

A STUDY OF RAJASTHAN FINANCES, 1949-50 TO 1969-70: A REVIEW*

ATUL SARMA

THE finances of State Governments in India have in recent years been under severe stresses and strains as evidenced by their recourse to sizeable amounts of unauthorised overdrafts from the Reserve Bank of India from year to year until recently. Any study pertaining to the finances of States should naturally be a useful venture.

Dr. Porwal has analysed the finances of Rajasthan during a period of 20 years (1949-50 to 1969-70) against a brief spectrum of economic, political and financial patterns and systems obtaining in the pre-integration period. The finances of the State have also been compared and contrasted with those of two similarly placed States, viz. Bihar and U.P. and one relatively affluent State, viz. Punjab.

In the pre-integration period "The princely States had remained outside the fiscal and financial systems of the rest of the country except for certain arrangements entered into with them by the Government of India" even though the accession of the princely States to the Indian federation was envisaged in the Government of India Act, 1935. Only after the financial integration agreement following the merger of the erstwhile princely States was the financial system of the State put in alignment with its counterparts in India, on the basis of the recommendations of the Indian States Finances Enquiry Committee, 1948.

Examining the budgetary position of a few select princely States Dr. Porwal has concluded: "the budgetary policies followed by the princely States mostly depended upon the idiosyncracies of the Rulers. As a result, the socio-economic conditions in most of the States were primitive and backward on the eve of their integration" (P. 20).

In the following two decades, the fiscal system and financial pat-

* State Finances in India — A Case Study of Rajasthan by L. S. Porwal. Sultan Chand & Sons, Delhi, 1971, pp. iii + 237.