CHAPTER – V
FINDINGS, STRATEGIC PLANNING AND CONCLUSION

5.1. Introduction
The findings obtained from the statistical test performed on the hypotheses, Initially the researcher explained the findings from Trend projections of Development expenditure on Social Service in TSF, Development expenditure on Economic Service in TSF, Non – Development Expenditure General Services in TSF, States Own Tax Revenue in TSF & States Own Non-Tax Revenue in TSF, Grants In Aid from the Central Government, and Share of Union Excise and Additional Excise Duties and Income Tax, followed by Findings from Regression Model of the TNSF-Expenditure Mediated Structural Model, Mediated Model for Developmental Expenditure on Social Services in Tamilnadu State Finance, Mediated Model for Developmental Expenditure on Economic Services in Tamilnadu State Finance (TN-DEES), Mediated Model for State Own Tax Revenue Tamilnadu State Finance (TNSF-SOTR), and Mediated Model for State Own Non-Tax Revenue Tamilnadu State Finance (TNSF-SONTR).

5.2. Findings and Conclusion for Study
5.2.1. Findings from Trend Analysis of Development expenditure on Social Service in TSF
The social services are very important factor for promoting human lives in the society. Tamilnadu State Finance (TFS) is allocating more funds for
social development rather economic development of the state. The analysis reveals that Education, Medical and Housing facilities are very important factors in the social services. TFS has allocated more funds for promoting education in the state. It is true that there are Technical and non-technical education institutions established during a decade in the state. The present government is more concentrating on higher education development in the state. The second social service is medical facilities in the state. There are more hospitals established with high tech facilities in rural and urban areas. The third Social service is housing facilities. The housing facilities is provide for the below the poverty line in rural areas. The present government has allocated more funds for constructing more houses in rural areas. Therefore, the researcher could conclude that with empirical evidence of data and trend projection, there is fiscal decentralisation process in the interdepartmental of social services in the state finance. The liner trend projection is $Y_t = 4040 + 1270*t$.

5.2.2. Findings from Trend Analysis of Development expenditure on Economic Service in TSF

The expenditure on economic services includes the item such General Economic Services, Agriculture and Allied Services, Rural development, special Area Programmes, Irrigation and Flood Control, Energy, Industry and Minerals, Transport, Science & Technology and Environmental Services. In order to develop the agriculture in the State, the government
allotted more funds on Agriculture and Allied Services than that of other sectors. Economic activities are very important factors for employment generations in rural and urban areas. There is positively steady growth in allocations funds to economic activities in the state. The power sector has been plagued by serious shortage of supply vis-à-vis demand. Initiated comprehensive power sector reform programs have been conducted by the State with the World Bank assistance. Domestic and agricultural segments that receive power subsidies have shown maximum growth in consumption in the last three decades, regulatory authorities are expected to rationalise the electricity tariffs to a significant extent and augment resources for the sector, External aid can be leveraged to enhance the capacity of the regulatory bodies and trigger distribution reforms. This will also pave the way for both domestic and foreign investments to flow into the power sector, which is vital for the economy. The trend projection is \( Y_t = 3257 + 497^t \).

5.2.3. Findings from Trend Analysis of Non – Development Expenditure General Services in TSF

The non- development expenditure on General Services which shows steady growth in fund allocations in TSF. The General Services include Organs of State, Fiscal Services, Debt Services, Administrative Services, Pension and Miscellaneous General Services, Compensation of Assignments to Local Bodies and Panchyatraj. In 1992, the 73rd and 74th Constitutional
Amendments were carried out and all the State Governments including of Tamilnadu enacted the new Panchayat Raj Act. So as to make the panchayat institutions as institutions of local self government and for the effective implement of rural development of the society. In the context of ensuring effectiveness of development intervention and better delivery of service to beneficiaries Panchayat Raj institutions are often considered to be important. The development and non-development expenditure are allocations funds promoting the state economy. The fiscal decentralisation is very important for reducing inequalities in inter – departments activities as well as the human development in the state. A state economy development depends upon the fiscal decentralisation of state finance rather fiscal concentration an one sector in the state. Many economists argued the fiscal decentralisation process helps for promoting or paving the way for ones’ country economy. The present study examines that the fiscal decentralization process within inter-department activities in a state. Therefore, the expenditures in Tamilnadu, there is positively steady growth in allocation of funds for non-development expenditure in the state finance. Because of the population living in rural areas, improving the efficiency of agriculture is the obvious key to attaining high growth and reducing poverty. The trend projection is

\[ Y_t = 5517 + 1576 \times t. \]
5.2.4. Findings from Trend Analysis of States Own Tax Revenue in TSF & States Own Non-Tax Revenue in TSF

The state’s own tax revenue as the major components of the total revenue of the state include the items such as agriculture income tax, land revenue, urban land tax, stamps and registration fee, state excise duties, general sales tax, central sales tax, taxes on vehicles, electricity duties, entertainment tax, betting tax, luxury tax, sugarcane cess, taxes on goods and passengers, service tax etc. In the state owns taxes, the general sales tax was single largest category accounts for more than 50 percent of the state’s own tax revenue. Next to general sales tax, central sales tax, the taxes on vehicles, electricity duty, taxes on goods and passenger, stamps and registration fee. The trend projection is $Y_t = 5493 + 2673 \times t$. on the other hand state own non–tax have increased over the period. There is positively increased in TSF. It represents that there is more revenue more non tax revenue. The trend projection is $Y_t = 545517 + 1576 \times t$.

5.2.5. Grants in Aid from the Central Government

From the Table 4.6 and Time series plot figure 4.11 reveal that the central government gives grants-in-aid to state governments and state government give grants to the local governments to carry out their function successfully. The trend projection is $Y_t = 15 + 511 \times t$. 
5.2.6. Findings from Trend Analysis of Share of Union Excise and Additional Excise Duties and Income Tax

The fact that even thought the revenue under this head has increased quantitatively; the percentage share of central taxes to the total revenue has more or less remains constant, with minor fluctuations. The finance commission is a statutory body set up under article 280 of the constitution by the president of India to allocate the shares resources between the states and the centre over a period of 5 years development of central taxes such as income tax, excise duties and custom duties is one of the sources of revenue to the states. The yardsticks adopted for horizontal distribution of resources from the divisible pool of the central taxes. The trend projections on share of union excise and additional excise duties is $Y_t = 1314 + 427 \times t$. The trend projection on income tax is $Y_t = -305 + 202 \times t$.

5.3. Findings from Structural Equation Modeling

5.3.1. Findings from Regression Model of the TNSF-Expenditure Mediated Structural Model

The regression analysis revealed that the various types of Tamilnadu state Finance Expenditures, Social Services (SLS) influenced 0.91 of the Total Expenditures (TE), followed by Economic Services (ECS) which explains 0.84 of the Total Expenditures (TE) and General Services (GLS) 0.82 of mediating factor Social Services (SLS). The R2 value of 1.23 is displayed above the box Total Expenditures (TE) in the AMOS graphics output. The visual representation of results suggest that the relationships between the
dimensions of Total Expenditure of Tamilnadu State Finance, Social Services (SLS => TE = 0.91) resulted significant impact on the Total Expenditure of Tamilnadu State. The General Services (GLS) and Compensation and Assignments to local bodies & Panchayathraj (CAS) are resulted very limited impact on the Total Expenditure (TE). General Services (GLS=>SLS=0.82) and Compensation and Assignments to local bodies & Panchayathraj (CAS=>SLS=0.55) are having significant impact on the mediating factor Social Services. The over all TSF is fiscal decentralisation process in Tamilnadu State.

5.3.2. Findings from Mediated Model for Developmental Expenditure on Social Services in Tamilnadu State Finance

The regression analysis revealed that the various types of Developmental Expenditures on Social Service in Tamilnadu state Finance. Education, Sports & Culture (EDU) influenced 1.48 of the Developmental Expenditure on Social Services (DESS). Welfare of SC/ST &OBC (WSTO), Water Supply and Sanitation (WSA) and Family Welfare (FAW) are having most significant influence on mediating factor Education, Sports & Culture (WSTO => EDU =4.448, WSA=>EDU=3.035 & FAW=>EDU=2.782 ). The R2 value of 1.53 is displayed above the box Developmental Expenditure on Social Services (DESS) in the AMOS graphics output. The visual representation of results suggests that the relationships between the dimensions of Developmental Expenditures on Social Service in Tamilnadu
state Finance. Education, Sports & Culture (EDU => DESS = 1.48) resulted significant impact on the Developmental Expenditure on Social Services (DESS) of Tamilnadu State. The Labour Employment (LET:-4.87) and Urban Development (URT:-0.244) are negatively influenced the mediating factor EDU. Social Security and Welfare (SSAW: 0.798) and Medical and Public Heath (MED: 0.538) are resulted very limited impact on the mediating factor Education, Sports & Culture (EDU). The social services are fiscal decentralisation process adopted in TSF in Tamilnadu State.

5.3.3. Findings from Mediated Model for Developmental Expenditure on Economic Services in Tamilnadu State Finance (TN-DEES)

Mediating factor Agriculture & Allied Services (AAS) influenced 1.48 of the Developmental Expenditure on Economic Services (DEES), followed by Irrigation and Flood Control (IFC: 4.096). Industrial and Minerals (IAM) having most significant influence on mediating factor Agriculture & Allied Services (IAM=>AAS=3.795). The $R^2$ value of 1.25 is displayed above the box Developmental Expenditure on Economic Services (DEES) in the AMOS graphics output. The visual representation of results suggests that the relationships between the dimensions of Developmental Expenditures on Economic Service in Tamilnadu state Finance. The Special Area Programme (SAP:-1.5), Rural Development (RUD:-0.911), Irrigation and Food Control (IFC:-0.753), Energy (ENG:-0.356) and General Economic Services (GES:-0.274) are negatively influenced the mediating factor
Agriculture & Allied Services (AAS). Special Area Programme (SAP:-18.402) and Industrial and Minerals (IAM:-0.274) are negatively influenced the resulting factor Developmental Expenditure on Economic Services (DEES). The economic services are partially fiscal decentralised process in the TSF in Tamilnadu State.

5.3.4. Findings from Mediated Model for State Own Tax Revenue
Tamilnadu State Finance (TNSF-SOTR)

The regression analysis revealed that the various types of State Own Tax Revenue in Tamilnadu State Finance. Mediating factor Electricity Duty (SOTR7) influenced 0.70 of the Total State Own Tax Revenue (TSOTR), followed by Land Revenue (SOTR4: 5.226), Taxes on Vehicles (SOTR14: 4.254) and State Excise Duties (SOTR6: 1.053) are having most significant influence on resulting factor TSOTR. Taxes on Vehicles (SOTR14: 5.592) and Land Revenue (SOTR4: 2.496) are having most significant influence on mediating factor Mediating factor Electricity Duty (SOTR7). The $R^2$ value of 1.22 is displayed above the box Total State Own Tax Revenue (TSOTR) in the AMOS graphics output. The visual representation of results suggests that the relationships between the dimensions of State Own Tax Revenue in Tamilnadu State Finance. Central Sales Tax (SOTR10: -21.367), General Sales Tax (SOTR8: -5.482), Stamps and Registration Fee (SOTR5: -1.838) and State Excise Duties (STOR6: -0.396) are negatively influenced the mediating factor Electricity Duty (SOTR7). Central Sales Tax (SOTR10: -
21.482), General Sales Tax (SOTR8: -9.108) and Stamps and Registration Fee (SOTR5: -1.845) are negatively influenced the resulting factor Total State Own Tax Revenue (TSOTR). There is fiscal decentralised process of collecting revenue form state own tax in Tamilnadu State.

5.3.5. Findings from Mediated Model for State Own Non-Tax Revenue Tamilnadu State Finance (TNSF-SONTR)

The regression analysis revealed that the various types of State Own Non-Tax Revenue in Tamilnadu State Finance. Mediating factor State’s Own Non-Tax Revenue (SONTR6) influenced 0.032 of the Total State Own Non-Tax Revenue (TSONTR). General Services (SONTR2: 1.721) and Interests, Receipts, Dividends & Profits (SONTR3: 1.146) are having most significant influence on mediating factor State’s Own Non-Tax Revenue (SONTR6). The R² value of 1.12 is displayed above the box Total State Own Non-Tax Revenue (TSONTR) in the AMOS graphics output. There is fiscal decentralised process in collecting revenue from central and state in Tamilnadu.
5.4. Conceptual Model Empirically Proved

Figure 5.1 conceptual model empirically proved through trend projections and structural equation model. The data were collected from Tamilnadu State finance a decade of secondary data. The researcher has empirically examined through structural modeling method.
5.5. Strategic Planning for Financial Decentralisation for State Finance of Tamilnadu

Figure 5.2 shows that the strategic planning for financial decentralization for state finance of Tamilnadu. The TSF should concentrate on fiscal decentralisation process in all inter departments allocation funds for promoting human as well as economic development of the state. The fiscal decentralisation process will lead to economic growth in the state. Without fiscal decentralization process; poor becomes poorer in the state. Reduction
poverty is through fiscal decentralisation in the state. there has been increasing interest in the economics literature on the potential impact of decentralization on economic development beyond the classical proposition that decentralization should increase the efficiency of the public sector (Oates, 1972). Determining the impact of fiscal decentralization on economic growth is more than merely an academic question, it is an important policy issue potentially affecting the lives of billions of people in the state of Tamilnadu.
5.6. Conclusion

Decentralization has given countries the added responsibility of economic growth and welfare administration. Countries use various strategies to attract and retain businesses so they can provide income and jobs for residents. Localization of economic development and decentralization of welfare programs may have an effect on economic growth of states in India. Fiscal decentralization has not emerged as the grounds well economic development strategy that many expected. The advantages of centralization and the political power of the centralists have been too strong. But the world has changed, and decentralization is becoming a more irresistible strategy. Its progress may be slowed by politics and by an unstable world economy, as most new policies will be, but its time may have come. Governments around the world are increasingly elected, and sooner than later, a platform of citizen participation in governance; economic development has eroded some of the advantages of fiscal centralization; and the service delivery capabilities of sub-national governments have improved dramatically. Fiscal decentralisation will help the states government of India for reducing rural & urban poverty India. Fiscal decentralisation is very essential for promoting and developing below poverty line human being in India. Where there is fiscal decentralisation, there is economic power.