GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 59
TO BE ANSWERED ON MONDAY, THE 20TH JULY, 2026
ASHADHA 29, 1948 (SAKA)

DECLINING SHARE OF TAX DEVOLUTION TO TAMIL NADU

59. SHRI. K E PRAKASH:
SMT. KANIMOZHI KARUNANIDHI:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken note of concerns regarding the declining share of tax devolution and comparatively lower per capita Central transfers to Tamil Nadu, despite the State being among the highest contributors to the national economy and direct tax collections;

(b) whether any funds sanctioned to Tamil Nadu under Centrally Sponsored Schemes, grants-in-aid, disaster relief assistance or any other financial transfers are presently pending for release as on date, category-wise and year-wise, if so, the details thereof along with the reasons for pendency for such delay and the timeline by which the pending funds are proposed to be released to the State Government;

(c) whether the Government has examined the concerns raised by the southern States, including Tamil Nadu, that the present Finance Commission's devolution criteria disproportionately favour population-based indicators, thereby reducing the fiscal share of States that have achieved population control and higher economic performance; and

(d) whether the Government proposes to review the existing criteria governing Union Budget allocations and Centrally Sponsored Scheme funding?

ANSWER

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

(a) Does not arise, as share of tax devolution and per capita central transfers to Tamil Nadu has increased. Share of tax devolution to Tamil Nadu increased to 4.097% in 16th Finance Commission's award period (FY 2026-27 to FY 2030-31) as compared to 4.079% during the award period of 15th Finance Commission (FY2021-22 to FY2025-26). Also, the per capita central transfers (tax devolution, CSS, Finance Commission grants and SASCI) to Tamil Nadu have increased from about ₹9,500 in FY2021-22 to about ₹11,600 in FY2025-26.

(b) Sanctions and releases of funds under the CSS Schemes to State Governments including Tamil Nadu are by the scheme implementing Ministries/Departments of the Government. These releases are as per scheme guidelines, GFR 2017, etc. Further, with the introduction of SNA SPARSH, the releases to States for onboarded CSS schemes are on a real-time basis based on actual expenditure by the States. The unconditional grants-in-aid as recommended by the Finance Commission are released as per a pre-fixed schedule whereas the performance linked grants (conditional grants) are released based on fulfilment of prescribed conditions. Overall, ₹1,11,904 crore has been released under CSS grants and ₹34,513 crore has been released under Finance Commission grants to Tamil Nadu during the period FY2021-22 to FY2025-26.

(c) The horizontal share of the Southern States (Andhra Pradesh, Telangana, Keralam, Tamil Nadu and Karnataka) in net proceeds of Union taxes and duties has increased during the 16th Finance Commission award period (FY 2026-27 to FY 2030-31) to 17.001% as against 15.800% in the 15th Finance Commission award period (FY2021-22 to FY2025-26).

(d) The Government periodically reviews scheme allocations. Union Budget allocation including those of Centrally Sponsored schemes during any financial year is based on a comprehensive mid-year review undertaken by the Ministry of Finance.

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