

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1097

ANSWERED ON:05.08.2011

COMPENSATION TO STATES FOR LOSS IN CST REVENUE

Jardosh Smt. Darshana Vikram;Pathak Shri Harin;Patil Shri C. R.

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

- (a) whether the Union Government is considering to pay compensation to States for the loss of Central Sales Tax (CST) revenue for the year 2010-11;
- (b) if so, the details thereof;
- (c) whether the guidelines for payment of compensation to States in this regard have since been finalised and the Empowered Committee of State Finance Ministers (EC) has suggested the appropriate formulation for payment of compensation;
- (d) if so, the details thereof;
- (e) the time by which compensation to the States for the loss of CST revenue is likely to be released;
- (f) whether the Government proposes to roll back the CST level to 4%; and
- (g) if so, the details thereof ?

**Answer**

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

(a) and (b): Yes, Sir. An amount of Rs.2411 crore has been released to 10 States for loss of CST revenue in the financial year 2010-11.

(c) and (d): The guidelines for payment of compensation to States for the loss of Central Sales Tax (CST) revenue for the financial year 2010-11 have not been finalised. The Empowered Committee of State Finance Ministers (EC) has suggested that the formulation used for calculating compensation for loss of CST revenue for financial years 2007-08 to 2009-10 be followed for working out the compensation payable for the financial year 2010-11 also.

(e): Release of compensation to the States for the loss of CST revenue for the year 2010-11 has already started. The details of the release made so far are at Annexure-I. States have been asked to send claims for the full financial year 2010-11 and revenue collection figures duly certified by the Accountant General to enable settlement of claims for the full financial year.

(f): No, Sir.

(g): Does not arise.