

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2610
ANSWERED ON:12.03.2010
COMPENSATION FOR LOSS OF REVENUE OF CST
Veljibhai Jat Poonamben

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is likely to pay compensation to the States for the loss of Central Sales Tax (CST) revenue for the year 2010-11;
- (b) if so, the details thereof alongwith mode of payment likely to be adopted for the payment of compensation to the States; and
- (c) if not, the reasons therefor and alternative arrangement made or proposed to be made in regard thereto?

Answer

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

(a) (b) & (c): The States have demanded that the Centre provide cash compensation to them for CST losses in 2010-11 also. The Centre has asked the Empowered Committee of State Finance Ministers to send proposals in this regard, including the new formula for 2010-11.