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Comparative Analysis of Central Taxes Transfer to Non-Special Category States

The Fourteenth Finance Commission has recommended that the share of the states would be 42% in net proceeds of the Union tax revenues. Since it is a big change (total 10%) from 32% that had been recommended by The Thirteenth Finance Commission and such a change has never been introduced by the past Finance Commissions, there

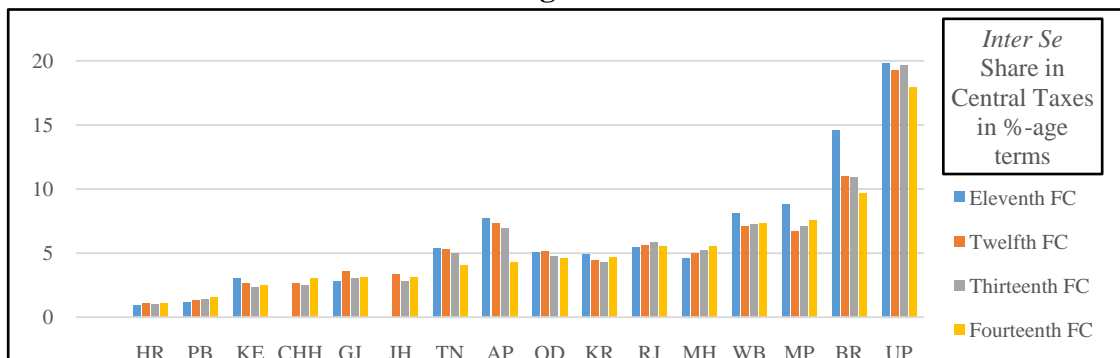
are multiple debates among politicians and academicians that some states are gaining and some are losing in the new scenario. With this backdrop, in the present study, efforts have been made to compare the central transfer to states recommended by different finance commissions. The details have been presented in Table-1 along with Figure-1.

Table-1

<i>Inter Se</i> Share in Central Taxes in %-age terms (excluding Special Category States)				
States	Eleventh FC	Twelfth FC	Thirteenth FC	Fourteenth FC
Haryana (HR)	0.944	1.075	1.048	1.084
Punjab (PB)	1.147	1.299	1.389	1.577
Kerala (KE)	3.057	2.665	2.341	2.5
Chhattisgarh (CHH)	NA	2.654	2.47	3.08
Gujarat (GJ)	2.821	3.569	3.041	3.084
Jharkhand (JH)	NA	3.361	2.802	3.139
Tamil Nadu (TN)	5.385	5.305	4.969	4.023
Andhra Pradesh (AP)	7.701	7.356	6.937	4.305
Odisha (OD)	5.056	5.161	4.779	4.642
Karnataka (KR)	4.93	4.459	4.328	4.713
Rajasthan (RJ)	5.473	5.609	5.853	5.495
Maharashtra (MH)	4.632	4.997	5.199	5.521
West Bengal (WB)	8.116	7.057	7.264	7.324
Madhya Pradesh (MP)	8.838	6.711	7.12	7.548
Bihar (BR)	14.597	11.028	10.917	9.665
Uttar Pradesh (UP)	19.798	19.264	19.677	17.959

NA, Not Applicable; Sources: Reports of Finance Commission of India

Figure-1



Sources: Reports of Finance Commission of India and drawn by Authors

Findings:

1. In the *Inter Se* share of the state, Odisha, Uttar Pradesh, Bihar, Rajasthan, Tamil Nadu, Andhra Pradesh are going to get competitively less share in 14th FC than 13th FC; whereas, Haryana, Punjab, Kerala, Chhattisgarh, Gujrat, Jharkhand, Karnataka, Maharashtra, West Bengal, Madhya Pradesh are getting benefitted from 14th FC.

2. Odisha is going to lose -0.137 %-age of its *Inter Se* transfer from Centre, which is in actual ₹, 5409.016 crore, (i.e., -0.137 % of total tax devolution to states, (₹, 3948187.0 crore), from FC for the period of 2015-20).

3. If we rank the FCs' recommendation of the *Inter Se* share of the state in descending order, Odisha's rank is 8th in 11th FC, 12th-FC, & 14th-FC; but was 9th rank in 13th-FC.