

# \$100m growth grant for all States: Dr M

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KUALA LUMPUR, Sat. — The Federal Government has decided to give a revenue growth grant totalling \$100 million next year to all the States to be divided among them, Deputy Prime Minister (Datuk Seri Dr Mahathir Mohamad) said today.

Speaking to reporters here after chairing the National Finance Council meeting, he said Kelantan and Kedah would get the biggest share.

## Growth

The first \$50 million would be given on a pro-rata basis for the States' operating expenses.

The second half of the grant would be provided for development but scaled according to the Gross Domestic Product (GDP) of each State, he said.

"The States with a GDP below the national average will be entitled to the grant proportionately while those whose GDP are above the national average will not

receive any share of the grant," he added.

Datuk Seri Dr Mahathir said the Government had also decided that as long as there was a growth in the Federal Government revenue, the States would be given the grant.

He explained that previously if the Federal revenue increased by 10 per cent then a provisional would be made

for an increase in the grant to the States.

But in the last two years, the increase was less than 10 per cent and as a result, no increase in grant was given to the States.

"But we felt that although the increase was not so big, we could still help them.

"Therefore, we decided that as long as there is growth, we will

give them this grant," he added.

Datuk Seri Dr Mahathir said the council also approved certain procedures in budgetting.

For example, there had been some procedures which were not compatible for accounting such as transfer of surplus without taking into consideration the operating expenses, he added.

The council was briefed on the budget by Finance Minister Tengku Razaleigh Hamzah and suggestions were given to the States on how they could raise more revenue, he added.

By WOON YOKE HENG