

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2384  
ANSWERED ON:23.07.2004  
MID TERM FISCAL REFORMS PROGRAMME  
Das Shri Khagen

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

- (a) whether the Government is aware that all the North-Eastern States have signed 'Letter of Agreement' with the Union Government in terms of Mid-term Fiscal Reforms Programme (MTRFP);
- (b) if so, the salient features of the agreement;
- (c) whether all the North-Eastern States have fulfilled all condition of the agreement;
- (d) if so, the reasons for which the Government has withheld release of awarded gap grant to some States; and
- (e) the measures proposed to be taken to release the gap grant?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM )

(a) to (e) : A statement is placed on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Unstarred Question No. 2384 for answer on 23rd July, 2004 regarding Mid-term Fiscal Reforms Programme. States

Under the 'States' Fiscal Reforms Facility (2000-01 to 2004-05)', all the seven North-Eastern States, except the State of Mizoram, have signed the memorandum of understanding (MOU), with Govt. of India. Under the MOU, these North Eastern States, like other States, have, inter alia, agreed to undertake reform measures to augment their revenues, compress their revenue expenditure, arrest the growth of the debt & liabilities, restructure their Public Sector Enterprises and Power Sector and budgetary reforms. All these measures are aimed at fiscal consolidation in the medium-term.

The condition stipulated under the Facility for the release of the earmarked incentive grants, consisting of the 15 percent withheld portion of the non-plan revenue deficit grants of the concerned state and contribution of Government of India, to special category States (the category to which North Eastern States belong to) is an annual improvement in the ratio of the revenue deficit to revenue receipts by 5 percentage points per annum for first two years and at least 2 percentage points per year prospectively from the year 2002-03. For revenue surplus States, the criterion for the release is an improvement of 3 percentage points in the ratio of balance from current revenues to their non-plan revenue receipts.

The status of incentive grants released to NE states is as under:

(Rs. in Crs.)

States	2000-01	2001-02	2002-03
Arunachal Pradesh	37.21	37.91	37.89
Assam	32.72	28.04	30.35
Manipur	54.38	55.32	55.03
Meghalaya	51.84	51.50	51.03
Mizoram	Not Released	Not Released	Not Released
Nagaland	97.22	102.08	109.09
Tripura	73.99	76.93	Not Released

The claims of the States for 2003-04 are still to be reviewed with the evidence of required improvement. No grant for any State has

been withheld for any reason other than unfulfilment of benchmark requirement