

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE**

DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**

**UNSTARRED QUESTION NO. 3369  
TO BE ANSWERED ON FRIDAY 5<sup>th</sup> August, 2016  
[14 Shravana, 1938 (SAKA)]**

**‘Grants-in-Aid to States’**

**No. 3369, SHRI PRATHAP SIMHA;**

Will the MINISTER OF FINANCE be pleased to state:

- (a) the steps taken to mitigate the effect of higher share to States in tax revenue during 2015-16 and in the current fiscal year;
- (b) whether the Government has been cutting back on essential transfers to States, made in the form of grants-in-aid and tax devolution and if so, the details thereof along with the reasons thereof;
- (c) whether inspite of a transfer of 6.3 percent of GDP being budgeted, revised estimates pointed to a lower figure of 6.1 percent in 2015-16 and if so, the reaction of the Government thereto;
- (d) whether the Government took away 8.1 percent of tax revenues in 2015-16 as against 6.1 percent in 2014-15 by way of surcharge and cess, which do not devolve to States and if so, the reasons therefor;
- (e) whether as against the budgeted 2.9 percent grants-in-aid worked out to just 2.4 percent of GDP in 2015-16 and if so, the reasons therefor; and
- (f) the measures taken by the Union Government to allow States greater autonomy in financing and designing schemes, as per the acceptance of the recommendations of 14<sup>th</sup> Finance Commission?

**ANSWER**

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI ARJUN RAM MEGHWAL)**

- (a) In view of acceptance of the Fourteenth Finance Commission’s recommendation of increasing States’ share in Central Taxes and Duties to 42% from 32%, the Union Government has changed the funding pattern of Centrally Sponsored Schemes in accordance with the recommendation of the Sub-group of Chief Ministers constituted by NITI Aayog.
- (b) No, Sir.

- (c) No, Sir. The Union Government proposed resources to be transferred to States at 6.21% of Gross Domestic Product (GDP) in Budget Estimates 2015-16, which was subsequently increased to 6.42% of GDP in Revised Estimates 2015-16.
- (d) During 2014-15, the collection on account of surcharges & cesses was 6.07% of Tax Revenue, which had increased at 8.10% of Tax Revenue in the Revised Estimates 2015-16. This enhancement is due to increase in surcharge on Corporation Tax / Income Tax and introduction of 'Swachh Bharat Cess' on Service Tax during 2015-16.
- (e) No, Sir. The Grants-in-aid to States was estimated at 2.16% of Gross Domestic Product (GDP) in Budget Estimates 2015-16, which had increased to 2.31% of GDP in Revised Estimates 2015-16.
- (f) The Fourteenth Finance Commission recommended enhancement in the share of the States in the divisible pool of Central Taxes and Duties from 32% to 42% with effect from 2015-16, which was accepted by the Union Government. This makes available greater untied resources to the State Governments, who can use it in accordance with the local needs.

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