

**GOVERNMENT OF INDIA  
PLANNING  
LOK SABHA**

UNSTARRED QUESTION NO:401  
ANSWERED ON:22.02.2006  
CHANGING PROVISIONS OF FRBM ACT  
Rao Shri Sambasiva Rayapati

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

- (a) whether the Planning Commission has decided to ask the Ministry of Finance to change the provisions of Fiscal Responsibility and Budget Management (FRBM) Act;
- (b) if so, the details thereof;
- (c) whether the Commission has initiated the process of analyzing performance of individual States;
- (d) if so, the details thereof and the reasons therefor;
- (e) whether the Planning Commission believes that borrowing for capital investment should not be discouraged; and
- (f) if so, the extent by which the Government has accepted Planning Commission's recommendations for amending provisions of FRBM Act?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M. V. RAJASEKHARAN)

- (a): No Sir, the Planning Commission has not requested the Ministry of Finance to change the provisions of the Fiscal Responsibility and Budget Management (FRBM) Act. However, the Planning Commission had suggested that States be allowed to adopt their chosen version of Fiscal Responsibility legislation keeping in mind their present condition and potential for improvement.
- (b): Does not arise.
- (c), (d) & (e): The Planning Commission holds discussions with States on a regular basis wherein performance of the Plan of the States and its financing through various sources is discussed. In general, the approach of the Planning Commission is that borrowed resources should be utilized by States for productive purposes including capital investment.
- (f) : Does not arise in view of (a) above.