

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:174  
ANSWERED ON:03.07.2009  
CENTRAL TAX REVENUES  
Reddy Shri Mekapati Rajamohan

**Will the Minister of FINANCE be pleased to state:**

- (a) the formula/criteria adopted in regard to sharing of the proceeds of central tax revenues to the States;
- (b) the details of States which have demanded higher share of central tax revenues;
- (c) whether any weightage is given to fiscally well performing States; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (d): The criteria for distribution of share in Central Taxes to States are recommended by Finance Commissions. The Twelfth Finance Commission for its award period 2005-10 has recommended the share of States in the net proceeds of shareable taxes at 30.5%, which Government of India has accepted; and has adopted the following criteria and weights for distribution of share in Central Taxes & Duties among states:

SI.No. Criterion Relative Weight (per cent)

1	Population	25.0
2	Income Distance	50.0
3	Area	10.0
4	Tax effort	7.5
5	Fiscal Discipline	7.5

In a presentation before the Thirteenth Finance Commission States have demanded that share of gross Central taxes to States should be increased to at least 50% ,Central surcharges and cess should be included in the divisible pool,and an additional devolution may be considered for distribution among the North-Eastern and Special category States.