

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

**LOK SABHA
UN-STARRED QUESTION NO. 4030
TO BE ANSWERED ON MONDAY, THE 18th AUGUST, 2025
SRAVANA 27, 1947 (SAKA)**

“TAX DEVOLUTION CONCERNS OF KARNATAKA”

4030. SHRI K SUDHAKARAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any fiscal impact assessment on the Karnataka's capital expenditure due to drop in devolution of its share;
- (b) whether the Government proposes to shift weightage from income distance to GDP share of Karnataka in the 16th Finance Commission's Terms of Reference; and
- (c) the mechanisms taken into account for State's contribution to the Central pool while determining its share in devolution of funds?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

- (a) The total amount of shareable taxes and duties devolved to the State of Karnataka has increased from ₹1.51 lakh crore in the 14th Finance Commission award period (FY 2015-16 to FY 2019-20) to ₹2.08 lakh crore in the 15th Finance Commission award period (FY 2021-22 to BE 2025-26). The inter-se allocation of resources including share in central taxes between revenue expenditure and capital expenditure is a decision of the State Government.
- (b) & (c): The methodology and criteria for, inter-se, distribution of net proceeds of taxes among the States is decided by the Finance Commission for its award period.
