GOVERNMENT OF INDIA
MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA

UNSTARRED QUESTION NO. 684
TO BE ANSWERED ON TUESDAY 8th FEBRUARY, 2022
[19 MAGHA, 1943 (SAKA)]

‘Finance Commission recommendations impacting tax devolution to States’

No. 684. Dr. Sasmit Patra:

Will the Minister of Finance be pleased to state:

(a) the details of the 11th, 12th, 13th, 14th and 15th Finance Commission recommendations towards tax devolution to States;
(b) whether it has led to increased tax devolution in percentage terms from central divisible pool for the State of Odisha, if so, the details thereof;
(c) if not, the reasons for the same; and
(d) the criteria based on which Odisha received more or less in percentage terms from central divisible tax pool as the case maybe?

ANSWER

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

(a) The details of the 11th, 12th, 13th, 14th, and 15th Finance Commission recommendations towards tax devolution to States are as under:

Finance Commission	Net proceeds of Shareable Central Taxes to States
Eleventh	29.5 %
Twelfth	30.5 %
Thirteenth	32 %
Fourteenth	42%
Fifteenth	41%

Source: The Finance Commission Reports

(b) Odisha’s States’s Share as per the recommendations of the Finance Commissions are tabulated as below :

Odisha	11th FC	12th FC*	13th FC*	14th FC	15th FC
Share (per cent)	5.056	5.161	4.779	4.642	4.528
Share of Service Tax (per cent)	------	5.229	4.855	------	-------

* Excluding Service Tax

(c) It is the prerogative of the Finance Commission to decide upon the criteria for tax devolution for each State in terms of Article 280(3)(a) of the Constitution of India which states that, *It shall be the duty of the Commission to make recommendations to the President as to—the distribution between the Union and the States of the net proceeds of taxes which are to be, or may be, divided between them under this Chapter and the allocation between the States of the respective shares of such proceeds*;

(d) The *criteria* based on which each State receives its share in Central Divisible tax pool is as below:

(weight percent)

Finance Commission / Criteria	**11th FC**	**12th FC**	**13th FC**	**14th FC**	**15th FC**
Population	10	25	25	17.5	15
Income (Distance Method)	62.5	50	-	50	45
Area	7.5	10	10	15	15
Index of infrastructure	7.5	-	-	-	-
Tax effort	5	7.5	-	-	-
Tax and Fiscal Effort	-	-	-	-	2.5
Fiscal Discipline	7.5	7.5	17.5	-	-
Fiscal Capacity Distance	-	-	47.5	-	-
Demographic Change	-	-	-	10	-
Forest Cover	-	-	-	7.5	-
Forest and Ecology	-	-	-	-	10
Demographic Performance	-	-	-	-	12.5

Source: The Finance Commission Reports

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