

Allocation of Funds to States

1196. SHRI PADMACHARAN SAMANTASINHERA: Will the Minister of PLANNING be pleased to state:

(a) what are the basic principles for allocation of funds to different States; and

(b) whether there is any special consideration for economically backward States?

THE PRIME MINISTER (SHRI MORARJI DESAI): (a) The allocation of Central assistance for State Plans is made on the basis of the Gadgil formula. Under this formula, a lumpsum provision is made for J. & K., Himachal Pradesh, Sikkim & North-Eastern States and the balance allocated among the remaining States as follows:—

(i) 60 per cent on the basis of population;

(ii) 10 per cent on the basis of per capita income—only to States having per capita income below the national average;

(iii) 10 per cent on the basis of tax effort;

(iv) 10 per cent for continuing major irrigation and power schemes; and

(v) 10 per cent for special problems of States. Additional Central assistance is allotted for hill & tribal areas and the North-Eastern Council. Besides, extra assistance is given for State Plan schemes selected for financing by World Bank/IDA and other external aid giving agencies. For non-Plan expenditure, the Finance Commissions, to be appointed at least once in five years allocate the necessary resources.

(b) The Gadgil formula gives special consideration for economically backward States, since 10 per cent of the total allocable Central assistance is distributed among the States hav-

ing per capita income below the national average while another 10 per cent is distributed on the basis of special problems. The Finance Commissions also take into account the States development status in allocating resources for non-Plan expenditure.

Abolition of Octroi Duty

1197. SHRI DAULAT RAM SARAN: Will the Minister of SHIPPING AND TRANSPORT be pleased to state:

(a) whether Government of India have approved any scheme under which Octroi duty realised by the Municipalities would be abolished and if so, by what time and the steps taken so far in this regard; and

(b) whether Government would meet the loss thus suffered by Municipalities and if so, how it would be met?

THE MINISTER OF STATE IN CHARGE OF THE MINISTRY OF SHIPPING AND TRANSPORT (SHRI CHAND RAM): (a) and (b). No, Sir. The question of abolition of octroi has to be studied in depth as it is a major source of revenue of local bodies. Ways and means will, therefore, have to be found for compensating these bodies for the loss of revenue following abolition of octroi.

As several implications are involved, it is not possible to indicate the time by which it will be possible to take a final decision in the matter and thereafter to secure abolition of octroi.

Construction of Bridge over River Brohmani in Bonaigarh, Sundargarh District of Orissa

1198. SHRI D. AMAT: Will the Minister of SHIPPING AND TRANSPORT be pleased to state:

(a) whether there is any proposal under consideration of the Central Government to construct a bridge on river Brohmani in Bonaigarh, Sundargarh District of Orissa;