

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:696
ANSWERED ON:25.02.2011
COMPENSATION UNDER CST
Pakkirappa Shri S.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has received any proposal from the State Government of Karnataka for release of compensation for the quarter ending 30 June, 2010 under Central Sales Tax (CST);
- (b) if so, the details thereof;
- (c) the reasons for delay in release of this compensation; and
- (d) the time by which it is likely to be released?

Answer

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

(a) to (d); Government of Karnataka has submitted a proposal for release of compensation related to loss in Central Sales Tax (CST) revenue in financial year 2010-11. This proposal has been received only on 11th February, 2011. The compensation package for loss in CST revenue for the financial year 2010-11 has not yet been finalized. Empowered Committee of State Finance Ministers (EC) has been requested to suggest an appropriate formula to be adopted for working out the compensable amount for loss related to CST revenue in 2010-11. Central Government, in the meanwhile, has decided to make on account/ad hoc payment of compensation to States, pending finalization of the formula. Such on account/ad hoc compensation to Karnataka would be made in March, 2011.