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Research Article

Inclusive Development and Persisting Challenges: Mapping the South Indian Story

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The South Indian pattern of development is receiving much attention in the recent times not just for its achievements in development indicators, but also for the politics, displayed by the region until the 2024 Lok Sabha elections. This study examines the development trajectories of five South Indian states, namely Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana. It compares the selected socio-economic indicators to assess how far the case of South Indian model of inclusive development can be accepted. These states give us the demonstration of the back-and-forth linkages of human development and economic growth. It also looks at the persisting challenges faced by these states in its development trajectories. Another common challenge faced by the South Indian states is regarding the centre -state fiscal transfers which have a punitive impact on better performing states. This paper is based on secondary data, namely the NITI Aayog reports, National Family Health Survey 2019–2021 and RBI's Handbook of Statistics on Indian states.

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INTRODUCTION

The South Indian pattern of development is receiving much attention in the recent times not just for its achievements in development indicators, but also for the politics of not giving a dominant foothold in the region to the National Democratic Alliance, which has formed the current Union government. This paper examines the development trajectories of South India to explore the economic growth and human development linkages that the region amply demonstrates in varying degrees. The region, which comprises of 5 states, namely Karnataka, Andhra Pradesh Telangana, Kerala and Tamil Nadu is being considered here. In this study the performance of these states on the various indicators are examined to demonstrate a case of inclusive development as well as the persisting challenges in the region. Since 2014, the current Union government's broad pattern of development is that of giving utmost importance to physical infrastructure often at the cost of social sector spending as successive budgets show (Sinha, 2024). The paper maps the South Indian story to demonstrate a possible, humane and arguably better alternative to this model. The methodology used in this paper is a comparison of selected indicators of the South Indian states with that of India. This paper is largely based on secondary data from the NITI Aayog reports, National Family Health Survey 2019–2021 and RBI's Handbook of Statistics on Indian states 2022–2023 by RBI. The social indicators taken are the widely used indicators of health, education, and poverty and the economic indicators include per capita income, economic growth rate, labour force participation, unemployment and a few other indicators representing inclusive growth. Other secondary sources like books and newspaper articles are referred to for sketching the development trajectory of the five South Indian states.

Kerala Model of Development: Human Development and other Achievements

The rather distinctive pattern of the development of the state, which is often referred to as *Kerala model of development* has received much scholarly attention, both national and international. It was referred to as distinctive because the state had achieved high ranks in many of the basic dimensions of human

development, disproportionate to its level of income. The state's performance is high not only in comparison with those of the other states in India but also of many developing countries and even of some high-income countries. The striking social achievements of the state was first identified in a study done by UN and Centre for Development Studies (1975). Kerala's lead in human development index is maintained since then. The Sustainable Development Goals (SDG) India Index brought out by the NITI Aayog shows Kerala sharing the top position with Uttarakhand in 2023–2024. SDG includes goals like no poverty, no hunger, quality education, good health and well-being, gender equality, clean water and sanitation, decent work and economic growth and so forth (NITI Aayog, 2024b).

Kerala's achievements are located in its history of *public action.* Amartya Sen has highlighted the role of public action in bringing about Kerala's social achievements. To present his own words, "there is indeed much evidence of the extensive links between Kerala's outstanding social achievements and its rich history of public action. Kerala's experience of early promotion of social opportunities based on public action is of far-reaching significance for other Indian states and indeed for other countries also" (Drèze & Sen, 2002:16).

The early historical factors can be classified into two broad categories which are not mutually exclusive. The progressive measures adopted in a top-down manner by the state come under the first category. The second category consists of the agency of the people themselves as revealed in the various caste reform movements. These mobilisations of the people were carried forward subsequently by the political movements. The recent post-independence history is characterised more by political mobilisation of various sections of people, especially by those in the lower strata, demanding entitlements.

Passing of the legislation for land reforms in 1969 was a landmark in the history of development of the state. It was aimed at reducing inequality through the redistribution of land, a vital asset. Ceiling on land holdings, rights for the tenants to buy land at a set price and in instalments, distribution of surplus land to the hitherto landless and ownership rights to hutment dwellers were some of the measures taken under land reforms. These measures instilled a minimum sense of security to large sections of the poor. The state is applauded for its wide coverage of food and social security measures. A substantial proportion of informal workers are covered under social security schemes (CDS & GoK, 2006).

The Dravidian Model

Kerala has for long basked in the glory of its social sector achievements. However, in recent years, a case of the Dravidian model, or the Tamil Nadu model of development, has come to the forefront, as that state has managed both social as well as economic achievements rather well (Kalaiyarasan & Vijayabaskar, 2021). The larger point conveyed by the Dravidian model is that the inclusivity of people need not come at the cost of economic growth, rather both are complementary. Kerala, had made achievements earlier with regard to access to basic education, and policies were designed for getting socio economically weaker groups into school education, but Tamil Nadu performs best in higher education. Regarding their achievements in health sector, there are several indicators that place the state at the top along with many other states. The authors of Dravidian model point out how the state has made this outcome possible through multipronged approach. These include the building of a robust primary healthcare system, the centralisation of drug procurement, a bureaucracy that is inclusive of marginalised social groups, and a set of incentives aimed at the retention of medical professionals in the public system (Heyer, 2022).

While Kerala has been criticised for its emphasis on distribution at the cost of production, the authors of Dravidian model point out how this has not been the case in Tamil Nadu, where political mobilisation has been enabling for capital accumulation. Also, it could ensure the participation of lower castes in this. From an inclusive growth perspective Tamil Nadu has a larger share of small and medium enterprises and a labour-intensive manufacturing sector. So is the presence of a large technically skilled work force. Large scale electrification, a good minor roads network, and policies supporting small scale industrial

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units lead to strengthening of industry in the state which was already relatively a better industrialised state. Liberalisation, the authors point out, helped in boosting these achievements and the state's industrial growth rate begins to stand out. Creation of non-agricultural jobs shifted the agrarian relations in favour of the oppressed by giving them more bargaining power. Rising agricultural wages and breaking of dependency were the consequences. Non -agricultural workforce, rising wages and better social security are achievements of the Dravidian model. Although only 23% of the workforce is formally employed, the difference between the formal sector employees and casual employees are relatively less than elsewhere. As in the case of Kerala, the outcomes of today are shaped by historical forces. The authors of Dravidian model attribute the success of the model to historical factors of non-Brahmin movement of the 1920s and 30s and the conscious policies taken by political parties for the upliftment of the weaker sections (Kalaiyarasan & Vijayabaskar, 2021).

The Andhra Pradesh Model

Andhra Pradesh had a considerable agricultural, industrial and infrastructural performance to begin with and is showing a lot of innovative programs to improve its social sectors. In a context where, there is a lot of talk of 'freebies' or welfare eating away resources from 'real productive investment', some argue how AP like Tamil Nadu, shows welfare schemes instead of crowding out investment attract good investment (Reddy, 2022). Parallel to Navrathnas in industry, AP introduced Navarathna idea in welfare schemes. Among the several innovative welfare programmes are the health insurance in private hospitals introduced in 2007, which received criticism saying that it is going to make the rich hospitals richer. There was also financial support for low-income families to pursue professional education. Both schemes are designed to be life- saving and useful for the downtrodden families. Farmer financial assistance, Amma Vadi scheme, giving financial assistance of around Rs. 15,000/ given to mothers for educating their children, housing for all poor, increase of pension amount are other important schemes (Reddy, 2022).

There were also several industrial friendly measures. According to India Brand Equity Foundation (IBEF), it is the first state to enact single window clearance programme, which enables the industries to get clearances quickly. There were efforts to develop solar power projects, electronic hardware and food processing. In recent years, several large and mega and medium and small enterprises were established. The state retains most of the power projects of undivided Andhra Pradesh (India Brand Equity Foundation, 2023). A combination of economic growth in important sectors as well as push for greater inclusion makes the case of Andhra Pradesh also interesting to watch out for.

Karnataka Model

Some years back, World Bank Economists alluded to Karnataka as a model state for its technology led growth and pioneering attempts at rural decentralisation. Bangalore, considered as the Silicon Valley of India has contributed immensely to the state's economic growth, as shown by its relatively high per capita Gross State Domestic Product. Scholars point out how the technology led growth of the state has century old roots with the Maharaja of Mysore, Krishnaraja Wadiyar instituting several initiatives in higher education, particularly technology and science (Kadekodi et al., 2007). The government of Mysore in 1905 gave land grant and subsidies for the setting up of Indian Institute of Science in Bangalore. These initiatives produced generations of engineers and scientists paving the way for the 'Karnataka model'. The state is considered as a pioneer in decentralisation after Ramakrishna Hegde government introduced these reforms in the 1980s, which sparked the 73rd amendment, as part of which Panchayats were given more autonomy of power and finance in designing and executing their own development agenda. Both aspects are considered as twin pillars of growth with equity. Emphasis was given to inclusive development through the implementation of several welfare schemes, scorned by some sections as populist measures, and the manifold increase in the budgetary allocation for scheduled tribes and scheduled castes.

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As in the case of other states, the seeping down of lofty ideals into good outcomes at grassroots gets marred by the various other issues faced by the state. What Karnataka is rather infamous is its political instability with frequently changing governments and allegations of high levels of corruption. The state faces other challenges namely the regional inequalities, gender inequalities, lack of urban governance and severe shortcomings in the implementation and the politicisation of the Panchayat Raj Institutions. Gender inequalities included poorer health outcomes of women indicated by maternal mortality rate and their poor participation in local government. The infamous traffic blocks and inadequate civic amenities point out how urban governance is not able to cope with the ever-increasing demands of a growing urban population (Kadekodi et al., 2007).

Telangana Model

The state of Telangana came into existence on 2 June 2014, separating itself from the state of Andhra Pradesh. Telangana similar to Andhra Pradesh, seeks a model of development intertwining infrastructure push along with launching of several welfare schemes. Those championing the model talk about how the state fosters a culture of free enterprise along with social welfare-oriented governance (Hindu Bureau, 2023). Examples of infrastructure development includes Kaleshwaram Lift Irrigation Project, Mission Bhagiratha providing treated drinking water to every household, and investments in the power sector. Agriculture sector showed a consistent upward trajectory after the formation of the state and this is impressive given the negative growth rates in agriculture and rural distress prior to that. Welfare schemes such as Rythu Bandhu, Rythu Bima and Dalit Bandhu has helped the rural poor. On the industrial development front, there are several flagship enablers such as T-Works, India's largest prototyping centre, We-Hub, the country's first women entrepreneur incubator and T-Hub, the world's largest startup incubator (Hindu Bureau, 2023). Among the state's challenges are unemployment, regional inequality and a ten times increase in state's debt from 2014 to 2015, as alleged by Congress party during the state elections (Nichenametla, 2023).

Mapping the South Indian Story of Development: Select Indicators from NFHS and RBI

Health Indicators

In Table 1 the basic indicators reflecting the health of the individuals are presented. Ten indicators are considered, namely the IMR, under- five mortality rate, life expectancy, maternal mortality rate, fertility rate, stunted children, children's (up to five years) and women's anaemia levels, proportion of households with at least one member having a health insurance and proportion of population with basic sanitation services.

An analysis of the ten health indicators across states shows that South Indian states have a better performance than the national average, except in the case of a few indicators, where one or two states lag behind. In the case of life expectancy, Karnataka is marginally behind the national average. In the case of anaemic children, Telangana has a higher proportion that the national average and in the case of anaemia among women, both Andhra Pradesh and Telangana have higher share than the national average. Also, in case of percentage of population having health insurance, Karnataka's performance is below that of national average. In rest of the 6 indicators, all states are ahead of the national average. A comparison of states shows Kerala outperforming other four states, except in the case of population having health insurance. Among the four big states, Tamil Nadu has a better performance on 6 indicators, namely IMR, Under five mortality, life expectancy, fertility, stunted children, and anaemic children.

Education and other Social Indicators

In this section, we have considered nine social indicators, namely literacy rate, Gross Enrolment Ratio of Classes 1–8, 11–12, of higher education and GER of higher education of SC community, poverty ratio, Multidimensional Poverty Index (MPI) and proportion of people in the upper quintiles of a wealth index calculating possession of consumer goods and basic amenities. A higher proportion of population in the

Table 1: Health Indicators

Health	Kerala	Tamil Nadu	Karnataka	Andhra Pradesh	Telangana	India
Infant mortality rate 2020 (per 1,000 live births)	6	13	19	24	21	28
Under five mortality rate, 2019–2021 (per 1,000 live births)	5.2	22	30	35	29	42
Life expectancy–2016–2020	75.0	73.2	69.8	70.6	70.0	70.0
Maternal mortality rate–2018–2020 (per 1,00,000 live births)	19	54	69	45	43	97
Fertility rate, 2020	1.5	1.4	1.6	1.5	1.5	2
Less than five years stunted children, 2019–2021	23.4	25	35.4	31.2	33.1	35.5
Anaemic children aged 6–59 months, 2019–2021	39.4	57.4	65.5	63.2	70.0	67.1
Anaemic women aged 15–49	36.3	53.4	47.8	58.8	57.6	57
Proportion of households with at least one member having a health insurance, 2019–2021	58	67	32	80	69	41
Percentage with basic sanitation service, 2019–2021	98.7	72.6	74.8	77.3	76.2	70.2

Notes:
1) Infant mortality rate is the number of deaths of children less than one year of age for every 1,000 live births
2) Total Fertility Rate is defined as number of children that would be born per woman during the reference period.
Source(s):
1) Data on under five mortality, stunted children, proportion with health insurance, proportion with sanitation service are from NFHS, 2019–2021(Ministry of Health and Family Welfare, 2021).
2) Data on IMR, life expectancy, MMR, Fertility rate, anaemic children and women from (Reserve Bank of India, 2023a).

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upper quintiles would mean a greater number of people having more amenities. Table 2 presents the data.

In two of the nine indicators, there is no national level data available. In rest of the seven indicators, South Indian states are better performing than the national average, except Andhra Pradesh with a weaker performance in literacy rate than the national average (but these are outdated figures as it is from Census 2011) and Karnataka and Andhra Pradesh slightly lagging behind the national average in case of GER of 11–12 classes. Here again Kerala leads in 7 indicators although it is behind Tamil Nadu with regard to higher education GER and higher education GER for SC students. As for big states, Tamil Nadu has a lead in 6 indicators. In poverty ratio, among the big states, the undivided Andhra Pradesh is ahead of other states.

Economic Indicators

This section looks at the economic performance of the states. We have considered Gross State Domestic Product, Per Capita Net State Domestic Product in current and constant prices and compounded annual growth rate of nine years. Based on the importance given to manufacturing sector as a robust and sustainable growth base, we have examined the performance of south Indian states on this metric. Here we have considered the extent of MSMEs in these states as they represent a more inclusive growth trajectory. We have also considered employment and emoluments generated from this sector, for growth is only valuable if it helps the masses to find a means of living through their employment.

Two indicators from Table 3 are very telling. One is the Per Capita Net State Domestic Product and the compounded annual growth rate of 9 years, 2013–2023. In per capita income all South Indian states are well ahead of the national average. In growth rate also, one finds South Indian states display a good growth rate which is ahead of the national average. With regard to the share of factories, Tamil Nadu has a good share showing a robust manufacturing base of the state. So does it lead in case of state wise share of GVA from factory sector. The state also leads in the case of the number of medium and small-scale industries and share of employment and emoluments in factories. Among the big states, Karnataka while having a lesser share of factories has a better share in the share of GVA from factory sector, employment and emoluments.

Table 2: Education and other social indicators

Education and other social indicators	Kerala	Tamil Nadu	Karnataka	Andhra Pradesh	Telangana	India
Literacy rate for population above 7 years, 2011	94.00	80.09	75.37	67.02		72.99
Gross enrolment ratio (Classes 1–8), 2021–2022	101.	98.8	107.1	100.1	110.2	100
Gross Enrolment ratio (Classes 11–12)–2021–2022	85.0	81.5	56.6	56.7	64.8	57.6
Higher education GER for the age group 18–23 years	43.2	46.9	36.0	37.2	39.1	27.3
Higher education GER for the age group 18–23 years for SC	33.7	36.8	25.6	33.6	35.4	23.1
Overall performance school education index-ranking by NITI Aayog (2016–2017)	82.2	73.4	52.9	56.1	39	Data not given
Poverty ratio (2011–2012)	7.1	11.3	20.9	9.2		21.9
MPI	0.55	2.20	7.58	6.06	5.88	14.96
Combined proportion of 3 upper wealth quintiles-Q3+Q4+Q5	17.9+36.5+ 40.1=94.5	26.4+29+ 24.6=80	28.4+27.2+ 19.0= 74.6	31.2+28.9+ 15.6=75.7	28.1+27.5+ 22.2=77.8	

Note:

1) Wealth index gives scores based on the number and types of consumer goods the households own, ranging from a television to a bicycle or car, and their ownership of other amenities such as drinking water, toilet facilities, and flooring materials. A higher proportion of population in the upper quintiles would mean a greater number of people having more amenities (NFHS 2019–2021).

2) There is no data for literacy rate for population above 7 years, 2011 or poverty ratio (2011–2012) for Telangana, as the state was then part of the undivided Andhra Pradesh.

Sources:

1) Data on wealth quintiles taken from National Family Health Survey 2019–2021 (Ministry of Health and Family Welfare, 2021).

2) GER (1–8 classes), GER (11–12 classes) and poverty ratio and MPI are taken from Handbook of Statistics on Indian states 2021–2022 by Reserve Bank of India (2023a).

3) GER of higher education and GER of higher education among SC are from 'All India Survey on Higher Education 2017–2018 (Government of India, 2018).

4) Overall Performance in Education Index is from NITI Aayog website, https://social.niti.gov.in/edu-new-ranking.

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Examining fiscal status, revenue deficit, 2022–2023, RE, only Karnataka and Telangana have revenue deficit falling below or close to Fiscal reforms and Budget Management legislation (FRBM), which are lower than national level. The rest of the states have more revenue deficit than the target, Andhra Pradesh, Kerala and Tamil Nadu in that order. As for fiscal deficit, only Karnataka has lower fiscal deficit than the FRBM target. Others have crossed the FRBM limit fiscal deficit. Kerala and Andhra Pradesh are having high levels of the debt- GSDP ratio, which have crossed the FRBM limit. RBI describes Kerala as one among the five highly stressed states along with West Bengal, Bihar, Rajasthan and Punjab. Expenditure on interest payments, pensions and administrative expenses, accounts for a significant portion (over 35%) of the total revenue expenditure in states like Haryana, Uttar Pradesh, West Bengal, Kerala and Punjab, which then leaves limited fiscal space for undertaking developmental expenditure (RBI, 2023b).

ISSUES IN CENTRE-STATE FISCAL TRANSFERS

Another common challenge faced by the South Indian states is regarding the centre -state fiscal transfers where there is increasing tendency of 'one size fit all approach' or centralisation cutting down on the autonomous abilities of the state to execute their own development agendas.

The states still spend around 60% of the expenditure in the country which includes 85% in education and 82% in health. But the ability of the states to raise their own revenue has been curtailed with the new GST taxation regime. The ability of States to finance their expenditures from their own

Table 3: Economic Indicators

Economic indicators	Kerala	Tamil Nadu	Karnataka	Andhra Pradesh	Telangana	India
Per Capita Net State Domestic Product, 2022–2023 (Constant prices)	1,48,810 in 2021–2022	1,66,727	1,76,383	1,23,526	1,69,006	
Per Capita Net State Domestic Product, 2022–2023 (Current prices)	2,33,855 in 2021–2022	2,75,583	3,01,673	2,19,518	3,12,398	1,72,000
Compounded Annual Growth rate of nine years (FY 2013–FY 2023)	10.71	10.73	14.7	11.75	13.7	9.3
State wise share of operating factories in 2019–2020	3.16	15.75	5.74	6.86	6.19	
State wise share of Gross Value Added (GVA) in factory sector	1.52	11.04	7.16	3.48	3.87	100
State wise GVA in factory sector, in Lakhs 1,48,57,4512	22,52,678	1,63,97,597	1,06,40,880	51,69,997	57,53,156	
State wise share of employment in factory sector	2.05	16.02	6.50	3.99	4.73	100
State wise share of emoluments in factory sector	1.81	13.80	7.56	3.63	3.73	100
State wise medium and small-scale industries in 2015–2016 (Number in Lakhs)	23.79	49.48	38.34	33.87	26.05	633.88
Unemployment- rural, 2022–2023 per thousands	65	38	15	35	28	24
Unemployment- urban, 2022–2023 per thousands	76	51	42	65	78	54
Labour force participation in January–March 2022 (current weekly status in percent)	37.1	41.6	39.1	38.4	38.4	37.2
Employment status of women-NFHS-2019–2021 (15–59 years in percent)	22.8	36.8	35.1	37.3	38.6	25.8
Grading of States/UTs under Business Reforms Action Plan (BRAP) 2020[1]	Aspirers	Top Achiever	Top Achiever	Top Achiever	Top Achiever	

Notes:

1) Data on per capita net state domestic product, state wise share of operating factories, state wise share of GVA in factory sector, state wise share of employment in factory sector, state wise share of emoluments in factory sector, state wise medium and small-scale industries, unemployment are from (RBI, 2023a).

2) Labour force participation is from Ministry of Finance (2023).

3) Compounded Annual Growth rate of nine years (FY 2013–FY 2023) is from Tyagi, 2023.

4) Employment status of women is from NFHS 2019–2021 (Ministry of Health and Family Welfare, 2021).

5) Grading of States/UTs under Business Reforms Action Plan (BRAP) are from Ministry of Commerce and Industry, Government of India (2024)

Table 4: Fiscal Indicators

Fiscal indicators	Kerala	Tamil Nadu	Karnataka	Andhra Pradesh	Telangana	All states and UTs
Revenue deficit, 2022–2023	1.9	1.3	0.3	2.2	–0.2	0.5
Fiscal deficit- 2022–2023-re	3.5	3.2	2.7	3.6	3.8	3.4
Debt-Gross State Domestic Product ratio 2022–2023-be	37.2	27.7	27.5	32.8	25.3	

Source: RBI (2023b)

[1]Instead of ease of doing business ranking, states and UTs are now assessed on the basis of their implementation of Business Reforms Action Plan (BRAP) 2020. Instead of ranking, states are clubbed into various categories of assessment.

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revenues has declined from 69% in 1955–1956 to less than 38% in 2019–2020. Centre- state fiscal transfers look like a case of one step- forward and two steps backwards. For instance, while the transfers under Fourteenth Finance Commission have increased the share of divisible pool of taxes, the centre is reducing the rates of the taxes in the divisible pool, for instance the corporate tax and increasing the share of non-divisible revenue, namely the cess and surcharges. This non-divisive pool in the Centre's gross tax revenues rose to 15.7% in 2020 from 9.43% in 2012 (Kalaiyarasan, 2022). The states' tax revenue has been stagnant for the past decade, the author points out. Within this constrained situation, states are now being turned into implementing agencies of central government schemes. The states are supposed to spend 25 to 40% as matching grants to execute these policies at the expense of their priorities (Kalaiyarasan, 2022).

Besides, there are also concerns raised with regard to horizontal distribution of central transfers which results in better performing states getting lesser share of Finance commission transfers as a proportion to revenue from the state. For instance, the amount each State got for every rupee they contributed to Central taxes in 2021–2022 is presented in the Table 5.

Table 5: Central transfers to states

States	Central transfers to states on every rupee contributed (Paise)
Karnataka	0.15
Tamil Nadu	0.29
Telangana	0.43
Andhra Pradesh	0.49
Kerala	0.57
Uttar Pradesh	2.73
Bihar	7.06

Source: Nihalani (2023)

The states lose out on two counts in the finance commission transfers; one is on the basis of population and other on the income distance from the national average. For example, in the case of Kerala, the state received 3.8% of the total finance commission transfers during the 10th Finance Commission which is now reduced to 1.9% (Nihalani, 2024).

CONCLUSION

This section discusses the key findings with its implications. An analysis of ten health indicators across states shows that South Indian states have a better performance than the national average, except in a few cases. In the seven human development indicators considered, the South Indian states are better performing than the national average. Both in per capita income and growth rate, South Indian states are excelling the national average. Across all these states, we can see a conscious thrust given to welfare of the masses. And this emphasis on human development has then led to the states seizing opportunities to increase their economic prosperity.

As mentioned at the outset, the current Union Government has been practicing a rather tight-fisted approach to social spending, with its implications on the welfare of the masses. The South Indian story reminds us that being a more humane government and focussing on distribution need not come at the cost of production and over all prosperity; instead, it can be a be a win-win situation. However, there are persisting issues of unemployment and low levels of labour force participation of women in these states. Improving the quality of education, health, employment and environment are other concerns. Climate change and natural disasters are posing yet another huge set of challenges. In such a situation, the share of Union Government fiscal transfers going down is indeed creating a paradox of punishing the better performing states. A desirable turn of fiscal federalism would result only when the Union Government facilitates and fiscally empower states which have well-addressed their basic development to focus more on improving it and address their next set of challenges.

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