

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

LOK SABHA
UNSTARRED QUESTION No. †5254

TO BE ANSWERED ON MONDAY, APRIL 03, 2023/CHAITRA 13, 1945 (SAKA)

CAPITAL AND DEVELOPMENT EXPENDITURE BY STATES

†5254. SHRI ANIL FIROJIYA

Will the Minister of FINANCE be pleased to state:

- (a) the details of the action taken/being taken by the Government to accelerate the capital and developmental expenditure by the States and to give them comprehensive support in this regard; and
- (b) the details of the Sovereign Gold Bond Scheme and the manner in which it is likely to benefit the general public?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): The Union Government had launched “Scheme for Special Assistance to States for Capital Expenditure” in the financial year 2020-21, under which financial assistance was provided to the State Governments in the form of 50-year interest free loan. An amount of Rs. 12,000 crore was allocated for the scheme for the financial year 2020-21, and the States had availed financial assistance in the form of 50-year interest free loan amounting to Rs. 11,830 crore. In view of the positive response to the scheme and considering the requests of the State Governments, the Union Government had extended the scheme in the year 2021-22 with an allocation of Rs. 15,000 crore. Out of the allocation of Rs. 15,000 crore, financial assistance in the form of 50-year interest free loan amounting to Rs. 14,186 crore was provided to the States.

In the financial year 2022-23 too, the Department of Expenditure, Ministry of Finance is implementing the ‘Scheme for Special Assistance to States for Capital Investment’ with budget outlay of Rs. 1.0 lakh crore. Out of the total allocation, Rs. 80,000 crore (untied) under Part-I and Rs. 4,997 crore under Part-II of the Scheme (PM Gati Shakti related expenditure) have been allocated to States in proportion to their share of Tax Devolution for 2022-23. The rest of the amount is available to States based on meeting certain reform criteria. In case of Part-IV (Incentives for Digitization), Part-V (Optical Fibre Cable), Part-VI

(Urban Reforms) and Part-VIII (Incentives for Scrapping Old Vehicles), States have been divided into groups with different ceiling for maximum amount admissible on completion of reforms. Capital investment of Rs. 93,497.83 crore has been approved under the scheme and an amount of Rs.79,017.57 crore has been released to the States till 29.03.2023.

(b): Sovereign Gold Bonds (SGBs) scheme was introduced by the Government in November, 2015 with the broad objectives to reduce demand for physical gold, shift part of investments being made every year in physical gold to 'demat' gold. The SGBs are issued in denomination of one gram of gold or multiple thereof. The minimum limit of subscription for the bond issued is one gram and maximum limit of subscription per fiscal year is of four kg for individuals, four kg for Hindu Undivided Family (HUF) and 20 kg for trust and similar entities notified by the government from time to time. Interest is paid to investors at the rate of 2.5% per annum on nominal value of the bond. The tenor of the SGBs is 8 years; however, premature redemption of the bonds is permitted after fifth year from date of issue of the bonds. SGBs provide many advantages to the investors over the investment in physical gold like no storage cost, interest over and above the capital appreciation equal to gold in market, investment as low as one gram, upfront discount to the investors etc.
