

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE

LOK SABHA
UNSTARRED QUESTION No. 2685

TO BE ANSWERED ON MONDAY, MARCH 09, 2026/PHALGUNA 18, 1947 (Saka)

Pending Central Funds/Grants to Tamil Nadu

2685. Shri K E Prakash:

Will the Minister of **FINANCE** be pleased to state:

- a) The whether the attention of the Government has been drawn to the statement of Finance Minister of Tamil Nadu, that the State's fiscal pressure has intensified due to Union funds being "withheld, reduced or unilaterally deducted", if so, the reaction of the Government thereto;
- b) whether the Government has withheld or delayed release of funds under Samagra Shiksha, reduced allocation under Jal Jeevan Mission, kept pending certain Finance Commission grants, deducted Rs. 1,709 crore towards IGST without consultation and mandated the transfer of 5 per cent of outstanding guarantees to the Guarantee Redemption Fund, if so, the details thereof; and
- c) the steps taken by the Government to address the concerns raised by the State Government of Tamil Nadu and to ensure that the fiscal space, borrowing limits and welfare expenditure of States are not adversely affected?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (c): The central government provides funds to state governments under the heads – Devolution of central taxes and duties, Grants recommended by the central Finance Commission, Centrally Sponsored Schemes (CSS), and Loan & Advances. Details of funds provided to Tamil Nadu under these heads in the current financial year till 05.03.2026 are as under:

Head	Funds released in 2025-2026 (Till 05.03.2026) (in Rs Crores)
Tax devolution	51,655.19
Centrally Sponsored Scheme	15,474.98
Finance Commission Grants	5,466.90
Other Grants/Loans /Transfers	16,572.02
Total:	89,169.09

Under Samagra Shiksha, the central government has released an amount of Rs 538.39 crores to Tamil Nadu in 2025-26 (till 05.03.2026). Release of funds under the scheme is based on scheme guidelines, submission of the utilization certificates, audit reports of funds released earlier, physical and financial progress reports, contribution of state share, and compliance with other scheme norms.

Under Jal Jeevan Mission (JJM), the central government has released an amount of Rs. 5899.54 crores to Tamil Nadu from 2019-20 to 2024-25. As the scheme period is over and the outlay approved under the scheme was released to the states/UTs, no further amount has been released to any State/UT including Tamil Nadu in 2025-26.

The issue of recovery of shortfall in IGST was deliberated in the 55th Meeting of the GST Council and it was decided that cumulative recoveries for FY 2023-24 and FY 2024-25 shall be made in March, 2025 in the base year ratio. Subsequently, various States had raised concerns that such recoveries made in the month of March, 2025 should not be carried out at the end of the FY as it may adversely impact the fiscal situation of the States. The issue was placed before GST Implementation Committee (GIC), which comprises of representatives of central and state governments, of which Tamil Nadu is also a member. The committee in its meeting held on 27.03.2025, decided that the request of the States regarding deferring the recovery of IGST deficit may be considered and the consolidated recovery for FY 2023-24 & FY 2024-25 shall be carried out in April, 2025. Accordingly, the said recovery was made in the month of April, 2025 for all states, in accordance with the approvals of the GST Council and GIC.

The Reserve Bank of India (RBI) manages a Guarantee Redemption Fund (GRF) constituted from contributions made by state governments for meeting their obligations arising on invocation of guarantees issued by them. A working group formed by the RBI on State Government Guarantees had recommended that States should continue with their contributions towards building up the GRF to a desirable level of five per cent of their total outstanding guarantees. Accordingly, it was decided that for all states, any shortfall in the State Government's contribution to the GRF as on 1st April 2025 will be accounted in the Gross Borrowing Ceiling (GBC) of the state government, subject to cap of 0.25% of the State's estimated GSDP for 2025-26.
