

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1574  
ANSWERED ON:05.03.2010  
IMPACT OF SLOW DOWN  
Maadam Shri Vikrambhai Arjanbhai

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

- (a) whether the State Governments have sought additional funds from the Centre to tide over the impact of slow down emerging in various industrial sectors in the wake of global downturn/recession and have also ruled out the declared goods status for the aviation;
- (b) if so, the details thereof; and
- (c) the present status thereof?

**Answer**

MINISTER OF STATE IN MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) to (c): Yes, Sir. In the recent past, the State Governments, through various references and in the pre-budget meetings of the States Finance Ministers with the Union Finance Minister, have inter-alia, requested additional funds for various schemes and sectors, continuation of higher borrowing ceilings without loss of benefit under Debt Consolidation and Relief Facility (DCRF) guidelines and administrative and institutional changes to tide over the impact of slowdown. The Empowered Committee of State Finance Ministers, in its meeting dated 22 August, 2009 decided to request that no unilateral decision be taken about bringing Aviation Turbine Fuel(ATF) under the 'Declared Goods list' as it would adversely affect the States' revenue.

Some of the suggestions of the State Governments have been met through the Budget announcements and recommendations of the 13th Finance Commission accepted by the Government of India. As part of its countercyclical measures in the wake of the global economic downturn, Centre had raised the market borrowing limit of States by about Rs. 30,000 crore in 2008-09 and allowed them to exceed their fiscal deficit target by 0.50 percentage points, to 3.5 per cent of GSDP in 2008-09 to undertake capital expenditure without losing the benefits of debt waiver and interest relief under the DCRF guidelines. The fiscal deficit target was further raised to 4 per cent of GSDP in 2009-10.

Presently, Centre has not granted 'declared goods' status to ATF other than the 'ATF sold to an aircraft with a maximum take-off mass of less than forty thousand kilograms operated by scheduled airlines', as per Section 14 of the Central Sales Tax Act, 1956.