

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:300
ANSWERED ON:12.12.2014
ALLOCATION OF FUNDS TO STATES
Muddahanumegowda Shri S.P.

Will the Minister of FINANCE be pleased to state:

- (a) The details of formulae adopted for allocation of various types of funds/grants between the Union Government and the State Governments;
- (b) the details of funds allocated to State Governments as per recommendations under the Twelfth, Thirteenth and Fourteenth Finance Commissions and share of each States thereof;
- (c) whether some State Governments have sought more funds; and
- (d) if so, the reasons advanced by each such State Governments and the action taken by the Union Government on such request?

Answer

MINISTER OF FINANCE SHRI ARUN JAITLEY

(a) to (d) : A statement is laid on the Table of the House.

Statement in reply to parts (a) to (d) of the Lok Sabha Starred Question No. 300 for 12.12.2014 regarding Allocation of funds to States

(a) & (b) Transfer of Plan funds to the State Governments are mainly through Central Assistance to State Plans, Centrally Sponsored Schemes (CSS) and Central Sector Schemes (CS), annually determined as per the guidelines of the respective Scheme/ Programme within the availability of Gross Budgetary Support. CSS has been restructured and merged with Central Assistance to State and UT Plans with effect from 1.4.2014. Planning Commission allocates State-wise Central Assistance for State Plans, including Normal Central Assistance under the Gadgil- Mukherjee formula. Concerned line Ministries/Departments release central funds under CSS, CS and Non Plan Schemes, which are governed by the guidelines of the respective schemes.

Further, the devolution of central taxes to the States and the transfer of Finance Commission (FC) recommended Non-plan grants to the States are guided by the recommendations of the respective Finance Commissions, constituted every five years by the President under article 280 of the Constitution. The Thirteenth FC (award period 2010-15) has recommended share of 32% of the net proceeds of central taxes to the States. The corresponding recommendation of the Twelfth FC (award period 2005-10) was 30.5%. The statements indicating State-wise and sector-wise allocations of Non Plan grants recommended by the Twelfth FC and the Thirteenth FC are given at Annexure-I and II respectively. The Fourteenth Finance Commission (award period 2015-2020) is mandated to submit its report by 31.12.2014.

(c) & (d): Requests for providing financial assistance for varying reasons, such as gap in resources, special packages, disaster relief, organising mega events, etc, received from various States from time to time, including Assam, Meghalaya, Mizoram, Arunachal Pradesh, Manipur, Tripura, Nagaland, Himachal Pradesh, Jammu & Kashmir, Uttarakhand, Punjab, Bihar, Jharkhand, Odisha, West Bengal, Madhya Pradesh, Rajasthan, Maharashtra, Andhra Pradesh, Telengana, Karnataka, etc are processed within the ambit of recommendations of the relevant Finance Commissions on Non Plan side and State specific developmental needs are considered within the overall availability of Plan resources with due consideration to the inter-state and inter- sectoral priorities factored in at the time of finalisation of Annual Plans in consultation with the States.