

CHAPTER – IV

SUMMARY AND CONCLUSIONS

Federal financial relations in India have an evolutionary history in the sense that they have developed as a result, of historical coincident, administrative convenience and political pressures. There was no real desire of the British Empire to grant any genuine financial autonomy to the provinces. It was only during the closing stages of the British rule that some kind of autonomy legislative and financial was granted to the provinces under the Government of India Act (1935). This concession however, was made with political intentions to stabilise British rule in India. The government of India Act of 1935, however, formed the basic on which federal financial relations under the Indian Constitution were envisaged and formulated.

According to the Constitutions of India, a Finance Commission is appointed at five yearly intervals, which makes recommendations regarding devolutions of resources between the Central Government and States.

While the role of the Finance Commission is widely recognised, most people seem to be unaware of the fact that the analytical foundations of the Finance Commission Reports are derived from the perceptive analysis made by Dr. Ambedkar's which a seminal

contribution to public Finance, which is relevant today as it was when this pioneering piece of work was first brought out.

In the year, 1929 and 1930 Dr. Ambedkar took a stand that complete autonomy could not be provided for provinces. He accepted the idea of limited autonomy to provinces but he was firmly in favour of unitary form of Government. While expressing his views on federation created by the Act of 1935. He defined federalism as a scheme of division of powers between Centre and units worked out by law of Constitution. He praised the Indian Constitution for assigning judiciary a role of interpreting the constitutional provisions in the matters of powers assigned to the Centre and units.

MAJOR CONCLUSIONS OF THE STUDY

1. The financial provisions under the Indian Constitution on the whole, speaking generally, have worked successfully. The provisions made in the Indian Constitution are elaborated and detailed and have taken into account experience of various other federal constitutions. Such elaborate provisions are not to be found in other federations.
2. Financial provisions under the Indian Constitution lay emphasis on co-operative federations. The States in India need Union funds. This dependence may compel the States to co-ordinate their policies with the Centre. At the same time the Union

without States co-operation cannot exist. Hence, the two are mutually dependent.

3. Dr. Ambedkar's concern for the oppressed which found expression in the above mentioned book was even more pronounced in its sequel titled, "The Evolution of Provincial Finance in British India", in which he dilated on the evolution of the Centre-State financial relations in British India during the period 1833 to 1921, the accent once again being really on demonstrating a faulty fiscal system marked by injurious taxes and unproductive and extravagant expenditures.
4. Dr. Ambedkar reviewed the evolution of provincial finance through various schemes of 'assignment', 'assigned revenues', and 'shared revenues' his emphasis was on the economic uplift of the poor through decentralisation of the government finances.
5. Dr. Ambedkar accepted federal structure mainly on the ground that it was suitable for a democratic functioning but he had expressed his fear that federalism may affect Indian nationalism in the future.
6. Dr. Ambedkar concluded that, "Indian Constitution works as federal in normal times and as unitary in times of war".