

GOVERNMENT OF INDIA
MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA

UNSTARRED QUESTION NO. 2157
TO BE ANSWERED ON FRIDAY 6TH MAY, 2016

[16 Vaisakha, 1938 (SAKA)]

'Central Assistance to States'

No. 2157, Prof. Saugata Roy:

Will the MINISTER OF FINANCE be pleased to state:

- (a) whether the Government has allocated 42% of the Central Tax share to State Governments as per the 14th Finance Commission;
- (b) if so, the details of the amount released to various State Governments during the above period, year-wise;
- (c) whether any State Government expressed concern over reduction in central assistance to States compare to pervious years; and
- (d) if so, the details thereof and the steps taken to redress their grievances?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(Shri Jayant Sinha)

- (a) Yes
- (b) For 14th Finance Commission period i.e. during 2015-16 and 2016-17 (BE and releases made upto May, 2016), details of releases are enclosed as Annex 'A'.
- (c & d) On account of accepting the recommendations of 14th Finance Commission (FFC) to enhance (from 32% to 42%) States' share of net proceeds of Union taxes from FY 2015-16 the Union Government has de-linked various plan schemes for block grants. However, during FFC period, Tax Devolution and Finance Commission recommended Grants-in-aid (including Local Bodies, State Disaster Relief Funds and Post Devolution Revenue Deficit Grant) to the States is estimated to be ₹ 44,77,472 crore as against the actual transfers of ₹ 14,45,942 crore during award period of 13th Finance Commission, showing an increase of 209%. The FFC has recommended the transfer of more resources to the States in the nature of untied funds so that States may make and implement schemes or programmes which are best suited to the local needs, requirements and aspirations of people. FFC has taken into account Population and Demographic change, Area, Forest cover and Income distance for determining the inter-se share of the States. The FFC formula has been devised in such a way that it attempts to mitigate the impact of the differences in fiscal capacity and cost disability among States.

Though, there is overall increase in fund flow to States consequent upon acceptance of recommendations of FFC, some of the State(s) including Sikkim, Tripura, Uttarakhand and Bihar have expressed their concern over discontinuation of block grants and other plan central assistance as compared to previous years.

Considering over all fund flow position to the States and taking into account critical nature of some of the programmes/projects, quantum of spillover committed liabilities of Government of India and socio- economic & geographical factors of the States, it has been decided to provide special assistance to the States for their developmental needs during 2015-16 & 2016-17.

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(Mr. Jayant Sinha)

(a) Yes

(b) For 14th Finance Commission period i.e. during 2015-16 and 2016-17 (100% and 100% respectively) details of which are enclosed as Annex 'A'.

(c) On account of accepting the recommendations of 14th Finance Commission (FC) to enhance (from 32% to 42%) States' share of net proceeds of Union taxes from FY 2015-16 the Union Government has de-linked various plan schemes for block grants. However, during FFC period, tax distribution and Finance Commission recommended Grants-in-aid (including Local Bodies State (LBS) and other Grants-in-aid) to the States is envisaged to be ₹ 14,45,942 crore during 2015-16 and ₹ 17,427 crore as against the actual transfer of ₹ 14,45,942 crore during 2014-15. Finance Commission showing an increase of 20% in FFC has recommended the transfer of more resources to the States in the nature of unified funds to the States - new make and implement schemes or programmes which are best suited to the local needs, requirements and aspirations of people. FFC has taken into account Population and Demographic change, Area, Land cover and Income distance for determining the inter-state of the States. The FFC formula has been devised in such a way that it attempts to bridge the regional differences in fiscal capacity and cost disability arising from

Devolution of Taxes/ Duties as per Fourteenth Finance Commission recommendations

(₹ Crore)

Sl.No.	State	2015-16	2016-17	
		Actual	BE	Released upto May, 2016
1	Andhra Pradesh	21893.79	24637.36	3519.42
2	Arunachal Pradesh	7075.58	7868.96	1124.09
3	Assam	16784.88	18938.27	2705.31
4	Bihar	48922.68	55233.71	7890.08
5	Chhattisgarh	15716.47	17644.38	2520.49
6	Goa	1923.76	2156.77	308.10
7	Gujarat	15690.43	17669.03	2524.01
8	Haryana	5496.22	6188.80	884.08
9	Himachal Pradesh	3611.17	4074.67	582.06
10	Jammu & Kashmir	7813.48	8892.09	1270.22
11	Jharkhand	15968.75	17956.38	2565.02
12	Karnataka	23983.34	26978.84	3853.89
13	Kerala	12690.67	14282.00	2040.18
14	Madhya Pradesh	38397.84	43211.39	6172.70
15	Maharashtra	28105.95	31627.09	4517.91
16	Manipur	3142.42	3524.42	503.47
17	Meghalaya	3276.46	3668.82	524.09
18	Mizoram	2348.11	2627.17	375.29
19	Nagaland	2540.72	2844.82	406.37
20	Orissa	23573.75	26567.56	3795.14
21	Punjab	8008.90	9005.09	1286.35
22	Rajasthan	27915.93	31477.89	4496.59
23	Sikkim	1870.28	2094.95	299.28
24	Tamil Nadu	20353.86	23018.12	3288.09
25	Telangana	12350.72	13955.35	1993.51
26	Tripura	3266.02	3667.01	523.83
27	Uttar Pradesh	90973.66	102649.92	14663.40
28	Uttaranchal	5333.19	6014.46	859.14
29	West Bengal	37163.93	41861.27	5979.85
	TOTAL	506192.96	570336.59	81471.96