

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:100
ANSWERED ON:28.11.2014
CENTRE STATE POWER SHARING .
Rao Shri Rayapati Sambasiva;Sampath Shri Anirudhan

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has plans to part with more powers to the States to improve their financial status;
- (b) if so, the details thereof;
- (c) the details of proposals, if any, received in this regard and action taken or proposed to be taken by the Government in the matter, State-wise;
- (d) whether the Government has any mechanism to improve the financial condition of the States; and
- (e) if so, the details thereof and the measures taken or proposed to be taken to improve the financial condition of the States?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

A statement is placed on the Table of the House.

Statement referred to in reply to part (a) to (e) of Lok Sabha Starred Question No. 100 for answer on November 28, 2014 raised by SHRI RAYAPATI SAMBASIVA RAO and DR. A. SAMPATH:

- (a) No such proposal is under consideration at present.
- (b) Does not arise.
- (c) Various proposals received from time to time are examined on merit and appropriate decisions taken.
- (d)& (e) Some of the recent steps taken to improve the financial conditions of the states are:
 - i) Central Loans (from Ministry of Finance) contracted by the State up to 31st March, 2004 and outstanding as on 31st March, 2005 amounting to Rs.1,22,348 crore were consolidated; debt waiver of 19,726 crore was provided to eligible States during Twelfth Finance Commission award period; and
 - ii) Loans for Centrally Sponsored Schemes /Central Plan Schemes (CSS/CPS), other than MoF, were written off to the extent of 2,334.62 crore as outstanding on 31.3.2010 had been written off.
 - iii) The loans contracted by States from National Small Savings Fund (NSSF) till 2006-07 and outstanding at the end of year preceding the year of enactment of Fiscal Responsibility and Budget Management Act, have been reset at 9% interest rate for eligible States.
 - iv) Central Assistance is also provided to the States/UTs as `Central Assistance for State/UT Plan` within the overall availability of plan resources and with due consideration to the inter-state and inter-sectoral priorities. In 2014-15 (BE), an amount of 3,38,408 crore has been provided as Central assistance for States and UTs Plan.
 - v) Further, Fourteenth Finance Commission has been constituted and its Terms of the Reference, inter-alia requires the Commission to review the state of finances of States and to suggest measures to maintain a stable and sustainable fiscal environment consistent with equitable growth.