

**GOVERNMENT OF INDIA**

**MINISTRY OF FINANCE**

**RAJYA SABHA**

**QUESTION NO02.03.2010**

**ANSWERED ON**

**COMPENSATION FOR CST TO STATES .**

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SHRI VIJAYKUMAR RUPANI

Will the Minister of COAL, HEALTH AND FAMILY WELFARE, INFORMATION AND BROADCASTING AND FINANCE be pleased to state :-

- (a) whether Government is likely to pay compensation to the States for loss of Central Sales Tax (CST) revenue for the year 2010-11;
- (b) if so, whether Government would follow the 22 August, 2008 guidelines for payment of CST to the States; and
- (c) if not, whether Government would raise the CST level back to 4 per cent from the present level of 2 per cent?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI S.S. PALANIMANICKAM)

- (a) The States have demanded that the Centre provide cash compensation to them for CST losses in 2010-11 also. The Centre has asked the Empowered Committee of State Finance Ministers to send proposals in this regard, including the new formula for 2010-11.
- (b) No, Sir.
- (c) There is no proposal under consideration of the Government of India to restore the CST rate to 4% from the present level of 2%.