Techniques of fiscal adjustment, when applied at the micro level to the revenue performance revealed that there is nothing in the revenue performance at the State Govt. level in Andhra Pradesh which pleads for the transfer of Revenue functions. On the contrary they present scope for economic exploitation at the State level itself. On the outlay side the taxalogical approach helped in locating the problem areas. Thus only big irrigation-power projectss requiring huge capital investment, but with long gestation periods, are appropriate activities for a transfer to the Union Govt. On the institutional side expenditure control mechanism requires a revitalisation and reconstitution. Further, as a tool of fiscal adjustment on outlay functional side, standard unit cost data requires systematic development by all governmental units in our federation.

An exercise into the scope for additional revenues (item-wise) was made. Projection of future revenues of Andhra Pradesh State Govt. during the period 1966-70 was used in arriving at the financial gap in the revenues of the State during the 4th Plan period. This was compared with the State Government's demand placed before the 4th Finance Commission and the one recommended by 4th Finance Commission. Thus the approach of this thesis and exercise was proved to be fruitful in that the grants as estimated in this work and as recommended by F.C. (1965) have been same. The scope for expansions in tax and non-tax revenues, without any quantification, was explored. In this context a new tax on "the conversions of agricultural lands for non-agricultural purposes" was suggested for being operated by the State Government.

The same inspection process for the fiscal adjustment along with the techniques developed at the micro and macro-levels have been
extended to the local finances of Andhra Pradesh. The additional scope for augmentation of different local taxes are mentioned. Further the scope for augmenting finances for development through profession tax was focussed in the case studies on Hyderabad, Secunderabad and Guntur Municipal bodies and in the Appendix "B". On the outlay side the need for developing appropriate standard unit cost data is focussed. On the whole the scope for State-Local adjustments appear to be quite ample.

An examination of Grants and Loans, in view of the peculiar position they occupy in the financial adjustment process, suggested that some changes can be introduced in the analytical approach to the problem of budgetary need. Central and State grants received by subordinate units are put to economic tests and some conclusions were drawn. Serious problems posed by the Public and Inter-governmental loans in the context of developing federal economy are discussed. Finally the positive case for Grants and Loans Council is examined in the end.

Given the above summary, what conclusions can be drawn from this study? Evidently, macro analytical approach can only suggest broadly the fields (Revenue or Expenditure) and geographical regions that can be further deeply studied through micro approach for the purpose of arriving at the scientific assessment of the scope for fiscal adjustments. If the programme of fiscal adjustments were to be on the scientific basis, the primary step consists in examining that specific field of operation - Revenue or outlay - from the view point of standardizing costs. This requires a further study of comparative administrative practices together with their cost allocations to arrive at standard unit cost of operation. Thus it is evident, even from the stand point of comparing efficiency of operations by different levels and units, which can be further
analysed to show the areas of potential economies and expansion of services that may lower the cost of performance of service, as well as the operational economies which may enhance the cost of service, it can be strongly suggested that an All India Index numbers for the costs of operation of powers and functions by different levels of Governments is urgently required. This is more or less similar to the preparation of the present cost of living index numbers and can be entrusted to the State Statistical Agencies for being compiled on half-yearly basis.

The examination through micro approach suggests that some changes in the institutional structure of resource allocation, particularly by specifically defining the powers and functions of Planning Commission in the constitution itself and winding up Finance Commissions and in their place constituting Grants and Loans Council both at Union and the State, are imperative. To this extent constitutional amendment is not only justified but also urgently required. The problem posed by interest payments on Inter-governmental loans suggest that big projects with high capital-output ratio and long gestation period are worthy of being taken over by higher levels of Government in the federation. Constitutional amendment even in this regard is required.

At the State-Local level, experience of Andhra Pradesh suggests that Profession tax can be more productively exploited by allowing State Govt. to assume partial responsibility for levy and collection of that tax in the organised sectors of Urban areas. Panchayat Raj Bodies may be entrusted with the levy and collection of Land Revenue, Agricultural Income Tax and Succession duties on agricultural properties on an experimental basis. Examination of tax revenues exploited by Local Govts., in Andhra Pradesh suggests that they can be exploited successfully at that level only by a coordination of activities between State Govt. and themselves, as well as reorienting their taxes
...for collecting more revenues. For instance property tax and profession taxes can be made to yield larger revenues through variations in rates, base and coverages, if suggestions given in this thesis as well as in the Appendix "B" are carried.

Finally while there is no major scope for adjustments in tax powers and expenditure functions between Union and States which can either help or hinder the concentration process, the question is what will be the net aggregate affect of suggestions made regarding institutional changes (abolishing Finance Commissions and Constituting Grants and Loans Council) at Union and State level as well as that of minor changes suggested at State-Local level? Do they affect and Indian federalism in general/States position in particular? To some extent concentration process is strengthened such that States position is affected from both Central and Local ends. While the desirability of such concentration process is justifiable on economic grounds, its desirability on political grounds is open to discussion and this is out of the purview of this study.