

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
STARRED QUESTION NO.97
TO BE ANSWERED ON TUESDAY 12th DECEMBER, 2023
[AGRAHAYANA 21, 1945 (Saka)]

'Quantum of tax transfer to States from divisible tax pool'

97. Shri R. Girirajan:

Will the Minister of FINANCE be pleased to state:

- (a) Whether it is a fact that, though the Fifteenth Finance Commission has fixed the quantum of tax transfer to States from the divisible tax pool at 41 per cent for 2021-22 to 2025-26; the actual devolution is expected to be much lower due to the pervasive cesses and surcharges and if so, the details thereof;
- (b) Whether the cesses and surcharges collected by the Union Government have tripled from 6.26 per cent in 2010-11 to 19.9 per cent in 2020-21; and
- (c) If so, the details thereof and the steps taken by Government to share revenue from the cesses and surcharges with State Governments?

ANSWER

THE MINISTER OF FINANCE
(SHRIMATI NIRMALA SITHARAMAN)

(a) to (c): A statement is laid on the Table of the House.

* * *

Statement referred to in reply to parts (a) to (c) in respect of Rajya Sabha Starred Question No. 97 for reply on 12.12.2023 regarding 'Quantum of tax transfer to States from divisible tax pool' asked by Shri R. Girirajan.

- (a) No, Sir. Government of India devolves 41% of divisible tax pool as per accepted recommendations of the 15th Finance Commission (15th FC). The comparison between quantum of devolution made during the period referred to, shows an increase over what was recommended by 15th FC. The details are given below:

Period referred to in the Question	Tax Devolution (₹ crore)															
	Total amount recommended by 15 th FC#	Actual/Projected devolution*														
Fifteenth Finance Commission (2021-2026)	42,24,760	<table border="1"> <thead> <tr> <th>Financial year</th> <th>Amount (₹ crore)</th> </tr> </thead> <tbody> <tr> <td>2021-22 (Actuals)</td> <td>8,82,904</td> </tr> <tr> <td>2022-23 (Actuals)</td> <td>9,48,406</td> </tr> <tr> <td>2023-24 (Budget)</td> <td>10,21,448</td> </tr> <tr> <td>2024-25 (Projected)*</td> <td>11,03,164</td> </tr> <tr> <td>2025-26 (Projected)*</td> <td>11,91,417</td> </tr> <tr> <td>Total</td> <td>51,47,339</td> </tr> </tbody> </table>	Financial year	Amount (₹ crore)	2021-22 (Actuals)	8,82,904	2022-23 (Actuals)	9,48,406	2023-24 (Budget)	10,21,448	2024-25 (Projected)*	11,03,164	2025-26 (Projected)*	11,91,417	Total	51,47,339
		Financial year	Amount (₹ crore)													
		2021-22 (Actuals)	8,82,904													
		2022-23 (Actuals)	9,48,406													
		2023-24 (Budget)	10,21,448													
		2024-25 (Projected)*	11,03,164													
		2025-26 (Projected)*	11,91,417													
Total	51,47,339															

Source: Fifteenth Finance Commission Report.

* Increment of 8% over the previous financial year projected.

- (b) & (c) The details of collection of major Cesses and Surcharges are as under:-

Particulars / Financial Year	(₹ crore)	
	2010-2011	2020-2021
Cesses	53,471.47	3,82,115.87
Surcharges	8,627.22	33,064.11
Total	62,098.69	4,15,179.98

Receipts from cesses and surcharges are used for financing several Centrally Sponsored/ Central Sector Schemes which ultimately benefit the States.

* * *