

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2805

ANSWERED ON:26.11.2010

COMPENSATION FOR CST LOST

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Will the Minister of FINANCE be pleased to state:

(a) whether the Empowered Committee of State Finance Ministers has sent a proposal relating to payment of compensation to the States for loss of Central Sales Tax (CST) revenue for the year 2010-11; and

(b) if so, the details thereof and action taken thereon?

Answer

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

(a)and (b) Empowered Committee of State Finance Ministers (EC) has sent a proposal requesting Government of India to release the CST compensation for the year 2010-11 on the basis of guidelines dated 22nd August, 2008 issued by Department of Revenue. This proposal was discussed in the meeting between the Union Finance Minister and the Finance Ministers of State Governments on 18th August, 2010. It was decided in this meeting that EC would discuss about the compensation package for financial year 2010-11 in its meeting again. The matter is scheduled for discussion in the next meeting of the EC to be held on 6th December, 2010.