

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4315
ANSWERED ON:19.04.2002
ANNUAL GRANTS TO STATES
IQBAL AHMED SARADGI;SHASHI KUMAR

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government propose to reduce the annual grants to States;
- (b) if so, the details, thereof;
- (c) whether the Chief Minister of Karnataka has urged the Union Government to take immediate steps to solve the financial problems of the State;
- (d) if so, the details, thereof;
- (e) whether the Union Government's decision to cut grants for Karnataka by about Rs 600 crore for 2001-2002 has created financial crunch to Karnataka; and
- (f) if so, to what extent the Union Government has taken the Karnataka's views on this issue?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)&(b): Allocation of non-plan grants by the Central Government to States, are guided by the recommendations of the Eleventh Finance Commission (EFC) while the allocation of Central assistance for State Plan is determined by the Planning Commission in consultation with the State Government. There is no proposal for reduction in allocation made to States.

(c)&(d): Request has been received from CM, Karnataka for additional plan assistance of Rs.200 crores as an interim measure to make up for reduction in tax devolution's in 2001-02. Government of India has allowed Government of Karnataka to raise additional market borrowings of Rs.221.85 crores to supplement the resources of the State in the light of lower devolutions on account of the shortfall in revenue collections.

(e)&(f): An amount of Rs.2847.31 crores was released to the Government of Karnataka against the total allocation of Rs.3173.44 crores made in respect of various items of Central Assistance for the Annual Plan 2001-02. The reduction in release of funds was on account of shortfall in respect of tied schemes, where releases are linked to performance and are based on utilisation of funds or through reimbursements. It is for the State Government to avail fully their allocations.