

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5234
ANSWERED ON:27.08.2010
EXPENDITURE OF COOPERATIVE SOCIETIES
Joshi Shri Mahesh;Yadav Shri Dharmendra

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government proposes to provide the amount equivalent to two percent of the amount given by the Government for payment to Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) labourers for meeting the expenditure incurred by the cooperative societies in regard thereto;
- (b) If so the details thereof and if not, the reasons therefor;
- (c) Whether the amount granted to the Rajasthan as loan waiver amount in 2008-09 under the Debt Consolidation and Relief Facility (DCRF) has been recovered in the recent past; and
- (d) If so the details thereof alongwith the reasons therefor?

Answer

Minister of State in Ministry of Finance (SHRI NAMO NARAZN MEENA)

(a) &(b): In accordance with Section 22 (1) (c) of the Mahatma Gandhi National Rural Employment Guarantee (MGNREG) Act, the Central Government shall meet such percentage of the total cost of the Scheme as may be determined by the Central Government towards the administrative expenses. This administrative expenditure under Mahatma Gandhi NREGA which was earlier limited to 2% of the total cost was enhanced to 4% with effect from 01-04-2007 and has further been enhanced to 6% with effect from 01-04-2009.

(c) & (d): Based on the recommendations of the Twelfth Finance Commission (TFC), under the Debt Consolidation and Relief Facility (DCRF), Government of Rajasthan was provisionally granted a debt waiver amounting to Rs.308.70 crore for the year 2008-09, as its ratio of Fiscal Deficit to Gross State Domestic Product in 2008-09 (BE) was 3.3%, below the prescribed limit of 3.5%.

In order to reduce the time lag in providing debt relief, TFC recommended that for the purpose of determining the write-off, the revenue deficit indicated in the revised estimates of the preceding year may be used provisionally, so that the relief in respect of a year is available in the immediately succeeding year. TFC further suggested that necessary adjustment may be carried out subsequently once the finance accounts become available.

The final eligibility of debt waiver to Government of Rajasthan was reassessed with the availability of finance accounts for the year 2008-09 and it was seen that the ratio of Fiscal Deficit to Gross State Domestic Product deteriorated to 4.5%. Therefore, the provisional debt relief granted to Government of Rajasthan was withdrawn.

The process as recommended by the TFC is followed for all States. To this extent the amount was not so much as `recovered` as that the State was found ineligible for the provisional relief granted in anticipation of assessment. This relief was therefore, withdrawn.