Geo-politics and Geo-Economics of federalism have their peculiar fiscal ramifications which can be solved with ease if all the constituent levels and individual units behave with sincerity and proper perspective of their own organisation. But even then some conceptual and operational problems do confront them, say with regard to resource mobilisation to their optimum level. Out of all the concepts and schemes suggested for assessing the resource mobilisation by States, the principle based on equity alone stands out as the most scientific one even though the very concept of equity permits value judgements. For the purpose of fiscal adjustment, while several criteria regarding resource mobilisation may be applied to macro-data, rate uniformity or centralisation decisions on individual taxes as well as items of individual tax can be based only on specific case studies. If the net aggregate revenue exceeds substantially, (i.e. not marginally) the aggregate costs of centralisation, then only it can serve the purpose of economic development.

Resource allocation poses more difficult and institutional problems. From operational point, models have lesser immediate practical significance in arriving at the magnitudes of funds to be transferred, as was exhibited by Prof. Buchanan's model; but they have other significant implications. Regional resource allocations pose most difficult problems that have yet to be overcome successfully. Institutional arrangements in resource allocation have defects that require immediate attention. But even the existing institution could be made to function more effectively if some new formulas, as suggested in this thesis are adopted and some orthodox views on divisible pool are given up to suit the changing needs and circumstances. Further that the new technique of input-output analysis can be helpful to some of the allocational problems of federation has been exhibited in