

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3042
ANSWERED ON:07.08.2015
Financial Conditions of States
Sawaikar Shri Advocate Narendra Keshav

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made an assessment or survey of the financial health/condition of the States;
- (b) if so, the details thereof, State-wise including Goa;
- (c) whether some States including Goa are facing financial crisis, if so, the details thereof and the reasons therefor;
- (d) whether the Government has proposed to enhance the funds to such States including Goa; and
- (e) if so, the details thereof and the time by which the aforesaid fund is likely to be released?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) to (c) The Thirteenth Finance Commission (FC- XIII) has worked out a fiscal consolidation roadmap for each State to eliminate Revenue Deficit (RD) and achieve Fiscal Deficit (FD) of 3% of their respective Gross State Domestic Product (GSDP) by 2014-15. It has also prescribed annual Debt to GSDP ratios for each State to be maintained during its award period 2010-15. The States are required to enact/amend their respective Fiscal Responsibility and Budget Management Acts (FRBMA) incorporating the fiscal targets prescribed by the FC-XIII and adhere to these targets. All States have FRBMAs in place. The States in aggregate have been able to achieve the targets prescribed by FC XIII. State-wise Revenue Deficit (RD), Fiscal Deficit and Outstanding Debt as a ratio of GSDP for the 2014-15 (Budget Estimates) is given at the Annexure. Further, the Ways & Means position of the States as on 1st August, 2015 indicates an aggregate cash balance of Rs.1,26,838 crore. None of the States is in an overdraft position.

(d) & (e) Requests received from various States, including the State of Goa for providing financial assistance are dealt within the ambit of recommendations of Finance Commission; and the State specific fund requirements for contextual needs are addressed, within the overall availability of resources at the Central and State level. As per the recommendations of 14th Finance Commission (FFC), for its award period (2015-20), the States' share in divisible pool of Union taxes has been enhanced from 32% to 42% which is highest ever vertical increase in tax devolution. As a result there is an estimated increase of Rs. 25 lakh crore in tax devolution to States and Rs. 2.6 lakh crore in grant-in-aid recommended by the FFC as compared to the 13th Finance Commission. The higher tax devolution will allow States greater autonomy in designing and financing of schemes as per their contextual need and requirements.