Financial autonomy can be explained by the degree of the decentralisation. Higher the financial power centralised, lower will be the fiscal autonomy of these states and this will result in more earning for the state. The degree of centralisation or decentralisation can be measured either by the revenue or by the expenditure side, and if revenues are considered, the distinction is for the total and own revenue within governmental transfers. The needs of the states and the capacity of tax collection from the states today need to have the differences as the dependence by the states on the centre continuously shall not make the state self-reliance. The time will come when the unitary form of the system (as seen in the American constitution) and thereby the authority of the centre to dictate terms shall continue. Due to this, there might be the autonomy of the states but they would just be suitable for the name sake. This naturally leads us to show the actual provisions of levying collection and assigning of tax and non-tax revenue between the states and the centre.

The richer states as per the devolution of their share from the centre get more share and subsequently the Finance Commission has not provided the share distribution from taxes and revenue. A rational approach, thus becomes necessary for the Finance Commission and thereafter the commitments should be made to the poor states. The Finance Commission thus has the distribution with the Planning Commission, so that the real need of the states for non-plan expenditure can be fixed properly. The power of taxing
and the taxes of the centre should be properly decided. So that, the state does not have to suffer for its financial matters regarding to development as well as for non-developmental expenditure.

In the present study of INTER-REGIONAL ECONOMETRIC ANALYSIS OF THE FINANCIAL BEHAVIOUR IN INDIA, an attempt is made to examine or measure the growth of government expenditure and revenue, the per capita total expenditure, expenditure for welfare programmes and creating employment generation as well as educational, social, communication and economic services, growth of expenditure on it, and achievement will be examined. By giving proper financial support to this, it can lead to the path of development.

It means that the transfer of tax sharing by the states from the centre can not only reduce the budgetary deficit but can also suffice the development process.

The entire study is divided into TEN CHAPTERS. A brief outline of the same is presented as under:

CHAPTER-I begins with the preliminary remarks about this study. It contains a brief historical outline about the federal finance, fiscal resources and the expenditure pattern pertaining to Indian Constituency.

CHAPTER-II discusses the centre-state financial relations and it also focuses to encompass the periphery of the working of Planning Commission and Finance Commission. Here an attempt is also made to classify the basic variables connected with the financial approach as a whole. A critical appraisal for the centre-state
relationship is also presented along with other discussions.

CHAPTER-III begins with a brief summary about the type of study considering the objectives of the study. The scope and limitations of financial resources are highlighted and the hypothesis regarding this study is also represented here. A brief account of the methodology of the study is indicated and brief discussion about the techniques and analysis is presented.

CHAPTER-IV begins with the statewise pattern for the finances in India. Data analysis regarding the expenditure pattern of the state finance is carried out as per the grouping method and the relevant periods for this study.

In CHAPTER-V an attempt is made to discuss the data analysis pertaining to the revenue and capital receipts for the state finance. The analysis is carried out as per the grouping method and also pertaining to the relevant time period for this study. CHAPTER-VI contains the growth rate estimated on the basis of the semi-log-trend equation for the relevant groups and periods for the respective financial variables. These growth rates are highlighted for some specific financial variables. Trend values for the respective series are obtained and these are represented by means of appropriate diagrams pertaining to the different groups of states during the relevant periods for analysis.

CHAPTER-VII considers the multiple regression models pertaining to the per capita total expenditure and per capita total developmental expenditure as the dependent variables. These variables
are regressed against the population density, literacy ratio, labour force, grant, loan, tax revenue and other related economic variables. These regressions are studied for the relevant periods and different groups of the states and conclusions are drawn from the regression analysis.

CHAPTER-VII discusses the multiple regression models pertaining to the per capita total revenues and per capita total tax revenue as the dependent variables respectively for all the three types of time series as per different groups. These variables are regressed with the population density, literacy ratio, labour force, grant, loan received and other related financial variables. On the basis of the regression analysis presented here, brief conclusions are also drawn accordingly.

CHAPTER-IX describes the determinants of per capita state domestic product for the groups of states during the relevant periods of analysis. Here per capita SDP is regressed against the population density, literacy ratio, agricultural and non-agricultural labour force and per capita SDP from agricultural & non-agricultural sector.

CHAPTER-X deals with summary, suggestions and policy implications pertaining to the above study. Projections are made on the basis of the statistical analysis carried out in the earlier chapters. Some major conclusions are drawn on the basis of this study which may be useful for policy implications.