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## *INTRODUCTION*

Devolution encompasses a wider area of decentralisation and is often accompanied by statutory backing and real functional, organisational and fiscal autonomy. It evolves reflecting changes in the social and political economic conditions.

The 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments Acts, 1992 have added a new dimension to fiscal federalism and decentralised public finance in the federal system. The structure of inter governmental federal relations and fiscal transfers will have to undergo significant changes. The provision relating to creation of State Finance Commission to rationalise fiscal relations at sub state level and make periodic fiscal corrections assumes significance in this context. The recommendations of State finance Commission (SFCs) will have to set norms conventions and practices relating to fiscal federalism and local governance.

Nearly a dozen SFCs have submitted their reports. The present study make an attempt to review the report submitted by the Maharashtra State Finance Commission (MFC) appointed on April 1994, which submitted its report on January 1997 under the chairmanship of Makarand Herwadkar.

## **TITLE OF THE DISSERTATION**

The title of the present dissertation is "State Finance Commission and Fiscal Decentralisation with Special Reference to Maharashtra".

## **OBJECTIVES OF THE STUDY**

The following are main objectives of the study.

1. Study the new dimensions to federalism in the Indian Federal system with reference to the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Act, 1992.
2. Examine the approach of the First Maharashtra State Finance Commission.
3. Study the Expenditure and Revenue assignments made by the State Finance Commission under study.
4. Study the design of transfers and analysis the recommendations of the Commission under study.

## **RESEARCH METHODOLOGY**

The present study is essentially a library dissertation based on secondary data. Necessary secondary data is collected by visiting the following institutions and their libraries.

1. Gokhale Institute of Politics and Economics, Pune

2. Bar. Balasaheb Khardekar Library, Shivaji University,  
Kolhapur

Secondary data is collected from the following sources.

1. Report of the First Maharashtra State Finance Commission.

Data collected from the above source is tabulated and interpreted with necessary statistical techniques.

### **CHAPTER SCHEME OF THE STUDY**

The following is the chapter scheme of the study.

- |               |   |   |
|---------------|---|---|
| Chapter – I   | : | Theory of Local Government Finance  |
| Chapter – II  | : | New Dimensions in Indian Fiscal Federalism<br>with reference to 73 <sup>rd</sup> and 74 <sup>th</sup> Constitutional<br>Amendments Acts |
| Chapter – III | : | Analysis of Report of First Maharashtra<br>Finance Commission   |
| Chapter – IV  | : | Review of the Recommendations of the<br>First Maharashtra Finance Commission  |
| Chapter – V   | : | Summary, Conclusions and Suggestions  |