

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5242  
ANSWERED ON:20.04.2001  
ELEVENTH FINANCE COMMISSION S RECOMMENDATIONS  
VILAS BABURAO MUTTEMWAR

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Chief Minister of Maharashtra alongwith the other States Chief Ministers have submitted a joint memorandum to the Prime Minister on August 21, urging him to reject the recommendation of the Eleventh Finance Commission which they claimed as indiscriminatory to the States with good financial management;
- (b) if so, whether the number of other States including Andhra Pradesh, Tamil Nadu had also submitted the memorandum to the Prime Minister in this regard;
- (c) if so, whether some of the State Governments had called a meeting of Chief Ministers showing displeasure with the recommendations of the Eleventh Finance Commission;
- (d) if so, the steps Government has taken to mitigate their grievances;
- (e) whether any amendments are being considered so that the views of the Chief Ministers are accommodated in the Eleventh Finance Commission: and
- (f) if so, the time by which the final decision in this regard is likely to be taken? 30, 1923 (Saka) Statement Correcting Reply to 354 Unstarred Question No. 4025 dated August 18, 2000 Regarding `Setting up of New AIR/DD Kendras`.

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL) :

(a) to (c) Yes, Sir.

(d) to (f) The Finance Commission makes an assessment of finances of each State, on the basis of historical data made available to it. While working out the scheme of devolution of funds to States, the Finance Commission has to keep in view the vertical equity between the Centre and States as well as the horizontal equity amongst the States Keeping in mind also the needs of each State. The Government of India has accepted the recommendations of Eleventh Finance Commission as contained in its main report 2000-05. The Eleventh Finance Commission in its supplementary report on additional terms of reference -has recommended constitution of an Incentive Fund for release of fiscal performance based grants to all States. Pursuant to the recommendations of the Eleventh Finance Commission, the guidelines on The States Fiscal Reforms Facility (2000-01 to 2004-05) have been circulated to the States.