

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1804
TO BE ANSWERED ON MONDAY 2ND MARCH, 2020
[12 PHALGUNA, 1941 (SAKA)]

‘INCLUSION UNDER FINANCE COMMISSION’

No. 1804. SHRI VE. VAITHILINGAM:

Will the MINISTER OF FINANCE be pleased to state:

- (a) whether it is true that the Union Territory (UT) of Puducherry is yet to be included under the terms of reference of Finance Commission, despite repeated requests from the Government of Puducherry and if so, the details thereof;
- (b) whether it is also true that the Government of UT of Jammu and Kashmir which is also a UT with Legislature has been included under the ambit of 15th Finance Commission and if so, the details thereof;
- (c) whether the Union Government will come forward to include the UT of Puducherry under the terms of Reference of 15th Finance Commission and if so, the details thereof; and
- (d) whether the Union Government is aware of the financial constraint due to non-devolution of funds to the local bodies in UT of Puducherry and if so, the reaction of Government in this regard?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

- (a) Finance Commissions are constituted under Article 280(1) of the constitution. They are obliged to make recommendations to the President as to “(a) the distribution between the Union and the States of the net proceeds of taxes which are to be, or may be, divided between them and the allocations between the States of the respective shares of such proceeds [Article 280 (3)]. Therefore, all Union Territories, including Union Territory of Puducherry fall outside the purview of the Terms of References of the Fifteenth Finance Commission.
- (b) The Terms of References of the Fifteenth Finance Commission does not include reference to the Jammu and Kashmir within its ambit.
- (c) The Terms of References of the Fifteenth Finance Commission does not contain a reference to the Union Territory of Puducherry.
- (d) Union Territory of Puducherry, being a Union Territory with Legislature, has its own source of funds which it uses for meeting its requirements including requirements of its Local Bodies. Union Government, in its budget, however, augments the resources of the Union Territory of Puducherry by way of provisioning funds under the Grant, “Transfer to Puducherry”. In Budget Estimates 2020-21 an amount of Rs. 1703.02 crore has been provided to Union Territory of Puducherry. In addition, Union Government implements Centrally Sponsored Schemes in Union Territory of Puducherry, for which central share is provided.
