

(a) whether India has finally become a member of elite global body Financial Action Task Force (FATF) which would allow the country to gain easy access to real time exchange of information on money laundering and terror financing;

(b) whether FATF is an inter-Government body set up by G-7 for creating global policies and framework to combat money laundering and terror financing;

(c) whether membership of this body is very select and was limited to only 35 countries and two organisations and India has become 34th member country; and

(d) if so, to what extent that has helped Government to find out finances made to terrorism?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):
(a) Yes, Sir.

(b) Yes, Sir.

(c) Yes, Sir. Presently, 34 countries and two regional organisations, namely, European Commission and Gulf Cooperation Council are the members of FATF.

(d) Membership of FATF has been granted to India in its Plenary held in Amsterdam, Netherlands from 23rd to 25th June, 2010. FATF is a standard setting body to combat money laundering and terror financing. It will help India to build the capacity to fight terrorism and trace terrorist money and to successfully investigate and prosecute money laundering and terrorist financing offences. India will benefit in securing a more transparent and stable financial system by ensuring that financial institutions are not vulnerable to infiltration or abuse by organized crime groups.

Recommendations of 13th Finance Commission

176. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that on the basis of recommendations of Thirteenth Finance Commission, regional disparities have enhanced;

(b) if so, the details thereof;

(c) whether the views of various State Governments have been ignored by the Commission;

(d) if so, the reasons thereof;

(e) whether a reduction in the State's share by the Commission is untenable; and

(f) if so, the corrective steps Government proposes to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) to (f) A Finance Commission is to be set up at least every five years under Article 280 of the Constitution. The Finance Commission determines its own procedure and functions independently.

In its report, the Thirteenth Finance Commission (FC-XIII) has stated that it has visited all twenty-eight States for consultations with State Government and other stakeholders (paragraph 2.25, Vol. I). The philosophy behind FC-XIII's recommendations may, inter alia, be gleaned from paragraph 3.7 (Vol. I) of its report, where it has recorded its commitment to foster 'inclusive and green growth promoting fiscal federalism'. In paragraph 3.11, FC-XIII has stated that inclusivity informs its recommendations in every sphere, and that in its formula for horizontal devolution, the highest weightage amongst all the variables is for correcting the fiscal disability of a state vis-a-vis those of the top-ranked states. In paragraph 3.31 of its report, FC-XIII has emphasized that all citizens of India should expect to receive a comparable standard of public services, irrespective of where they reside within the Republic of India, and that the intent is to ensure that the states and local bodies have the fiscal potential to provide comparable levels of public services, at reasonably comparable levels of taxation. FC-XIII's report is in public domain (www.finmin.nic.in) after being tabled in Parliament on 25 February 2010.

The recommendations of the 13th Finance Commission (FC XIII) are being implemented from 1 April 2010, and are applicable for the period 2010-15. Some recommendations are effective from 2010-11 and others from later years.

Deficiency in transfer of funds to local bodies

177. SHRI MANI SHANKAR AIYAR: Will the Minister of FINANCE be pleased to state:

(a) whether the deficiencies noted in the mechanism for the transfer of funds recommended for the local bodies by the Twelfth Finance Commission are proposed to be rectified in the implementation of the Thirteenth Finance Commission recommendations; and

(b) whether the Ministry of Panchayati Raj is being fully consulted in regard to the preparation of guidelines for the release of funds to the Panchayati Raj Institutions (PRIs)?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) and (b) Draft guidelines for release of funds to Panchayati Raj institutions, based on the