GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**
**UNSTARRED QUESTION NO. 2395**
TO BE ANSWERED ON MONDAY, THE 3RD AUGUST, 2026
SHRAVANA 12, 1948 (SAKA)

## KARNATAKA'S SHARE IN THE DIVISIBLE POOL OF CENTRAL TAXES

2395. SHRI. E TUKARAM:

Will the Minister of FINANCE be pleased to state:

a) whether Karnataka's share in the divisible pool of Central taxes was reduced under the 15th Finance Commission as compared to the 14th Finance Commission and subsequently revised under the 16th Finance Commission, if so, the details thereof;
b) the reasons for such reduction under the 15th Finance Commission and the factors considered while revising the share under the 16th Finance Commission;
c) whether the Union Government has assessed the impact of these changes on Karnataka's finances and development expenditure, if so, the details thereof; and
d) whether the Government proposes to review the criteria for horizontal tax devolution so as to ensure equitable distribution among States contributing significantly to the national economy and if so, the details thereof?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

**a)** Karnataka's share in divisible pool of Central taxes and duties under 15$^{th}$ FC was 3.647%. It was 4.713% during the 14$^{th}$ FC and it is 4.131% as per 16$^{th}$ FC.

**b)** Changes in share of divisible pool are on account of changes in indicators/criteria and their associated weights during the 15$^{th}$ Finance Commission. The 16$^{th}$ Finance Commission considered the following criteria which resulted in revision of the share of Karnataka.

| **Indicator/ Criteria** | **16$^{th}$ FC Weight** |
|---|---|
| Population (2011 Census) | 17.5 |
| Demographic Performance | 10.0 |
| Area | 10.0 |
| Forest | 10.0 |
| Per Capita GSDP Distance | 42.5 |
| Contribution to GDP | 10.0 |

**c)** The Finance Commissions, while recommending States' share in sharable pool of union taxes and duties, assess the fiscal outlook of the States. The assessment made by the FCs can be accessed from the website https://fincomindia.nic.in/ under relevant FC years.

**d)** As per Article 280(3)(a) of the Constitution, it is the duty of the Finance Commission to make recommendations as to the distribution between the Union and the States of the net proceeds of taxes and duties and the allocation between the States. For the period 2026-27 to 2030-31, the 16th Finance Commission has made recommendations on horizontal tax devolution which Government of India has accepted and for which an Explanatory Memorandum as to the Action Taken on the Recommendations of the 16th Finance Commission, was placed on the table of Parliament on 1st February 2026.

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