

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2184  
ANSWERED ON:06.08.2010  
COMPENSATION FOR PHASING OUT OF CST  
Maadam Shri Vikrambhai Arjanbhai;Pathak Shri Harin;Patil Shri C. R.

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

(a) whether Government paid or decided to pay compensation to the States for loss of Central Sales Tax (CST) revenue for the year 2010-11; and

(b) if so, the details thereof alongwith details of payment mode followed/being followed. State-wise?

**Answer**

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

(a) Central Government has in principle agreed to pay compensation to the States for loss of Central Sales Tax (CST) revenue for the year 2010-11.

(b)The Empowered Committee of State Finance Ministers (EC) has been requested to propose the formula for working out the compensation amount payable to a State, in the event of loss.