

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:943

ANSWERED ON:10.07.2009

ALLOTMENT OF MORE FUNDS TO KARNATAKA

Siddeswara Shri Gowdar Mallikarjunappa

**Will the Minister of FINANCE be pleased to state:**

- (a) the details of formulae adopted for allocation of various types of funds/grants etc. to the State Governments;
- (b) the details of funds allocated to State Governments as per recommendations of the 12th Finance Commission;
- (c) whether the some State Governments including Karnataka have sought for more funds; and
- (d) if so, the reasons advanced by each such State Government and the reaction of the Central Government on each such request?

**Answer**

Minister of State in the Ministry of Finance(SHRI NAMO NARAIN MEENA)

(a): Planning Commission provides State wise allocations of

(i) Normal Central Assistance under the Gadgil-Mukherji formula,

(ii) Special Plan Assistance and

(iii) Special Central Assistance for Hill Areas. Allocation of Special Plan Assistance is made to Special Category States based on an assessment of the specific needs of different States. Special Central assistance for Hill Areas is allocated on the basis of areas and population of the designated hill districts/talukas. Different ministries also allocate funds based on the criteria of the schemes administered by them. The Twelfth Finance Commission (TFC) has recommended grants-in aid to States for the period of 2005-10, mainly adopting criteria such as fiscal capacity of the States, road lengths, plinth area of public buildings, forest area, relief expenditure, requirement indicated by States and previous expenditure in various sectors. For local bodies, the following criteria have been adopted:-

S.No.	Criterion	Weight (per cent)
1	Population	40.0
2	Geographical area	10.0
3	Distance from highest per capita income	20.0
4	Revenue effort of which	20.0
	(a) with respect to own revenue of States	10.0
	(b) with respect to GSDP	10.0
5	Index of deprivation	10.0

(b) to (d) : A statement indicating State-wise and sector-wise allocations recommended by the TFC for the period 2005-10 is at Annexure. Recently, Government of Andhra Pradesh has requested additional support for the Aarogyasri Scheme. Government of Karnataka has requested a special grant to meet 50% of the estimated resource gap for the development of infrastructure in Bangalore. On these requests, the Union Government will take appropriate decisions. Government of Karnataka has requested the 13

Finance Commission, inter alia, for a special grant of Rs.25,800 crore for state specific challenges.

In their presentation to the 13th Finance Commission, States have asked for adequate funds to be provided for purposes such as major irrigation projects, course change and erosion of major rivers, coastal problems, railways, national highways, ports, airports, national level security problems in the States and for meeting the financial burden on account of implementation of 6th pay Commission recommendations by the Union Government. As per terms of its reference, the 13th Finance Commission will submit its report by 31st October, 2009.