

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4186
ANSWERED ON:19.04.2002
MEETING OF CHIEF MINISTERS
C. SREENVAASAN;M.H. AMBAREESH;PUTTASWAMY GOWDA

Will the Minister of FINANCE be pleased to state:

- (a) whether many States are facing financial crisis and hence the developmental programmes are being adversely affected;
- (b) if so, whether some Chief Ministers of State Governments have the Union Government urged to call a meeting of all the Chief Ministers to work out a common agenda for reforms and development to overcome the difficulties being faced by States;
- (c) if so, the details thereof; and
- (d) the reaction of the Government thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): Some States are facing financial problems because of mismatches in revenue receipts and revenue expenditure resulting in inadequate availability of funds for Capital outlay, thereby adversely affecting developmental activities.

(b) to (d): The Chief Minister, Tamilnadu has recently made a request for convening a meeting of all Chief Ministers to workout a common agenda for reforms and development of States. Government of India has been requested to consider evolving an untied grant package for the States to enable them to tide over the present financial crisis. As The Eleventh Finance Commission was mandated to draw up a monitorable fiscal reform programme and to recommend how to link the release incentive grants to the progress in implementing the programme. The Government of India is guided by the recommendations of Eleventh Finance Commission and accordingly have created the State Fiscal Reforms` Facility for 2000-01 to 2004-05 under which grants can be availed of by States who have evolved their Medium Term Fiscal Reform Programme under this Facility.