

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5073
ANSWERED ON:20.12.2002
INCENTIVE FUND
BHAN SINGH BHAURA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Union Government created an Incentive Fund at National Level as per the recommendation of Eleventh Finance Commission ;
- (b) if so, the details of the fund and the criteria for the defferent States to become eligible for grant ;
- (c) the list of States which have become eligible for these funds and the amount due to them; and
- (d) the details of steps taken by Union Government to release these funds to different States particularly to Punjab?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

a) Yes, Sir.

b) Pursuant to the recommendations of the Eleventh Finance Commission(EFC), Government of India has circulated a scheme called 'States' Fiscal Reforms Facility (2000-01 to 2004-05)' and has set up an Incentive Fund of Rs.10,607.72 crore for five years comprising of 15% of the revenue deficit grant to the States recommended by the EFC in its main report and equal matching contribution by the Government of India. Release from the Incentive Fund to the States is based on the single monitorable fiscal objective i.e. 5 percentage points improvement in revenue deficit as a percentage of revenue receipt in each year till 2004-05. For revenue surplus States, 3 percentage point improvement in the Balance from Current Revenue as percentage of non-plan revenue receipts is the criteria.

(c) & (d) Under the scheme of Fiscal Reforms Facility, State Governments have been invited to formulate their Medium Term Fiscal Reforms Programme (MTFRP) aimed at fiscal consolidation.

Based on the finalisation of MTFRP of States, a sum of Rs. 1751.99 crore from Incentive Fund has been released so far. State-wise details are Annexed.

Government of Punjab has furnished its MTFRP, which is scheduled to be considered in the meeting of the Monitoring Committee. Since MTFRP of the State of Punjab is yet to be finalised, no fund has been released to State from the Incentive Fund so far. State Governments who are yet to furnish their MTFRP are pursued to expedite their MTFRP for finalisation and to enable this Ministry to consider release of funds to them.

Annexure

Statement referred to in reply to part (c) & (d) of Lok Sabha Unstarred Question No. 5073 for answer on 20th December, 2002 regarding Incentive Fund.

Release from Incentive Fund to States

(Rs. Crore)

Sl. No.	States	2001-02	2002-03 (so far)
---------	--------	---------	------------------

1	2	3
---	---	---

1	Andhara Pradesh	47.94
2	Arunachal Pradesh	36.69

3	Himachal Pradesh	161.23		
4	Jammu & Kashmir		321.84	
5	Karnataka	32.29		
6	Kerala	23.52		40.92
7	Maharashtra	55.55		
8	Manipur	54.38		55.32
9	Nagaland	97.22	102.08	
10	Orissa		77.95	
11	Rajasthan	171.68		
12	Sikkim		0	51.70
13	Tamil Nadu		0	45.40
14	Tripura		73.99	
15	West Bengal	302.29		

Total 1456.57 295.42

Grand Total (Col. 2 + Col. 3) 1751.99