

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6697
ANSWERED ON:10.05.2002
DIVERSION OF PLAN FUND
HOLKHOMANG HAOKIP

Will the Minister of FINANCE be pleased to state:

e:

- (a) whether many States have diverted the plan fund;
- (b) if so the details thereof and the steps contemplated to check the diversion; and
- (c) the financial status in respect of deficit, debt and other liabilities of the State of Manipur vis-à-vis the Finance Ministry?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE SHRI BALASAHEB VIKHE PATIL:

(a) and (b): Yes, Sir. As most States have been facing large Revenue deficits in their budgets, Plans funds have in many cases been diverted to meet emergent non-plan needs. For shortfalls in Plan expenditure reported by State Governments, proportionate cuts are made from the Central Assistance allocated to the State Government. The only effective way to prevent such diversion is for the States to ensure that Revenue deficits are wiped out. Subsequent to the recommendations of the Eleventh Finance Commission, the Ministry of Finance has drawn up a scheme called the States' fiscal Reforms' facility. Under this scheme, States are being given suitable incentives to bring down their Revenue Deficits by 2004-05.

(c): As per 2001-02 (BE), the Revenue Deficit and Outstanding Debt including other liabilities of State of Manipur was Rs. 25.20 crores and Rs 1681 crores respectively. The total outstanding loans as on 31.3.2002 in respect of Ministry of Finance against Government of Manipur was Rs. 402.40 crores.