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ISSUES AND CHALLENGES FOR THE 14TH FINANCE COMMISSION

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The Indian Constitution provides a federal structure to the nation which is often noted as a federalism with strong 'unitary features'. Part XI of the Constitution provides the framework for the power distribution between the federal government (the Centre) and the States. However, similar to many federal Constitutions, the Indian Constitution is also characterised by an imbalance between the functional responsibilities and the financial powers at different levels of government. In terms of the nature and quantum of intergovernmental transfer of resources between the national and sub-national governments, there have been a number of contentions in India's fiscal architecture. The Indian Constitution vests the Centre with greater powers of taxation and also provides for an institutional mechanism to determine the share of the States in the Central tax revenues. The Constitution provides for the Finance Commission (FC) in Article 280 in order to facilitate the mechanism of these transfers and therefore correct this imbalance. This constitutes one of the most important functions of the FC. In deciding on the devolution of taxes and the provision of grants, the FC is required to address the vertical imbalance (between the Centre and the States) and also the horizontal imbalance, i.e. the one between the States with varying fiscal capacities but similar responsibilities in the provision of public services. The FC is formed once every five years, and currently the centre-state sharing of resources are being guided by the recommendations of the 13th FC (2010-2015). The 14th FC, announced in 2013, with Shri Y. V. Reddy as its Chairman, has already embarked upon its task for formulating recommendations for the period 2015-16 to 2019-20. In the last two decades a major issue that has evolved in the existing debates and discussions regarding the transfer of resources to the states has been that of a reversed tendency of accentuated pow-

ers with the Centre and reduced fiscal autonomy along with a policy roadmap of stringent fiscal consolidation at the sub-national level being pursued by the Union Government. The growing role of the Planning Commission, rise in the number of Centrally Sponsored Schemes and transfer of resources to States tied to the broad / specific objectives of the Central Ministries have been the basis for criticism of the Central Government. One of the main reasons for the States to perceive the transfers recommended by the Planning Commission as tied funds is that the proportion of Normal Central Assistance (the formula-based component of the Central Assistance for State & UT Plans) in the Gross Budgetary Support of the Centre for the national Five Year Plan has been only around 10 percent in the 11th Plan as well as in the 12th Plan.

In such a backdrop, the FC has been looked upon by the States as the main source of untied transfers comprising the States' share in central taxes and statutory Grants-in-aid. However, it has been noted in several commentaries by the policy experts that rising tendencies of centralization has not been restricted only to transfers made by the Planning Commission. In the last decade, FC transfers have also been showing similar tendencies. The broader trends in devolutions from Centre to States show that the ratio between Non-plan grants and Plan grants has declined substantially, indicating the increase in the tied nature of fund transfers to States.

The trends of central transfers to States show that while grants as a proportion of Gross Devolution and Transfers (GDT) have increased slightly over the last two decades, Non-plan grants as a proportion of both total grants as well as GDT have displayed stagnation. While Plan grants have been increasing during this period, the Non-plan grants, which form bulk of the untied transfers to States, have declined thus imposing restrictions on

States in their expenditure decisions. Therefore, the contention of vertical resource sharing by the Centre and States in a manner to uphold the federal nature is one of the major challenges being faced by the 14th FC.

The other important factor affecting the governance and quality of services offered by States is directly linked to the above contention and is supposedly another important matter which needs the intervention of the 14th FC. The roadmap of fiscal consolidation and increased transfers with conditionalities has created several restrictions on the States in terms of recruitment of regular cadre staff in the State Government departments in sectors like, education, health, water and sanitation, rural development and agriculture, among others. This is one of the main factors affecting the coverage as well as quality of government interventions in these crucial sectors across many States. It is important to note here that the problem of staff shortage is likely to be more acute in skilled / technical staff positions (including all three kinds of such staff, viz. programme managerial staff, finance and accounts staff, and skilled service providers) than the unskilled / support staff positions. Moreover, the extent of shortages, as depicted by several government data sources, are with reference to the number of posts sanctioned in different States, which is likely to be dated in many cases.

A probable reason for this problem of shortage of staff has been the attempt to eliminate the Revenue Deficit (and even show a Revenue Surplus, in some cases) by the States in order to perform better in the count of fiscal capacity. Such measures seem to have checked the levels of long-term expenditure commitments of the State governments by freezing the recruitments in regular cadres of their departments for more than a decade now. In the prevailing fiscal architecture in the country, the Finance Commission is the only institution, which can address this

concern of the State Governments to make long-term expenditure commitments on staff / human resources. Hence, the Fourteenth Finance Commission needs to pay attention to this problem and explore the possible remedies in the domain of sharing of untied resources with State Governments as well as the kind of 'fiscal consolidation' strategies that State Governments should follow during 2015-16 to 2019-20.

The final challenge faced by the 14th FC relates to elementary yet the most contentious issue of equalisation among States apart from the fundamental principles governing the financial relations between the Centre and the States. As mentioned, while it is important to address the existing vertical imbalance, it is equally vital to reduce the horizontal imbalance as both complement each other. The inter-State inequality on account of differences in fiscal capacity is compounded by two major factors. The States with low income levels are also the ones with large population. It implies greater transfers of additional resources if there has to be an impact on equalisation. Further, some States have certain geographical and climatic factors that have extra cost implications for the Centre. Therefore, an explicit equalisation methodology needs to be developed to tackle this systemic problem, which then forms the third major challenge for the 14th FC. In order to achieve this, the current FC needs to first take a call on whether to accept the States' preference of increased revenue-sharing, rather than provide for more Grants-in-aid in the scheme of transfer of funds. Although this point has been a major contention for almost all the FCs constituted so far, it has also remained the most ticklish problem for all of them. Finding a suitable solution therefore constitutes a herculean task for the Commission.

(The author works with the Centre for Budget and Governance Accountability, New Delhi and can be reached at sona@cbgindia.org)

JOB HIGHLIGHTS

RAILWAY

- **Railway Recruitment Boards requires 26567 Assistant Loco Pilot & Technicians.**

Last Date : 17.02.2014

SSC

- **Staff Selection Commission notifies Combined Graduate Level Examination-2014**

Last Date : 14.02.2014

- **Staff Selection Commission (Eastern Region) invites applications for various posts.**

Last Date : 17.02.2014

MINISTRY OF DEFENCE

- **5121 ASC BN (MT) (Civ GT) invites applications for recruitment of 100 Group 'C' posts.**

Last Date : 21 days after publication

WEB EXCLUSIVES

Following item is available in the **Web Exclusives** section on www.employmentnews.gov.in :

1. GSAT-14 Communication Satellite

CAREER IN GEOPHYSICS

If you are exploring career opportunities in interdisciplinary science fields then Geophysics is an option you cannot ignore. Geophysics is an ideal career option for you, if you are good at Physics and Mathematics, and are fascinated by Earth Science.

Geophysics is an interdisciplinary science of Geology and Physics. It is a branch of Earth Science that focuses on applying quantitative physical methods to explore, examine and measure the properties of Earth. It deals with the application of Physics to study the nature and environment of Earth, right from volcanoes to depths of oceans. Atmospheric physics, oceanography, climatology, petroleum geophysics, environmental geophysics, and mining geophysics are all specialised areas under Geophysics.

Geophysics finds application in different walks of life. Some of them are: study of Earth's behaviour, study of natural hazards like earthquakes, volcanic eruptions and landslides, exploration, location and exploration of resources like oil and gas, minerals and ground water, civil engineering: evaluation of areas for dams and other constructions; identify underground utility and void; test ground strength, environmental applications: map the depth of bedrock; delineating landfill and forensic investigation: map buried objects beneath soil or water

Academics

To pursue career as a Geophysicist, you should acquire a post-

graduate or research degree in the subject. A postgraduate degree in a relevant field or sub-field can also qualify you to take up career in this field. At Bachelor's level, you can pursue Geophysics, Geology or Physics.

There are several institutes in India that offer courses in Geophysics. Some of the subjects covered in these courses are quantum mechanics, electromagnetism, structural geography, ecological science, mathematics mineralogy and gravity.

Nature of Job

Work in the field of Geophysics can provide immense job satisfaction because opportunities in this field are quite challenging and provide tremendous scope for learning and growth. Job roles are quite varied just as there are a variety of specialised areas within this field. You can assume a suitable job role based on your expertise and interests. For instance, if your specialisation is seismology, you can work as a seismologist, studying seismic reading and trying to predict earthquakes; as a techno physicist you will be studying the movement of tectonic plates. Some more job roles you can assume are environmental geophysicists, mining geophysicists, atmospheric physicist, marine geophysicists, petroleum geophysicists, gravity geophysicist, electromagnetic geophysicist, electrical geophysicist and magnetic geophysicist.

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Job responsibilities

Based on the job role, some of the responsibilities of Geophysicists include: Designing, planning and executing geophysical investigations , acquiring geophysical data using instruments below the Earth or from satellites, recording and sharing the data with stakeholders, analysing seismic sections and maps, maintaining the standards of seismic data collection, Interpreting geo-scientific data to locate resources, supervising technical aspects of projects and managing teams, creating maps and providing environmental consultancy

Jobs
Job opportunities for Geophysicists are in government organisations, PSUS, research organisations, business organisations and educational institutions. Geological Survey of India, Ministry of Mines hires Geophysicists. The recruitment is based on performance in entrance test and interview conducted by the UPSC. NGRI, Central ground water board (CGWB), Atomic Minerals Division (AMD), ONGC, Oil India Ltd, Coal India limited, SAIL (R&D), and Singareni Collieries Co. Ltd are some more organisations hire these professionals. Coming to opportunities in the private sector, Shell, Reliance Natural Resources Ltd and Essar Oil Ltd are some companies that can provide opportunities to Geophysicists.

Skill sets
The job of Geophysicists is mostly out door. So, get into this field if you like travelling and have the ability to survive in extreme physical conditions. However, some jobs involve desk work like using computers for modelling and calculations. If you take up a job in the area of research your job would be mostly studying the internal structure and evolution of the earth, its properties and behaviour in terms of seismic activity, magnetic fields and electric fields. To succeed as a Geophysicist, you need strong foundation in science subjects. You should be acquainted with different instruments used to record geophysical data. Also, the nature of work is research-based. So curiosity, fascination with natural phenomena, attention to details, and analytic bend of mind are a must. Decent knowledge of computer and software platforms will give you an edge over others.

Colleges and Courses

College	Course	Eligibility	Admission	Website
Department of Earth Science, Indian Institute of Technology Bombay	M.Sc in Applied Geophysics	Bachelor's degree with Mathematics or Physics and any one from Geology, Chemistry, Statistics, Electronics and Computer Sciences	Performance in JAM	www.geos.iitb.ac.in
Andhra University, Visakhapatnam	M.Sc (Tech) in Geophysics	B. Sc with Mathematics and Physics	Performance in entrance test	www.andhrauniversity.info
Indian School of Mines University, Dhanbad	M.Sc. Tech in Applied Geophysics	B.Sc in relevant discipline	Performance in entrance test	www.ismdhanbad.ac.in

College	Course	Eligibility	Admission	Website
Osmania University, Hyderabad	M.Sc in Geophysics	B.Sc with Physics and Mathematics	Performance in entrance test in Physics	www.osmania.ac.in
University of Petroleum and Energy Studies, Rajahmundry	M.Tech in Petroleum Exploration	Minimum 60 per cent marks at Higher and Senior Secondary level and B.Tech in Chemical/ Mechanical/ or M. Sc in Geology/ Geophysics/ Physics with minimum 60 per cent marks	Performance in interview	www.upesindia.org
Cochin University of Science and Technology, Cochin	M.Sc. Marine Geophysics	B.Sc with at least 55 per cent marks in Geology with Mathematics and Physics/ Chemistry or Physics with Mathematics and Geology/ Chemistry/ Electronics or Mathematics with Physics and Geology/ Chemistry	Performance in CUSAT-CAT	www.cusat.nic.in.
Banaras Hindu University, Benaras	M.Sc (Tech) in Geophysics	Minimum 50 per cent marks in B.Sc with Mathematics and Physics	Performance in entrance test	www.bhu.ac.in
Sri Venkateswara University, Tirupathi	M.Sc in Geology	B.Sc with Geology	Performance in entrance test	www.svuniversity.in

(The write up is contributed by TMIE2E Academy Career Centre based in Secunderabad. Email-faqs@tmie2e.com)

NEWS DIGEST

- The Union Cabinet approved the proposal of the Ministry of Information and Broadcasting for bringing out a comprehensive regulatory framework in the form of guidelines for Television Rating Agencies in India. These guidelines cover detailed procedures for registration of rating agencies, eligibility norms, terms and conditions of registration, cross-holdings, methodology for audience measurement, a complaint redressal mechanism, sale and use of ratings, audit, disclosure, reporting requirements and action on non-compliance of guidelines etc.
- The Union Cabinet gave its approval for introduction of the National Youth Policy-2014 (NYP-2014) replacing NYP-2003 currently in force. The vision of NYP-2014 is to empower youth to achieve their full potential, and through them enable India to find its rightful place in the community of nations. For achieving this vision, the policy identifies five well-defined objectives and 11 priority areas and suggests policy interventions in each priority area. The priority areas are education, skill development and employment, entrepreneurship, health and healthy lifestyle, sports, promotion of social values, community engagement, participation in politics and governance, youth engagement, inclusion and social justice.
- The Cabinet Committee on Economic Affairs has approved the proposal of the Ministry of Health and Family Welfare relating to the centrally sponsored scheme for up-gradation of existing State Government/Central Government medical colleges to increase the Bachelor of Medicine and Bachelor of Surgery (MBBS) seats in the country. This will result in the increase of about 10,000 seats at a total cost of Rs. 10,000 crore.
- The GSAT-14 communication satellite was put into orbit by the Geo-synchronous Satellite Launch Vehicle (GSLV-D5). The ISRO successfully executed the satellite's first orbit-raising manoeuvre, giving commands to the satellite's propulsion system called the Liquid Apogee Motor (LAM). (for more details see web exclusive)
- The Strategic Forces Command test-fired Prithvi-II, a surface-to-surface strategic missile from a mobile launcher in the Integrated Test Range, near Chandipur, in Odisha. The missile, which can carry a nuclear warhead of 500 kg, lifted off and covered its full range of 350 km.
- Kochi has taken its place on the world LNG map with Prime Minister Manmohan Singh dedicating a liquefied natural gas terminal here to the nation. The Rs. 4,500-crore terminal, which started functioning four months ago, was officially launched at a function held at Puthuvypeen. The project, with a capacity of 5 MMTPA (million metric tonne per annum) is built by Petronet LNG Limited.
- World No. 1 Serena Williams won the season-opening WTA Brisbane International tennis tournament when she beat second seed Victoria Azarenka. Serena won a close first set then edged Azarenka in the second to win a tense final 6-4, 7-5 in 98 minutes. The American won the battle between the top two players to pick up her 58th career title.

LOAN TO NGOs FOR THEIR CAPACITY EXPANSION

- Loan upto Rs. 5 Lakh
- NGO should be working in the area of disability.
- The capacity expansion on behalf of group of PwDs.
- Visit our website : www.nhfdc.nic.in



Empowering the Disabled

National Handicapped Finance and Development Corporation

(Dept. of Disability Affairs, Ministry of Social Justice & Empowerment, Govt. of India)

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