

Annex 4: Constitutional Framework for Allocation of Functions and Finance

The Indian Constitution under the Seventh Schedule (Article 246) lays down the respective functions and financial resources of the Government at the Union and State level and contains three lists as set out below:

List I - Union List (97 Items)

- Functions: Defense, Atomic Energy and Mineral Resources, Foreign Affairs, Diplomatic Relations, Railways, Airways, Posts and Telegraph, Public Debt of the Union, Currency and Coinage, RBI, Banking, Insurance, Stock Exchanges, *etc.*
- Sources: Taxes on Income (other than Agricultural Income), Custom Duties, Excise Duties on manufactured Goods, Corporation Tax, Service Tax, *etc.*

List II - State List (66 Items)

- Functions: Public Order, Police, Local Government, Public Health and Sanitation, Hospitals and Dispensaries, Agriculture, Water, Fisheries, Public Debt of State, *etc.*
- Sources: Taxes on Agricultural Income, Taxes on Lands and Buildings, Taxes on Mineral Rights, Excise Duties, Entry Tax, Taxes on Electricity, Taxes on the Sale or Purchase of Goods (VAT), Taxes on Vehicles, Tolls, Taxes on Profession, Trades, Entertainment Taxes, Stamp Duties, *etc.*

List III - Concurrent List (47 Items)

- Criminal Law, Criminal Procedure, Administration of India, Social Security, Employment and Unemployment, Labour Welfare, Education, including technical education, medical education and universities, Price Control, Factories, Electricity, *etc.*

Source: Constitution of India, Government of India.