

**Title:** Request to review the recommendations of the Eleventh Finance Commission regarding revenue sharing among the States.

SHRI K. YERRANNAIDU (SRIKAKULAM): Sir, the Eleventh Finance Commission has submitted its Report to the Government of India and the hon. Finance Minister also has laid the Report on the Table of this House.

Sir, as per the Report, the Eleventh Finance Commission has set aside Rs. 35,000 crore for Revenue Gap Grant to be given under article 275.

There are some fiscally-imprudent States, and some fiscally-disadvantaged States. All the States project their requirement for gap-filling grants. However, some States only are performing well. States like Andhra Pradesh, Gujarat, Karnataka, Maharashtra, etc., are performing well. Out of this Rs.35,000 crore set aside by the Eleventh Finance Commission, these States are not getting even a single paise. The Commission is helping not only the fiscally-disadvantaged States but also fiscally-imprudent States. If this continues, why would any State try to perform better in future? The Tenth Finance Commission also made such a recommendation. If fiscally imprudent States keep getting extra advantages in future also, nobody would care for development. This anomaly requires to be rectified. Some policy should be formulated by the Government to see as to which States are performing better and which States are implementing innovative schemes for development.

I would humbly submit, through you, that the Union Government should review this recommendation of the Eleventh Finance Commission before it is implemented. ...*(Interruptions)*

PROF. UMMAREDDY VENKATESWARLU (TENALI): This is a very serious issue. There should be a national debate on this issue....*(Interruptions)*

SHRI K. YERRANNAIDU : Sir, hon. Finance Minister is sitting here. ...*(Interruptions)* I read the entire report of the Eleventh Finance Commission. This would become a hurdle for development in future. We are not blaming any particular State....*(Interruptions)* The Government has every power to review the recommendations of the Finance Commissions....*(Interruptions)*

SHRI VARKALA RADHAKRISHNAN : I have also given a notice in this regard....*(Interruptions)*

MR. SPEAKER: Would the Government like to respond?

**डा. रघुवंश प्रसाद सिंह :** अध्यक्ष महोदय, 11वें वित्त आयोग ने बिहार की उपेक्षा की है...*(व्यवधान)*

**अध्यक्ष महोदय:** रघुवंश बाबू, आपका बिहेवियर अच्छा नहीं है। ऐसा बिहेवियर हाउस में नहीं करना चाहिए।

ठैँ! *(व्यवधान)*

**अध्यक्ष महोदय:** आप बैठ जाइए। यह अच्छी बात नहीं है। आप सीनियर मैम्बर हैं और मंत्री भी रहे हैं।

ठैँ! *(व्यवधान)*

**अध्यक्ष महोदय:** अपनी बात कहने के लिए पहले चेयर की परमिशन लेनी चाहिए।

ठैँ! *(व्यवधान)*

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): Mr. Speaker, Sir, the issue that has been raised by the hon. Member Shri Yerrannaaidu ...*(Interruptions)*

SHRI VARKALA RADHAKRISHNAN: Please answer about Kerala. I have also given a notice on this.

PROF. A.K. PREMAJAM (BADAGARA): I have also given a notice on this today.

MR. SPEAKER: When the Minister is replying, why do you obstruct him?

SHRI YASHWANT SINHA: Sir, it is a very important issue that the hon. Member has raised. It is a question of equity between the various States of this country. I had myself referred to it, the House might recall, when I was replying to a question on the States' fiscal situation on Friday last week. I had said that we should not have a system which makes a vested interest out of the situation of backwardness and poverty in a State.

Now the Eleventh Finance Commission, like all Finance Commissions in the past, had given ample opportunity to every State Government to make representations. It had given ample opportunity to various other organisations and they have clearly come out, as the Report says, with an alternative formula of devolution that has changed the lateral, the horizontal, allocations between the States. I would like to say that in every Finance Commission's report

that we have studied such changes have taken place. But I would go along with the suggestion that it should not disturb the inter-State equity. If the House, under your instructions, does wish to discuss the report of the Eleventh Finance Commission, the Government will be quite willing to go along with it and discuss the report.

SHRI SOMNATH CHATTERJEE (BOLPUR): Sir, it is a matter related to the report of the Eleventh Finance Commission and it is a very important matter. I am glad that the Minister has responded to the demand. However, I should have expected that the Minister would come with a proper motion for a discussion on the report. These matters should not be treated separately as to whether it is one State or the other State, or whether there is a vested interest in perpetrating poverty or backwardness, or not.

1300 hrs.

This country is suffering from unbalanced development, everybody knows. If it was thought that by one Finance Commission Report, he shall rectify and bring about every State to the point of perfect functioning, then a lot of discussion is necessary.

Therefore, Mr. Finance Minister, I think, we should all request you to provide time on this very vital issue instead of this perfunctory response...*(Interruptions)*

SHRI VARKALA RADHAKRISHNAN : This is a very important subject...*(Interruptions)*

MR. SPEAKER: You can also associate yourself with what he has said.

...*(Interruptions)*

SHRI YASHWANT SINHA: Sir, I do not want to join issue with Shri Somnath Chatterjee. But he knows that when an issue is raised in the House and we are asked to respond immediately, that response is bound to be brief. It might even appear to be perfunctory. But I assure Shri Somnath Chatterjee and the whole House that if the House were to take up discussion on the recommendations of the Eleventh Finance Commission, the Government will be forthcoming with a full and comprehensive response.

MR. SPEAKER: We will decide it in the BAC meeting also.

PROF. A.K. PREMAJAM : Mr. Speaker Sir, I want to raise a very important issue regarding the Eleventh Finance Commission.

MR. SPEAKER: Madam, the matter has already been raised and the hon. Minister has also replied to it. You can associate yourself with the hon. Member who initially raised this matter.

PROF. A.K. PREMAJAM (BADAGARA): Sir, I will not explain the whole thing. I will mention only one point and associate myself with the hon. Member Shri Yerrannaidu who has already raised this issue. Please permit me to speak about just one point.

The forward looking, progressive States like Kerala, Andhra Pradesh and Tamil Nadu which have stabilised population growth and have come forward with developmental programmes especially in education and literacy are actually put to a disadvantage with the Eleventh Finance Commission award. I wanted to bring this point before the House. I am very happy and thankful that the hon. Finance Minister has agreed to discuss this in the House.