ratio)
2000-01	23919	-	32.9	
2005-06	45929	9.7	33.5	
2010-11	78673	10.9	24.24	
2011-12	89418	13.7	24.56	32.2
2012-13	103561	15.8	25.12	31.7
2013-14	119009	14.9	25.59	30.7
2014-15	135440	13.8	26.42	29.8
2015-16	157370	16.2	28.00	31.3
2016-17	186453	18.5	30.25	30.8
2017-18	210762	13.03	30.69	30.4

Source: Same as Table 1

Fiscal crisis: A structural and persistent problem

- Kerala's fiscal crisis is a basic, structural and persistent problem
- The white paper 2016 has considered this as a temporary problem of fiscal mismanagement of UDF
- Basically there is not much difference in fiscal policy pursued by the present and previous governments
- Fiscal policies promote excessive increase in non-plan revenue expenditure and low priority for resource mobilisation

- There is no change in the fiscal extravagance to satisfy the powerful vested interests (trade unions in public sector, private aided institutions, bureaucracy, social organisations etc)
- The measures announced – constitution of pay commission to revise salary and pensions and creation of 20,000 new posts within last three years – will worsen the crisis
- All available evidences suggest that the fiscal situation worsened since the publication of white paper 2016
- The state is heading towards a fiscal collapse similar to one in 1998-2001
- The white paper 2016 predicted that the fiscal collapse will happen in 2021
- But it is likely that it will happen before that

II. Trends and Pattern of Expenditure

Total Expenditure (TE)

- Total Expenditure is classified as revenue and capital
- During last five years the annual growth rate of total expenditure ranged between 17.6 & 11.8 except 2017-18
- The total expenditure-GSDP ratio in the last three years was about 16%
- The resource gap between revenue receipts and TE was about 25% for six years (out of 8 years)
- This means that nearly one fourth of the expenditure has been met through borrowing
- Fall in growth in 2017-18 is due to severe treasury restrictions

Table 4
Total expenditure – Basic Parameters

Year	Total expenditure(TE) (Rs crore)	Rate of growth (%)	TE/ GSDP* (%)	Revenue receipts/TE (%)
2010-11	38791	-	11.9	79.9
2011-12	50896	31.2	13.9	74.7
2012-13	59228	16.4	14.4	74.5
2013-14	66244	11.8	14.2	74.2
2014-15	76744	15.9	14.9	75.5
2015-16	87032	13.4	15.5	79.3
2016-17	102382	17.6	16.6	73.8
2017-18	110238	7.7	16.1	75.3

* GSDP figures given in the table 1 is used to estimate TE/GSDP ratio

Source: Same as Table 1

Revenue Expenditure (RE)

- RE accounts for about 89 to 93% of TE (Table 5)
- Annual Growth rate of RE range between 10 & 33 %
- Pay revisions ones in five years is the major factor which determine the growth of RE
- During 2011-12 the growth rate in RE was 32.8% mainly due to pay revision
- Only a small share of TE is spends for Capital Expenditure
- To find resources for RE, a cut in Capital Expenditure were effected
- The fall in RE in 2017-18 is due to severe restrictions imposed on treasury payments.

Table 5

Revenue Expenditure – Parameters (Rs in crore)

Year	Revenue expenditure (RE)	Growth rate of RE (%)	RE to total expenditure (%)	RE/GSDP Ratio (%)
2010-11	34665	-	89.4	10.7
2011-12	46045	32.8	90.5	12.6
2012-13	53489	16.2	90.3	12.9
2013-14	60486	13.1	91.3	13.0
2014-15	71746	18.6	93.5	13.9
2015-16	78690	9.7	90.4	14.0
2016-17	91096	15.7	88.9	14.8
2017-18	99948	9.7	90.7	14.6

Source: Same as Table 1

Non Plan Revenue Expenditure (NPRE)

- The NPRE is to meet items like salaries, pension, interest, subsidies, establishment, administration, grants-in-aid, etc.
- NPRE accounts for 76-81% of total expenditure (Table 6)
- NPRE as percent of revenue receipts was more than 100% in seven years except 2015-16
- This suggest that the entire revenue receipts is not sufficient to meet NPRE
- For meeting NPRE, government resort to continuous borrowing.
- The major factor which influence NPRE is salary, pension and DA revisions
- Rapid rise in NPRE is the root cause of the fiscal crisis

Table 6
Non Plan Revenue Expenditure (NPRE)

Year	NPRE (□ in crore)	Rate of Growth (%)	NPRE/GSDP Ratio (%)	NPRE as % of TE	NPRE as % of revenue receipts
2010-11	30469	-	9.4	78.5	98.3
2011-12	40718	33.6	11.2	80.0	107.1
2012-13	46640	14.5	11.3	78.7	105.7
2013-14	53412	14.5	11.5	80.6	108.6
2014-15	61462	15.1	11.9	80.1	106.1
2015-16	66611	8.4	14.4	76.5	96.5
2016-17	77604	16.5	12.6	75.8	102.6
2017-18	83767	7.9	12.2	76.0	100.9

Source: Same as Table 1

Salary and Pension Expenditure

- A major cause of the fiscal crisis has been the revision of salary and pensions once in five years
- Kerala has a total staff strength of 5.15 lakh of staff including private aided staff
- Revision of salary results in an increase in expenditure of about 45 per cent in 2011-12 (Table 7)
- The revision of pension results in 50 per cent increase in expenditure in 2011-12 (Table 8)
- The total expenditure of salary and pension ranged between 43 to 49 per cent of total expenditure (Table 9)

- It accounts for 46 to 54 percent of the revenue expenditure
- It accounts for major share of NPRE
- Starting new private aided institutions and courses involving huge financial commitment.
- Funds to support uneconomic Government and private aided schools and excess teachers
- Use of luxury cars and widespread misutilisation of official cars
- Creation of nearly 20,000 new posts during the last 3 years

Table 7
Salary Expenditure

Year	Salary Expenditure (₹ in crore)	Growth (%)	Share of total expenditure (%)	Share of revenue expenditure (%)
2010-11	11178	-	28.8	32.2
2011-12	16229	45.1	31.8	35.2
2012-13	17505	7.8	29.5	32.7
2013-14	19554	11.7	29.5	32.3
2014-15	21621	10.5	28.1	30.1
2015-16	23757	9.9	27.3	30.2
2016-17	28373	19.4	27.7	31.1
2017-18	32349	14.0	29.3	32.4

Source: Same as Table 1

Table 8
Pension Expenditure

Year	Pension Expenditure (₹ incrore)	Growth (%)	Share of total expenditure (%)	Share of revenue expenditure (%)
2010-11	5767	-	14.8	16.6
2011-12	8700	50.8	17.1	18.9
2012-13	8867	1.9	14.9	16.6
2013-14	9971	12.4	15.1	16.5
2014-15	11253	12.8	14.6	15.7
2015-16	13063	16.1	15.0	16.6
2016-17	15277	16.9	14.9	16.7
2017-18	19938	30.5	18.1	19.9

Source: Same as Table 1

Table 9
Salary and Pension : Indicators of Expenditure

Year	Total salary & pension (₹ incrore)	Salary & pension to total expenditure (%)	Salary & pension to total revenue expenditure (%)	Salary & pension to total non-plan revenue expenditure (%)
2010-11	16945	43.7	48.9	55.6
2011-12	24929	48.9	54.1	61.2
2012-13	26372	44.5	49.3	56.5
2013-14	29525	44.6	48.8	55.3
2014-15	32874	42.8	45.8	53.5
2015-16	36820	42.3	46.8	55.3
2016-17	43650	42.6	47.9	56.2
2017-18	52287	47.4	52.3	62.4

Source: Same as Table 1

Table 10
Expenditure on interest

Year	Interest (₹ in crore)	Growth rate (%)	Interest as % of revenue expenditure
2010-11	5690	-	16.41
2011-12	6294	10.6	13.67
2012-13	7205	14.5	13.47
2013-14	8265	14.7	13.66
2014-15	9770	18.2	13.62
2015-16	11111	13.7	14.1
2016-17	12117	9.1	13.3
2017-18	15120	24.8	15.1

Source: Same as Table 1

Revenue Expenditure : General, Social and Economic Services

- General service consists of administration of justice, land revenue, interest payments, police, pension and other general services
- Social service consists of public education, health, water supply, urban development, welfare of SC/ST etc, labour and labour welfare, social welfare etc.
- Economic service consists of agriculture and allied, rural development, irrigation, energy, industry, transport, science and technology etc.

Trends in Revenue Expenditure : General, Social and Economic Service

- There has been an increase of general and social services except 2017-18 (Table 11)
- But the spending on economic service registered a steady decline.
- There has been a negative growth in 2016-17
- The growth in expenditure was only 6.5% in 2017-18
- Due to fiscal crisis there has been a cut in economic services

Table 11
Revenue expenditure : general, social and economic services

Year	General Services	Social Services	Economic Services	Grants-in-aid	Total
	Amount (□ crore)				
2010-11	15418	12111	4358	2778	34665
2011-12	20300	16224	6132	3389	46045
2012-13	22787	18878	7808	4016	53489
2013-14	26605	20980	7929	4972	60486
2014-15	31433	23718	10197	6398	71746
2015-16	36085	27603	11099	3903	78690
2016-17	41195	33765	10655	5481	91096
2017-18	45524	35876	11351	7197	99948
	Growth Rate (%)				
2011-12	31.7	33.9	40.7	22.0	32.8
2012-13	12.2	16.3	27.3	18.5	16.2
2013-14	16.7	11.1	1.5	23.8	13.1
2014-15	18.1	13.1	28.6	28.7	18.6
2015-16	14.8	16.4	8.8	-39.0	9.7
2016-17	14.2	22.3	-4.0	40.4	15.8
2017-18	10.5	6.3	6.5	31.3	9.7

Source: Same as Table 1

Trends in Capital expenditure : General, Social and Economic services

- The spending on general and social services witness wide variation
- There has been a negative growth in economic services (Table 12)
- Of the seven years, 3 years witnessed a negative growth
- There has been a negative growth in capital expenditure during 3 years
- This indicate that there has been a cut in capital expenditure
- The structure of revenue and capital expenditure is given in table 22

Table 12
Capital expenditure : general, social and economic services

Year	General Services	Social Services	Economic Services	Total
	Amount (₹ crore)			
2010-11	119	479	2766	3364
2011-12	162	595	3096	3853
2012-13	147	562	3894	4603
2013-14	148	617	3529	4294
2014-15	135	875	3245	4255
2015-16	257	1035	6208	7500
2016-17	211	1293	8622	10126
2017-18	268	1406	7075	8749
	Growth Rate (%)			
2011-12	36.1	24.2	11.9	14.5
2012-13	-9.3	-5.5	25.8	45.4
2013-14	0.7	9.8	-9.4	-6.7
2014-15	8.8	41.8	-8.0	-0.9
2015-16	90.4	18.3	91.3	76.3
2016-17	-17.9	24.9	38.9	35.0
2017-18	27.0	8.7	-17.9	-13.6

Source: Same as Table 1

Table 13
Structure of Revenue and Capital Expenditure (% share)

Year	General Services	Social Services	Economic Services	Grants-in-aid	Total
	Revenue Expenditure (%)				
2010-11	44.5	34.9	12.6	8.0	100
2017-18	45.5	35.9	11.4	7.2	100
	Capital Expenditure (%)				
2010-11	3.5	14.2	82.2	NA	100
2017-18	3.1	16.1	80.8	NA	100

Reduce Non-plan revenue expenditure (NPRE)

Control alarming growth in six major items, viz. (1) salaries to government staff, (2) teaching grant given to private educational institutions, (3) pension given to retired staff, (4) interest payments, (5) unnecessary administrative expenses and (6) fiscal extravagance.

1) Revise salaries and pensions of staff of state government, autonomous bodies, public sector undertakings etc once in ten years instead of once in five years
2) Restrict the undesirable growth of government departments, semi-government organisations, public sector undertakings etc (starting new departments, splitting a department into two, creation of unnecessary establishments and posts, forming new autonomous bodies, universities, public sector undertakings etc)

3) Restrict the creation of new taluks, administrative units, converting grama panchayats to municipalities, starting new municipal corporations etc.
4) Introduce e-governance in all departments from top to bottom and redefine the staff pattern and reduce the staff.
5) The payment of salaries, pensions, social welfare pensions, etc. and collection of fees, user charges etc. shall be done through banks.
6) Some of the subsidiary activities like watch and ward, cleaning, gardening, transport of officials, delivery of mails in government offices, traffic control in roads etc. can be outsourced or given on contract basis.

7) Starting new educational institutions and courses in private aided sector other than schools up to 10th standard shall be discontinued.

8) The existing private aided educational institutions may be allowed to start new courses only in the unaided stream (all post SSLC courses)

9) In uneconomic schools having less than 12 students per standard, new recruitment of permanent staff should not be allowed

10) Currently half of the total staff in the state and more than half of the total salary expenditure of the government is incurred on education. Change is needed to reduce the share of the expenditure.

11) The public sector undertakings which incur continuous losses should be closed (except those connected with public utilities like transport, electricity, water supply etc)

12) Fiscal extravagance for political considerations should be discouraged (30 personal staff to a minister, 21 fulltime members of KPSC, monthly pension to personal staff ministers who completed 2 years, unlimited medical claim for ministers, MLA’s, ex-MLA’s, (one MLA claimed medical reimbursement of 1.9 crore) use of luxury toyotta innova car for officials from district to ministers etc)

III. Trends in Revenue Receipts

- There has been a steep decline in growth rate of own tax revenue since 2011-12 (Table 14)
- But there has been an increase in growth rate of central tax transfer
- The growth rate of revenue receipts was lower in 2016-17 and 2017-18
- The share of own taxes revenue receipts witness a steady fall
- The share of central tax transfer and grants-in-aid witnessed an increase
- Of the total revenue, the state's share is 69% and centre 31% in 2017-18 (Table 15)
- The structure of total revenue receipts is given in the Table 15

Table 14
Total Revenue Receipts

Year	Own taxes	Non-tax revenue	Central tax transfer	Grant-in-aid	Total revenue receipts
	Amount ₹ crore				
2010-11	21722	1931	5142	2196	30991
2011-12	25719	2592	5990	3709	38010
2012-13	30077	4198	6841	3021	44137
2013-14	31995	5575	7469	4138	49177
2014-15	35232	7284	7926	7508	57950
2015-16	38995	8426	12691	8921	69033
2016-17	42177	9700	15225	8510	75612
2017-18	46459	11199	16833	8528	83020
	Growth in %				
2011-12	18.4	34.2	16.5	68.9	22.6
2012-13	16.9	62.0	14.2	-18.5	16.1
2013-14	6.4	32.8	9.2	37.0	11.4
2014-15	10.1	30.7	6.1	81.4	17.8
2015-16	10.7	15.7	60.1	18.8	19.1
2016-17	8.2	15.1	19.9	-4.6	9.5
2017-18	10.1	15.4	10.6	0.2	9.8

Source: Same as Table 1

Table 15
Percentage share of Total revenue receipts

Year	Own taxes	Non-tax revenue	Central tax transfer	Grant-in-aid	Total revenue receipts
2010-11	70.09	6.23	16.59	7.08	100
2011-12	67.66	6.81	15.75	9.75	100
2012-13	68.14	9.51	15.49	6.84	100
2013-14	65.06	11.33	15.18	8.41	100
2014-15	60.79	12.56	13.67	12.95	100
2015-16	56.49	12.21	18.38	12.92	100
2016-17	55.78	12.83	20.14	11.25	100
2017-18	55.96	13.49	20.28	10.27	100

Source: Same as Table 1

Trends in SOTR and Non-tax Revenue

- The state own tax revenue (SOTR) comprises of sales tax and VAT, stamps and registration, state excise, taxes on vehicles, other taxes etc (Table 16)
- There has been a decline in its growth rate since 2011-12
- The rate of growth was 8.8% in 2016-17 and 9.4% in 2017-18
- Sales tax and VAT accounts for the largest share of SOTR (79%)
- The other major taxes are taxes on vehicles, stamps and registration and state excise.
- The major items of non-tax revenue are interest receipts, dividends and profits, state lotteries, forestry and wild life revenue and others (Table 17)
- Of this, state lotteries is the largest item. But the amount is not net income but income from the sale of lottery tickets.
- The share cost for conducting the lotteries is about 78 per cent and net income is about 22 per cent

Table 16
Trends in State Own Tax Revenue

Year	Sales tax and VAT	Stamps and registration	State excise	Taxes on vehicles	Other taxes	Total
	Amount ₹ crore					
2010-11	15833	2552	1700	1331	306	21722
2011-12	18939	2987	1883	1587	323	25719
2012-13	22511	2938	2314	1925	389	30077
2013-14	24885	2593	1942	2161	414	31995
2014-15	27908	2659	1777	2365	523	35232
2015-16	30737	2878	1964	2814	602	38995
2016-17	33453	3007	2019	3107	591	42177
2017-18	36586 (Sales Tax-24578 + GST-12008)	3453	2240	3663	518	46460
	Growth in %					
2011-12	19.6	17.0	10.8	19.2	5.6	18.4
2012-13	18.9	-1.6	22.9	21.3	20.4	16.9
2013-14	10.5	-11.7	-16.1	12.3	6.4	6.4
2014-15	12.1	2.5	-8.5	9.4	26.3	10.1
2015-16	10.1	8.2	10.5	19.0	15.1	10.7
2016-17	8.8	4.5	2.8	10.4	-1.8	8.2
2017-18	9.4	14.8	10.9	17.9	-12.4	10.2

Source: Same as Table 1

Table 17
Trends in non-tax revenue

Year	Interest receipts	Dividends and profits	State lotteries	Forestry and wild life	Other non-tax receipts	Grand total
	Amount □ crore					
2010-11	172	75	571	274	839	1931
2011-12	136	67	1283	221	885	2592
2012-13	172	48	2674	237	1067	4198
2013-14	149	101	3796	330	1199	5575
2014-15	102	74	5445	300	1363	7284
2015-16	105	90	6271	283	1677	8426
2016-17	144	96	7283	297	1880	9700
2017-18	145	126	9034	245	1570	11120
	Growth in %					
2011-12	-20.9	-10.7	124.7	-19.3	5.5	34.2
2012-13	26.5	-28.4	108.4	7.2	20.6	62.0
2013-14	-13.4	110.4	42.0	39.2	12.4	32.8
2014-15	-31.5	-26.7	43.4	-9.1	13.7	30.7
2015-16	2.9	21.6	15.2	-5.7	23.0	15.7
2016-17	37.1	6.7	16.1	4.9	12.1	15.1
2017-18	0.7	31.3	24.0	-17.5	-16.5	14.6

Source: Same as Table 1

Arrears of Tax and Non-tax items

- Mounting arrears is a serious issue
- According to CAG, the total arrear in March 2017 is □ 12591 crore (Table 18)
- Of this, the amount of arrears for more than five years is □ 5183 crore (41 per cent)
- Major share of arrears and from sales tax and VAT (61 per cent in March 2015)
- Land revenue arrears accounts for 20 per cent (March, 2015)
- Motor vehicles tax accounts for 12 per cent (March 2015)
- A major reason is stay orders issued by courts, state government and appellate bodies.
- Most public sector undertakings failed to pay dues in time
- Government also fail to take prompt action in collection of arrears due to political factors/corruption

Table 18
Amount of Tax and Non-Tax Arrears outstanding (Rs crore)

Year (as on March)	Total amount of arrears	Amount of arrears for more than five years	Amount of arrears for more than five years (Per cent)
2011	5358	1679	31.3
2012	10273	3768	36.7
2013	12244	4389	35.8
2015	10436	1872	17.9
2017	12591	5183	41.2

Source: CAG (2018) Report of CAG on Revenue sector for the year ended on March 2017, (and previous issues)

Suggestions for Resource Mobilisation

- Give top priority for mobilisation of own resources.
- Monitor the sales tax and GST collection and ensure 100% collection of the commodities (first 20) which gives the largest share of sales tax and VAT revenue. Indian made foreign liquor (IMFL), petroleum products, motor vehicles, cement, jewellery, medicines, rubber, tiles, paint, iron and steel, electrical goods, electronic goods, timber, chicken, tubes and tyres, chemicals, soap, cooked food, biscuits and sanitary ware.
- Strict action shall be initiated to collect arrears of revenue on sale tax, GST, VAT, land revenue, tax on vehicles, excise, non-tax revenue of forest and wildlife department etc.

- Effect periodical revision of rate of fees once in three years (motor vehicles, police, mining and geology, medical education, technical education, irrigation, jails, museums and zoos etc.)
- Similarly, the user charges levied by the government for services should be revised once in three years. (higher education, health, water supply, electricity, transport, etc.)
- Increase the non-tax revenue from forest department through timely selective felling of trees, effective collection of timber, timely conduct of auctions, periodical revision of the rent of the forest land leased, timely collection of arrears and dues from other government departments and institutions
- The revenue department is collecting only a fraction of the one time building tax and the luxury tax levied on new buildings. Collect the entire potential of tax

- Currently dues between departments and public sector undertakings are not settled in time (water, electricity, rent, other charges etc). Enforce timely settlement of dues
- The state government should insist on timely repayment of loans, interest, taxes, dividends etc due to the government from public sector undertakings.
- Annual plans outlay should be fixed on the basis of resource availability. No inflated plans.
- Due to inaction of the state government to effect periodical increase in rate of taxes, fees, user charges etc of LGs the rate remained unchanged for about two decades ending 2016 (property tax, profession tax, advertisement tax, show tax, service tax, D & O licence fee, building permit fee, rent on buildings owned by local governments, other fees, user charges etc). Implement the recommendations of 5th SFC on the subject

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THANK YOU

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