GOVERNMENT OF INDIA
MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA

UNSTARRED QUESTION NO. 2934
TO BE ANSWERED ON FRIDAY 2nd December, 2016
[11 Agrahayana, 1938 (SAKA)]

'Allocation to States'

No. 2934. DR. P. VENUGOPAL:
SHRI D. K. SURESH:

Will the MINISTER OF FINANCE be pleased to state:

(a) whether the Government has increase the share of States/UTs in the Central Taxes after the implementation of 14th Finance Commission and if so, the details thereof along with the amount released/utilised during the last three years and the current year, State/UT-wise;

(b) whether as per the new directives of 14th Finance Commission the States/UTs have to limit their fiscal deficits to three per cent of their GDP and if so, the details thereof;

(c) whether the Government has received representations from States/UTs with regard to reduction in Central assistance to States/UTs; and

(d) if so, the details thereof and the steps taken by the Government to redress their grievances?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(Shri ARJUN RAM MEGHWAL)

(a) The Fourteenth Finance Commission (FFC) after considering all factors, recommended enhancement in the share of the States in the divisible pool of Central Taxes and Duties from 32% to 42% with effect from 2015-16, which was accepted by the Union Government. Union Territories do not falls under the jurisdiction of Finance Commission. The State-wise detail of releases made during the period from the year 2013-14 to 2016-17 (up to November, 2016) is shown in Annex 'A'.

(b) The Fourteenth Finance Commission (FFC) has prescribed the Fiscal Roadmap for each State for its award period 2015-20 and anchored Fiscal Deficit of all States to an annual limit of 3% of States' Gross State Domestic Product (GSDP). The Net Borrowing Ceiling of the States has been fixed for 2015-16 and 2016-17 based on the formulation prescribed by FFC.

Further, as recommended by FFC, the Central Government has approved year-to-year flexibility for additional fiscal deficit to the States for the period 2016-17 to 2019-20 to a maximum of 0.5% over and above the normal fiscal deficit limit of 3% in any given year subject to the States maintaining the debt-GSDP ratio within 25% and interest payments-revenue receipts ratio within 10% in the previous year. However, the flexibility in availing the additional fiscal deficit will be available to State if there is no revenue deficit in the year in which borrowing limits are to be fixed and immediately preceding year.

(c) & (d) The Government received representations from various states regarding lesser funding due to changed pattern of the Centrally Sponsored Schemes (CSS). Therefore, Government set up a Sub-group in NITI Aayog under the convenorship of Sh. Shivraj Singh Chauhan, Hon'ble Chief Minister, Madhya Pradesh consisting of 12 members, including 10 Chief Ministers of various states, to examine the current Centrally Sponsored Schemes (CSS) framework and recommend sharing pattern and measures for streamlining, flexibility, reforms in Centrally Sponsored Schemes & coordination between the Centre and States for achieving the objective of the Schemes.

The Government has accepted the recommendations of the Sub-group and NITI Aayog on 17th August 2016 has issued modalities regarding rationalization of Centrally Sponsored Schemes (CSS) including their funding pattern. The approved funding pattern of the Centrally Sponsored Schemes (CSS) is as follows:

i. The existing funding pattern will continue for Core of the Core schemes.
ii. For Core Schemes, the funding pattern for the 8 North Eastern States and Himalayan States of Uttarakhand, Himachal Pradesh and Jammu & Kashmir shall be Centre: 90% and State: 10%, whereas for the rest of the States this ratio shall be Centre: 60% and State: 40%.
iii. For Optional Schemes, the funding pattern for the 8 North Eastern States and Himalayan States of Uttarakhand, Himachal Pradesh and Jammu & Kashmir shall be Centre: 80% and State: 20%, whereas for the rest of the States this ratio shall be Centre: 50% and State: 50%.
iv. Ordinarily, no CSS will be sanctioned where the central share is less than 50%.
v. However, all the sharing patterns indicated above shall be subject to the proviso that if the central share is already below that indicated in the sharing pattern, then the Centre's share would remain capped at their present level."

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