

MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
ECONOMIC DIVISION

**LOK SABHA**  
**UNSTARRED QUESTION NO. 1894**  
TO BE ANSWERED ON MARCH 14, 2022

**LOW INCOME STATES**

1894. SHRI KOMATI REDDY VENKAT REDDY:  
SHRI MANNE SRINIVAS REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the low-income States are deprived on many fronts and they have low accessibility to credit, low investments, low power availability and accessibility, and high energy costs whereas at the same time the high-income States have a big share in industry and commerce because they are not deprived on the same fronts; and

(b) if so, the details thereof and the reasons therefor along with the corrective steps being taken in this regard?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHURY)

(a) and (b) The reasons for a state to be low-income are several and includes historical, geographical and socio-political reasons, among others. Ensuring equitable growth of Indian states has been a priority for several governments in independent India and more so for the present government. In order to achieve this, several mechanisms have been put in place, which are aimed at transferring resources from the Centre to the states.

As per the recommendations of the Fifteenth Finance Commission, the share of states in the central taxes for the 2021-26 period is 41%, with the larger share going to low income and more populous states. In addition, the Finance Commission has also recommended several other specific and non-specific grants.

The Union Budget also implements schemes and programmes which involve transfer of resources from the Centre to the states, which suitably augments the flow of resources. Most recently, under the Scheme for "Special Assistance to States for Capital Expenditure", about Rs. 12,000 crore was earmarked in FY 2020-21. This helped to sustain state level capital expenditure in the pandemic year. In view of the positive response to the scheme and considering the requests of the State Governments, the Government decided to continue the scheme in the year 2021-22.

The outlay of the 'Scheme for Financial Assistance to States for Capital Investment', increased from Rs. 15,000 crore in R.E of 2021-22 to Rs. 1 lakh crore in B.E of 2022-23. This will lead to more equitable growth experience for Indian states and help in closing the income gap between them.

To further give a boost to infrastructure, PM Gati Shakti, an initiative aimed at synergizing the infrastructure projects of all key infrastructure Ministries for planning and coordinated execution of nation-wide infrastructure projects including all the State Governments was launched. PM Gati Shakti can prove to be a watershed intervention enabling further investment in low-income states. Further, several initiatives such as National Infrastructure Pipeline (NIP) and National Monetization Plan (NMP), have been taken to propel the infrastructure investment. To give a special boost to infrastructure projects in North Eastern States, North East Special Infrastructure Development Scheme (NESIDS) was launched. Under NESIDS, financial assistance is provided for projects of physical infrastructure relating to water supply, power, connectivity to promote tourism; and for projects of social sector for creation of infrastructure for primary and secondary education and health. As on 3<sup>rd</sup> February 2022, 110 projects worth Rs.2563.14 crore have been sanctioned in the North Eastern States under NESIDS, which are at various stages of implementation.

To enhance availability of capital to states, Union Cabinet in 2017 approved the policy guidelines to allow financially sound State Government entities to borrow directly from bilateral ODA (Official Development Assistance) partners for implementation of vital infrastructure projects. This is also helping to accelerate the pace of investment in major infrastructure projects in the country, bringing more equitable growth to Indian states.

To enhance accessibility, UDAN scheme was launched in 2016 to enhance air connectivity in tier II and III cities. As on 7<sup>th</sup> Feb 2022, out of 948 valid routes, 403 routes involving 65 airports (including 8 heliports & 02 water aerodromes) have been operationalised across the country. This has increased connectivity among the states contributing to their development.

To enhance power availability, Government of India has taken various initiatives including DeenDayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS) and Ujjwal Discom Assurance Yojana (UDAY) to help states achieve the objective of providing uninterrupted power supply to all households. As per independent surveys, the availability of power in rural areas has gone up from an average of 12 hours in 2015-16 to 20.6 hours in the year 2020; and in the urban areas, the availability of power has gone up to 22 hours. In May, 2021, the average availability of power in the rural areas was 22.17 hours, and in urban areas it was 23.33 hours.

The government's vision is also that promoting R&D, innovation, product & IPR creation more equitably across all states is one way of closing the income gap between them. As on 27<sup>th</sup> December 2021, Software Technology Parks of India has 62 centres of which 54 centres are in Tier-II/III cities. These centres are playing an important role in promoting software exports, R&D, innovation, and tech-driven entrepreneurship in tier-II/III cities, enabling the closure of income gap between Indian states.

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