

Following finance panel report till the last word on transfer to States: FM

AT LOGGERHEADS. Sitharaman refutes allegations by Karnataka govt about tax devolution, grants-in-aid

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STRONG REBUTTAL. Finance Minister Nirmala Sitharaman with Minister of Parliamentary Affairs Pralhad Joshi during a press conference, in New Delhi, on Wednesday PTI

Finance Minister Nirmala Sitharaman on Wednesday refuted allegations by the Karnataka government about tax devolution and grants-in-aid over the past few years. She also alleged that the ruling Congress is speaking the "language of separatism".

Meanwhile, in a detailed note about clarification on Karnataka government's claims on tax devolution, the Finance Ministry said that at the end of the 10 years of the NDA government, the total 'tax devolution' would be over ₹2.92-lakh crore, while grants-in-aid would be over ₹2.26-lakh crore.

"I follow the report of Finance Commission till the last word on transfer to States," Sitharaman said while replying to the debate on the Union Budget in the Lok Sabha on Wednesday. The remark was made on a day when the Karnataka Chief Minister Siddaramaiah led a protest of the

entire Congress brass, including State cabinet ministers, MLAs and MPs in Delhi. They demanded that the Centre set right the losses to the tune of ₹1.87-lakh crore allegedly incurred by Karnataka under the 15th Finance Commission.

The Finance Minister said the question of not accepting recommendation does not arise at all. "Beyond the Finance Commission report, ₹6,279.94 crore has been provided to Karnataka to assist capital expenditure plans," she said. Adding to

that, the Finance Ministry statement said that during the 14th Finance Commission's five-year award period (2015-16 to 2019-20), Karnataka received over ₹1.51-lakh crore as tax devolution.

However, in the first four years of the current FC (15th FC) period, Karnataka would have already received over ₹1.29-lakh crore. The government has projected a further release of ₹44,485 crore in the Interim Budget for FY25 taking the total to ₹1,74,339 crore in five years.

"This is higher than the 14th FC period despite the precipitous drop in revenue during the Covid-19 period," statement said. Further, it said that Karnataka government made a blatantly false statement as though ₹1.65-lakh crore is due as GST compensation. It has ignored the fact that the compensation arrangement in GST was for 5 years.

"Claims by the Karnataka government of discrimination in sharing Central taxes are patently wrong and mischievous. There are factual errors, false monetary claims, misleading statements, and selective mention of certain losses allegedly suffered without mentioning of the gains that have accrued to the State in, the 15th Finance Commission period," the statement said.

ON INFLATION

While referring to the price rise during her reply, she said retail inflation is stable and has come down within the tolerance band as a result of the steps taken by the government

to check price rise, especially in perishable commodities. India's retail inflation has declined from an average of 6.8 per cent in April-December 2022 to 5.5 per cent in the corresponding period of 2023.

Earlier, initiating the debate on the Interim Budget 2024-25 in Lok Sabha, senior Congress leader Shashi Tharoor said the government was about "all talk and no action" and dubbed the ruling NDA as "no data available" to reveal the real situation of poverty and consumption in the country.

INTERIM BUDGET

The Lok Sabha on Thursday completed the interim Budget process with passage of Demands for Grants for 2024-25 and the Appropriation (Vote on Account) Bill, 2024. Later, it also gave its nod to the Finance Bill 2024 which prescribes continuation of Income Tax rates. Now, all these will be sent to the Rajya Sabha which is expected to discuss and return the Bill on or before February 9.