

Enhancement of central funds for Himachal Pradesh

940. SHRIMATI VIPLOVE THAKUR: Will the Minister of FINANCE be pleased to state:

- (a) whether Government has made an assessment or survey of the financial condition of the States;
- (b) if so, the details thereof, State-wise;
- (c) whether some states including Himachal Pradesh are facing financial crisis, if so, the details thereof and the reasons therefor;
- (d) whether Government proposes to enhance funds to Himachal Pradesh; and
- (e) if so, the details thereof and the time by which the aforesaid fund is likely to be released?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ARJUN RAM MEGHWAL): (a) to (e) The Fourteenth Finance Commission (FFC), *inter-alia*, reviewed the state of finances, deficit and debt levels of the States and observed that the pre-dominant feature of State finances between 2004-05 and 2014-15 was the overall improvement in fiscal indicators. State-wise fiscal position measured in terms of Revenue Deficit (RD), Fiscal Deficit (FD) and Outstanding Debt as ratios of their respective Gross State Domestic Product (GSDP) during 2014-15 (Finance Accounts), 2015-16 (Budget Estimates) and 2016-17 (Budget Estimates) is given in the Statement (*See below*).

FFC has made far-reaching changes in tax devolution that will move the country toward greater fiscal federalism, conferring more fiscal autonomy on the States. As per the recommendation of FFC, the Union Government has decided to devolve biggest ever increase in vertical tax devolution/ share of the States in the Divisible Pool of Central taxes from 32% to 42% to fill the resource gap of each State to the extent possible. Besides, Post devolution revenue deficit grant has been provided to eleven States including Himachal Pradesh where devolution alone could not cover the assessed gap. In addition, FFC has recommended local body grants (both to rural and urban local bodies) and grants for augmenting the State's Disaster Response Fund (SDRF) to States including Himachal Pradesh. FFC has estimated total tax devolution of ₹ 28225 crore to Himachal Pradesh for the period 2015-20 against actual release of ₹ 11,131 crore during the 13th FC period (2010-15), an increase of ₹ 17094 crore. In addition, FFC has also recommended grant-in-aid for the State of Himachal Pradesh to the tune of ₹ 43810 crore (including Revenue Deficit grant of ₹ 40625 crore) for the period 2015-20, an increase of ₹ 33356 crore over actual release during the 13th FC period. The higher tax devolution will allow States greater autonomy in financing and designing of schemes as per their needs.

Statement*RD, FD and Debt as ratios of GSDP of States during 2014-15 (FA), 2015-16(BE) and 2016-17 (BE)*

(In per cent)

Sl. No.	States	RD/GSDP			FD/GSDP			Debt/GSDP		
		2014-15	2015-16	2016-17	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
		FA	BE	BE	FA	BE	BE	FA	BE	BE
1	2	3	4	5	6	7	8	9	10	11
1.	Andhra Pradesh	2.9	1.2	0.8	4.4	3.0	3.3	28.4	22.4	24.4
2.	Arunachal Pradesh	-13.2	-13.1	NA	-3.5	2.9	NA	40.7	38.4	NA
3.	Assam	0.5	-2.7	-2.3	3.0	2.2	2.0	19.8	19.8	20.1
4.	Bihar	-1.5	-2.5	-2.7	2.9	2.8	3.0	25.8	23.1	23.9
5.	Chhattisgarh	0.8	-1.7	-1.9	4.0	2.7	3.1	15.4	15.2	17.5
6.	Goa	NA	-0.6	NA	NA	2.4	NA	NA	25.2	NA
7.	Gujarat	-0.6	-0.7	-0.3	2.0	2.2	2.3	22.1	22.7	23.0
8.	Haryana	1.8	1.9	2.3	2.7	3.2	4.7	19.2	20.9	27.7
9.	Himachal Pradesh	2.1	1.7	0.4	4.5	4.9	3.5	41.1	39.5	38.3

1	2	3	4	5	6	7	8	9	10	11
10.	Jammu and Kashmir	0.4	-2.3	-5.6	6.0	6.3	5.6	52.1	44.0	53.0
11.	Jharkhand	0.1	-2.2	-2.6	3.1	2.4	2.1	20.4	23.0	23.5
12.	Karnataka	-0.1	-0.1	0.0	2.9	2.7	2.3	23.1	24.2	17.8
13.	Kerala	3.0	1.5	1.6	4.1	3.4	3.2	31.0	30.9	29.0
14.	Madhya Pradesh	-1.4	-0.9	-0.6	2.5	2.8	4.5	24.2	19.4	27.1
15.	Maharashtra	0.7	0.2	0.2	1.8	3.0	1.7	17.8	19.7	18.5
16.	Manipur	-4.7	-4.2	NA	3.9	3.2	NA	47.7	40.1	NA
17.	Meghalaya	-0.8	-2.7	-1.4	4.2	2.8	3.6	29.3	27.3	30.6
18.	Mizoram	NA	-7.6	-8.8	NA	0.8	0.2	NA	43.7	44.8
19.	Nagaland	NA	-1.0	-4.1	NA	5.0	2.5	NA	34.8	41.0
20.	Orissa	-1.8	-1.5	-1.0	1.7	3.1	4.0	15.4	16.7	19.1
21.	Punjab	2.1	1.6	1.9	3.0	3.0	3.1	30.8	31.3	32.3
22.	Rajasthan	0.6	-0.1	0.0	3.3	3.0	3.2	26.0	24.7	34.3
23.	Sikkim	-5.9	-3.1	-1.5	2.2	3.0	3.5	28.3	23.0	26.7

24.	Tamil Nadu	0.7	0.4	1.1	2.9	2.9	3.0	20.4	20.2	18.8
25.	Telangana	-0.1	-0.1	-0.6	2.4	3.3	3.8	23.5	22.3	22.0
26.	Tripura	-6.4	-9.7	-6.4	3.8	5.5	4.7	33.4	30.1	31.3
27.	Uttar Pradesh	-2.3	-3.1	-2.3	3.4	2.9	4.0	32.2	26.7	33.8
28.	Uttarakhand	0.7	0.0	0.0	4.2	4.4	3.1	24.4	23.6	22.2
29.	West Bengal	NA	0.0	0.0	NA	1.7	2.0	NA	31.9	33.5
ALL STATES		0.2	-0.4	-0.2	2.8	2.9	2.9	23.7	23.8	24.9

- Sign indicates surplus; NA- Not Available