

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2245

ANSWERED ON:06.08.2010

ASSISTANCE TO STATES

Adhalrao Patil Shri Shivaji;Ahir Shri Hansraj Gangaram;Bairwa Shri Khiladi Lal;Jardosh Smt. Darshana Vikram;Joshi Shri Mahesh;Kataria Shri Lal Chand;Lal Shri Kirodi ;Rajaram Shri Wakchaure Bhausahab;Rathwa Shri Ramsinhbhai Patalbhai;Wankhede Shri Subhash Bapurao

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

- (a) the funds released to the States as per the recommendations of the 12th Finance Commission alongwith the reasons for withholding the balance amount and the expected time by which the balance is likely to be released, State-wise and sector-wise;
- (b) the specific recommendations of the 12th and 13th Finance Commission in regard to revenue sharing basis between the Centre and States and treatment of backward States;
- (c) whether some of the States have expressed their concern over the dwindling finance; and
- (d) if so, the reaction of the Union Government thereto?

**Answer**

Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

(a): A statement showing allocations and releases of the grants recommended by the 12th Finance Commission (TFC) for its award period, 2005-10, is annexed. Grants were released in accordance with the guidelines framed for these grants. The reasons for short releases are non-fulfillment of requirements under the guidelines. These include: non-receipt of State High Level Committee approved action plans, budget provisions and actual expenditure under the relevant Major Head being lower than TFC projected levels, non-receipt of utilization/ completion certification, and non -payment of interest by the States to Local Bodies at bank rate for delayed transfer of grants beyond stipulated period. Release of any unreleased grant is assessed as per applicable guidelines.

(b): TFC recommended that the indicative amount of overall transfers to States may be fixed at 38 per cent of the central gross revenue receipts. The 13th Finance Commission (FC-XIII) has recommended raising this indicative ceiling to 39.5% of the gross revenue receipts of the Centre. FC-XIII has recommended a grant of Rs.51800 crore for the period 2010-15, to meet the non-plan revenue deficit for eight States.

(c) & (d): Government of Himachal Pradesh has represented that the increase in case of Himachal Pradesh is the lowest in the country. Further, that FC-XIII underestimated the state's salary, interest and pension liabilities.

Finance Commissions are expert bodies set up under article 280 of the Constitution of India. Once accepted, by convention, the recommendations of a Finance Commission are not revised.

Further, it is estimated that the share of States in net proceeds of Union taxes and grants-in-aid recommended by FC-XIII could provide assistance of about Rs. 1766676 crore to States over the FC-XIII award period, which is a increase of about 134% over the TFC recommended devolutions.