*Report of the Thirteenth Finance Commission (2010-2015) : A Summary**

Introduction

Appointment of the Thirteenth Finance Commission

Finance commission is appointment by the President of India under article 280 of the Constitution of India. The first such commission was constituted on November 19, 1951. So far, twelve finance commissions have, through their recommendations, given a resolute shape to fiscal federalism in our country. The present finance commission, the thirteenth one, was appointed by the President of India on 13th November, 2007 under the chairmanship of Dr. Vijay Kelkar. Dr. Indira Rajaraman, Professor Emeritus, National Institute of Public Finance & Policy (NIPFP), Dr. Abusaleh Shariff, Chief Economist, National Council of Applied Economic Research (NCAER), and Professor Atul Sarma, former Vice-Chancellor, Rajiv Gandhi University (formerly Arunachal University) were appointed as full time Members of the Commission. Shri B.K. Chaturvedi, Member, Planning Commission was appointed as a part-time Member. Shri Sumit Bose was appointed as Secretary to the Commission. Subsequently, the President appointed Dr. Sanjiv Misra, former Secretary (Expenditure), Ministry of Finance as Member of the Commission in place of Dr. Abusaleh Shariff, who was unable to join.

The Commission was initially required to submit its report by 31st October 2009 covering the five-year period between 1st April 2010 and 31st March 2015. The conduct of elections to the Fifteenth Lok Sabha and certain State Legislative Assemblies in April-May 2009 warranted a postponement of visits by the Commission to some states. The

* This Article presents excerpts from the Report of the Thirteenth Finance Commission which was tabled in the Parliament on February 25, 2010. Excerpts from Chapter 1 (Summary of Recommendations), Chapter 2 (Terms of References) and Chapter 13 (Looking Ahead: Towards a New Architecture for Federal Finance) as well as select tables in the Report have been reproduced in this Article. The Action Taken Report of the Government has also been reproduced in full.

conduct of elections also led to the delay in the presentation of the regular Budget of the Union as well as of some State Governments for the year 2009-10. Consequently, information from the Centre and some of the states on their fiscal position and projections for 2010-15 could not become available to the Commission till August 2009. In view of the above developments, the Commission was granted an extension by the President till 31st January 2010 with the condition that its report be submitted by 31st December 2009.

Terms of Reference (ToR)

The Terms of Reference (ToR) of the Commission included the following:

4. The Commission shall make recommendations as to the following matters, namely :

i) *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 Chapter I Part XII of the Constitution and the allocation between the States of the respective shares of such proceeds;*

ii) the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India and the sums to be paid to the States which are in need of assistance by way of grants-in-aid of their revenues under article 275 of the Constitution for purposes other than those specified in the provisos to clause (1) of that article; and

iii) the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Panchayats and Municipalities in the State on the basis of the recommendations made by the Finance Commission of the State.

5. The Commission shall review the state of the finances of the Union and the States, keeping in view, in particular, the operation of the States' Debt Consolidation and Relief Facility 2005-2010 introduced by the Central Government on the basis of the recommendations of the Twelfth Finance Commission, and suggest measures for maintaining a stable and sustainable fiscal environment consistent with equitable growth.

6. In making its recommendations, the Commission shall have regard, among other considerations, to –

i) the resources of the Central Government, for five years commencing on 1st April 2010, on the basis of levels of taxation and non-tax revenues likely to be reached at the end of 2008-09;

ii) the demands on the resources of the Central Government, in particular, on account of the projected Gross Budgetary Support to the Central and State Plan, expenditure on civil administration, defence, internal and border security, debt-servicing and other committed expenditure and liabilities;

iii) the resources of the State Governments, for the five years commencing on 1st April 2010, on the basis of levels of taxation and non-tax revenues likely to be reached at the end of 2008-09;

iv) the objective of not only balancing the receipts and expenditure on revenue account of all the States and the Union, but also generating surpluses for capital investment;

v) the taxation efforts of the Central Government and each State Government and the potential for additional resource mobilisation to improve the tax-Gross Domestic Product ratio in the case of the Union and tax-Gross State Domestic Product ratio in the case of the States;

vi) the impact of the proposed implementation of Goods and Services Tax with effect from 1st April 2010, including its impact on the country's foreign trade;

vii) the need to improve the quality of public expenditure to obtain better outputs and outcomes;

viii) the need to manage ecology, environment and climate change consistent with sustainable development;

ix) the expenditure on the non-salary component of maintenance and upkeep of capital assets and the non-wage related maintenance expenditure on plan schemes to be completed by 31st March 2010 and the norms on the basis of which specific amounts are recommended for the maintenance of the capital assets and the manner of monitoring such expenditure;

x) the need for ensuring the commercial viability of irrigation projects, power projects, departmental undertakings and public sector enterprises through various means, including levy of user charges and adoption of measures to promote efficiency.

7. In making its recommendations on various matters, the Commission shall take the base of population figures as of 1971, in all such cases where population is a factor for determination of devolution of taxes and duties and grants-in-aid.

8. The Commission may review the present arrangements as regards financing of Disaster Management with reference to the National Calamity Contingency Fund and the Calamity Relief Fund and the funds envisaged in the Disaster Management Act, 2005 (53 of 2005), and make appropriate recommendations thereon.

9. The Commission shall indicate the basis on which it has arrived at its findings and make available the estimates of receipts and expenditure of the Union and each of the States.

The following additional item was added to the terms of reference of the Commission *vide* President's Order published under S.O. No. 2107 dated 25th August 2008.

8.A. Having regard to the need to bring the liabilities of the Central Government on account of oil, food and fertilizer bonds into the fiscal accounting, and the impact of various other obligations of the Central Government on the deficit targets, the Commission may review the roadmap for fiscal adjustment and suggest a suitably revised roadmap with a view to maintaining the gains of fiscal consolidation through 2010 to 2015.

Summary of Recommendations

Finances of Union and States

1. The Ministry of Finance (MoF) should ensure that the finance accounts fully reflect the collections under cesses and surcharges as per the relevant heads, so that there are no inconsistencies between the amounts released to states in any year and the respective percentage shares in net central taxes recommended by the Finance Commission for that year.

2. The states need to address the problem of losses in the power sector in a time-bound manner.

3. Initiatives should be taken to reduce the number of Centrally Sponsored Schemes (CSS) and to restore the predominance of formula-based plan transfers.

4. A calibrated exit strategy from the expansionary fiscal stance of 2008-09 and 2009-10 should be the main agenda of the Centre.

Goods and Services Tax (GST)

5. Both the Centre and the states should conclude a 'Grand Bargain' to implement the Model GST. The Grand Bargain comprises six elements:

i) The design of the Model GST is suggested.

ii) The operational modalities.

iii) The proposed agreement between the Centre and states, with contingencies for Changes.

iv) The disincentives for non-compliance.

v) The implementation schedule.

vi) The procedure for claiming compensation.

6. Any GST model adopted must be consistent with all the elements of the Grand Bargain. To incentivise implementation of the Grand Bargain, this Commission recommends sanction of a grant of Rs. 50,000 crore. The grant would be used to meet the compensation claims of State Governments for revenue losses on account of implementation of GST between 2010-11 and 2014-15, consistent with the Grand Bargain. Unspent balances in this pool would be distributed amongst all the states, as per the devolution formula, on 1st January 2015.

7. The Empowered Committee of State Finance Ministers (EC) should be transformed into a statutory council. The compensation should be disbursed in quarterly instalments on the basis of the recommendations by a three-member Compensation Committee comprising of the Secretary, Department of Revenue, Government of India; Secretary to the EC and chaired by an eminent person with experience in public finance.

8. In the unlikely event that a consensus with regard to implementing all the elements of the Grand Bargain cannot be achieved and the GST mechanism finally adopted is different from the Model GST suggested by us, this Commission recommends that this amount of Rs. 50,000 crore shall not be disbursed.

9. The states should take steps to reduce the transit time of cargo vehicles crossing their borders by combining check posts with adjoining states and adopting user-friendly options like electronically issued passes for transit traffic.

Union Finances

10. The policy regarding use of proceeds from disinvestment needs to be liberalised to also include capital expenditure on critical infrastructure and the environment.

11. Records of landholdings of Public Sector Undertakings (PSUs) need to be properly maintained to ensure that this scarce resource is put to productive use, or made available for other public projects, or else, sold.

State Finances

12. The practice of diverting plan assistance to meet non-plan needs of special category states should be discontinued.

13. With reference to public sector undertakings:

i) All states should endeavour to ensure clearance of the accounts of all their PSUs.

ii) The states should use the flexibility provided by the Comptroller and Auditor General (C&AG) to clear the backlog of PSU accounts.

iii) All states need to draw up a roadmap for closure of non-working PSUs by March 2011. Divestment and privatisation of PSUs should be considered and actively pursued.

iv) The Ministry of Corporate Affairs should closely monitor the compliance of state and central PSUs with their statutory obligations.

v) A task force may be constituted to design a suitable strategy for disinvestment/ privatisation and oversee the process. A Standing Committee on restructuring may be constituted under the chairmanship of the Chief Secretary to operationalise the recommendations of the task force. An independent technical secretariat may be set up to advise the finance departments in states on restructuring/ disinvestment proposals.

14. With reference to the power sector:

i) Reduction of Transmission and Distribution (T&D) losses should be attempted through metering, feeder separation, introduction of High Voltage Distribution Systems (HVDS), metering of distribution transformers and strict anti-theft measures. Distribution franchising and Electricity Services Company (ESCO)-based structures should be considered for efficiency improvement.

ii) Unbundling needs to be carried out on priority basis and open access to transmission strengthened. Governance should be improved through State Load Dispatch Centres (SLDCs) and this function should eventually be made autonomous.

iii) Proper systems should be put in place to avoid delays in completion of hydro projects.

iv) Instead of putting up thermal power plants in locations remote from sources of coal, states should consider joint ventures (JVs) in or near the coal-rich states.

v) Case 1 bid process should be extensively used to avoid vulnerability to high-cost purchases during peak demand periods.

vi) Regulatory institutions should be strengthened through capacity building, consumer education and tariff reforms like Multi Year Tariff (MYT). Best practices of corporate governance should be introduced in power utilities.

15. Migration to the New Pension Scheme needs to be completed at the earliest.

16. States with large cash balances should make efforts towards utilising these before resorting to fresh borrowings.

17. With reference to accounting reforms:

i) The Government of India (GoI) should ensure uniformity in the budgetary classification code across all states. The list of appendices to the finance accounts of states also needs to be standardised.

ii) Details of contra-entries as well as the summary of transactions between the public account and the consolidated fund should be provided as a separate annex to the finance accounts of the states.

iii) Public expenditure through creation of funds outside the consolidated fund of the states needs to be discouraged. Expenditure through such funds and from civil deposits should be brought under the audit jurisdiction of the C&AG.

iv) The following statements need to be provided with the finance accounts of states:

   a. Comprehensive data on all subsidies.

   b. Consolidated information on the number of employees at each level, along with the commitment on salary. This statement should also include information on employees and their salary where such expenditure is shown as grants or booked under other expenditure.

   c. Details of maintenance expenditure.

Sharing of Union Tax Revenues

18. The share of states in net proceeds of shareable central taxes shall be 32 per cent in each of the financial years from 2010-11 to 2014-15. Under the Additional Duties of Excise (Goods of Special Importance) Act, 1957, all goods were exempted from payment of duty from 1st March 2006. Following this, the Centre had adjusted the basic duties of excise on sugar and tobacco products. In view of these developments, the states' share in the net proceeds of shareable central taxes shall remain unchanged at 32 per cent, even in the event of states levying sales tax (or Value Added Tax (VAT)) on these commodities.

19. In the event of notification of the 88th Amendment to the Constitution and enactment of any legislation following such notification, it should be ensured that the revenue accruing to a state under the legislation should not be less than the share that would accrue to it, had the entire service tax been part of the shareable pool of central taxes.

20. The Central Government should review the levy of cesses and surcharges with a view to reducing their share in its gross tax revenue.

21. The indicative ceiling on overall transfers to states on the revenue account

may be set at 39.5 per cent of gross revenue receipts of the Centre.

22. The share of each state in the net proceeds of all shareable central taxes in each of the financial years from 2010-11 to 2014-15 shall be as specified in Table 1.1.

Table 1.1: *Interse* Shares of States

States	Share of all Shareable Taxes excluding Service Tax (per cent)	Share of Service Tax (per cent)
1	2	3
Andhra Pradesh	6.937	7.047
Arunachal Pradesh	0.328	0.332
Assam	3.628	3.685
Bihar	10.917	11.089
Chhattisgarh	2.470	2.509
Goa	0.266	0.270
Gujarat	3.041	3.089
Haryana	1.048	1.064
Himachal Pradesh	0.781	0.793
Jammu & Kashmir	1.551	nil
Jharkhand	2.802	2.846
Karnataka	4.328	4.397
Kerala	2.341	2.378
Madhya Pradesh	7.120	7.232
Maharashtra	5.199	5.281
Manipur	0.451	0.458
Meghalaya	0.408	0.415
Mizoram	0.269	0.273
Nagaland	0.314	0.318
Orissa	4.779	4.855
Punjab	1.389	1.411
Rajasthan	5.853	5.945
Sikkim	0.239	0.243
Tamil Nadu	4.969	5.047
Tripura	0.511	0.519
Uttar Pradesh	19.677	19.987
Uttarakhand	1.120	1.138
West Bengal	7.264	7.379
All States	**100.000**	**100.000**

Revised Roadmap for Fiscal Consolidation

Central Government

23. The revenue deficit of the Centre needs to be progressively reduced and eliminated, followed by emergence of a revenue surplus by 2014-15.

24. A target of 68 per cent of GDP for the combined debt of the Centre and states should be achieved by 2014-15. The fiscal consolidation path embodies steady reduction in the augmented debt stock of the Centre to 45 per cent of GDP by 2014-15, and of the states to less than 25 per cent of GDP by 2014-15.

25. The Medium Term Fiscal Plan (MTFP) should be reformed and made a statement of commitment rather than a statement of intent. Tighter integration is required between the multi-year framework provided by MTFP and the annual budget exercise.

26. The following disclosures should be made along with the annual Central Budget/ MTFP:

i) Detailed breakup of grants to states under the overall category of non-plan and plan grants.

ii) Statement on tax expenditure to be systematised and the methodology to be made explicit.

iii) Compliance costs of major tax proposals to be reported.

iv) Revenue Consequences of Capital Expenditure (RCCE) to be projected in MTFP.

v) Fiscal impact of major policy changes to be incorporated in MTFP.

vi) Public Private Partnership (PPP) liabilities to be reported along with MTFP.

vii) MTFP to make explicit the values of parameters underlying projections for receipts and expenditure and the band within which they can vary while remaining consistent with targets.

27. Transfer of disinvestment receipts to the public account to be discontinued and all disinvestment receipts be maintained in the consolidated fund.

28. GoI should list all public sector enterprises that yield a lower rate of return on assets than a norm to be decided by an expert committee.

29. The FRBM Act needs to specify the nature of shocks that would require a relaxation of FRBM targets.

30. In case of macroeconomic shocks, instead of relaxing the states' borrowing limits and letting them borrow more, the Centre should borrow and devolve the resources using the Finance Commission tax devolution formula for inter se distribution between states.

31. Structural shocks such as arrears arising out of Pay Commission awards should be avoided by, in the case of arrears, making the pay award commence from the date on which it is accepted.

32. An independent review mechanism should be set-up by the Centre to evaluate its fiscal reform process. The independent review mechanism should evolve into a fiscal council with legislative backing over time.

State Governments

33. Given the exceptional circumstances of 2008-09 and 2009-10, the fiscal consolidation process of the states was disrupted. It is expected that states would be able to get back to their fiscal correction path by 2011-12, allowing for a year of adjustment in 2010-11.

i) States that incurred zero revenue deficit or achieved revenue surplus in 2007-08 should eliminate revenue deficit by 2011-12 and maintain revenue balance or attain a surplus thereafter. Other states should eliminate revenue deficit by 2014-15.

ii) The General Category States that attained a zero revenue deficit or a revenue surplus in 2007-08 should achieve a fiscal deficit of 3 per cent of Gross State Domestic Product (GSDP) by 2011-12 and maintain such thereafter. Other general category states need to achieve 3 per cent fiscal deficit by 2013-14.

iii) All special category states with base fiscal deficit of less than 3 per cent of GSDP in 2007-08 could incur a fiscal deficit of 3 per cent in 2011-12 and maintain it thereafter. Manipur, Nagaland, Sikkim and Uttarakhand to reduce their fiscal deficit to 3 per cent of GSDP by 2013-14.

iv) Jammu & Kashmir and Mizoram should limit their fiscal deficit to 3 per cent of GSDP by 2014-15.

34. States should amend/enact FRBM Acts to build in the fiscal reform path worked out. State-specific grants recommended for a state should be released upon compliance.

35. Independent review/monitoring mechanism under the FRBM Acts should be set up by states.

36. Borrowing limits for states to be worked out by MoF using the fiscal reform path, thus acting as an enforcement mechanism for fiscal correction by states.

37. Loans to states from National Small Savings Fund (NSSF) contracted till 2006-07 and outstanding at the end of 2009-10 to be reset at 9 per cent rate of interest, subject to conditions prescribed.

38. National Small Savings Scheme to be reformed into a market-aligned scheme. State Governments are also required to undertake relevant reforms at their level.

39. Loans from GoI to states and administered by ministries/departments other than MoF, outstanding as at the end of 2009-10, to be written off, subject to conditions prescribed.

40. A window for borrowing from the Central Government needs to be available for fiscally weak states that are unable to raise loans from the market.

41. For states that have not availed the benefit of consolidation under the Debt Consolidation and Relief Facility (DCRF), the facility, limited to consolidation and interest rate reduction, should be extended, subject to enactment of the FRBM Act.

42. The benefit of interest relief on NSSF and the write-off should be made available to states only if they bring about the necessary amendments/enactments of FRBM.

Local Bodies

43. Article 280 (3) (bb) & (c) of the Constitution should be amended such that the words 'on the basis of the recommendations of the Finance Commission of the State' are changed to 'after taking into consideration the recommendations of the Finance Commission of the State'.

44. Article 243(I) of the Constitution should be amended to include the phrase 'or earlier' after the words 'every fifth year'.

45. The quantum of local body grants should be provided as per Table 10.4 of the Report. The general basic grant as well as the special areas basic grant should be allocated amongst states as specified. The state-wise eligibility for these grants is placed in annexes 10.15a and 10.15c of the Report.

46. State Governments will be eligible for the general performance grant and the special areas performance grant only if they comply with the prescribed stipulations. These grants will be disbursed in the manner specified. The total amount of general basic and performance grant of Rs. 86,161.4 crore will be distributed in the ratio of 73.177 per cent and 26.823 per cent between Panchayati Raj Institutions (PRI) and Urban Local Board (ULB), respectively, besides an additional grant of Rs.1,357 crore during 2010-11 to 2014-15. The state-wise eligibility for these grants is placed in annexes 10.15b and 10.15d in the Report.

47. The states should appropriately allocate a portion of their share of the general basic grant and general performance grant, to the special areas in proportion to the population

of these areas. This allocation will be in addition to the special area basic grant and special area performance grant recommended by us.

48. State Governments should appropriately strengthen their local fund audit departments through capacity building as well as personnel augmentation.

49. The State Governments should incentivise revenue collection by local bodies through methods such as mandating some or all local taxes as obligatory at non-zero rates of levy, by deducting deemed own revenue collection from transfer entitlements of local bodies, or through a system of matching grants.

50. To buttress the accounting system, the finance accounts should include a separate statement indicating head-wise details of actual expenditures under the same heads as used in the budget for both Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs). We recommend that these changes be brought into effect from 31st March 2012.

51. The Government of India and the State Governments should issue executive instructions so that their respective departments pay appropriate service charges to local bodies.

52. Given the increasing income of State Governments from royalties, they should share a portion of this income with those local bodies in whose jurisdiction such income arises.

53. State Governments should ensure that the recommendations of State Finance Commissions (SFCs) are implemented without delay and that the Action Taken Report (ATR) is promptly placed before the legislature.

54. SFCs should consider adopting the template suggested in Annex 10.5 of the Report as the basis for their reports.

55. Bodies similar to the SFC should be set up in states which are not covered by Part IX of the Constitution.

56. Local bodies should consider implementing the identified best practices.

57. A portion of the grants provided by us to urban local bodies be used to revamp the fire services within their jurisdiction.

58. Local Bodies should be associated with city planning functions wherever other development authorities are mandated this function. These authorities should also share their revenues with local bodies.

59. The development plans for civilian areas within the cantonment areas (excluding areas under the active control of the forces) should be brought before the district planning committees.

60. State Governments should lay down guidelines for the constitution of nagar panchayats.

Disaster Relief

61. The National Calamity Contingency Fund (NCCF) should be merged into the National Disaster Response Fund (NDRF) and the Calamity Relief Fund (CRF) into the State Disaster Response Funds (SDRFs) of the respective states. Contribution to the SDRFs should be shared between the Centre and states in the ratio of 75:25 for general category states and 90:10 for special category states.

62. Balances as on 31st March 2010 under state CRFs and the NCCF should be transferred to the respective SDRFs and NDRF.

63. Budgetary provisions for the NDRF need to be linked to expenditure of the previous year from the fund. With cesses being subsumed on introduction of the GST; alternative sources of financing need to be identified.

64. The total size of the SDRF has been worked out as Rs. 33,581 crore, to be shared in the ratio given above, with an additional grant of Rs. 525 crore for capacity building.

65. Assistance of Rs. 250 crore to be given to the National Disaster Response Force to maintain an inventory of items required for immediate relief.

66. Provisions relating to the District Disaster Response Fund (DDRF) in the Disaster Management (DM) Act may be reviewed and setting up of these funds left to the discretion of the individual states.

67. Mitigation and reconstruction activities should be kept out of the schemes funded through FC grants and met out of overall development plan funds of the Centre and the states.

68. The list of disasters to be covered under the scheme financed through FC grants should remain as it exists today. However, man-made disasters of high-intensity may be considered for NDRF funding, once norms have been stipulated and the requisite additional allocations made to the NDRF.

69. The administrative mechanism for disaster relief to be as prescribed under the DM Act, i.e., the National Disaster Management Authority (NDMA)/National Executive Council (NEC) at the Centre and the State Disaster Management Agency (SDMA)/State Executive Council (SEC) at the state level. Financial matters to be dealt with by the Ministry of Finance as per the existing practice.

70. Prescribed accounting norms should be adhered to for the continuance of central assistance to the SDRFs.

Grants-in-aid to States

NPRD and Performance Incentive

71. Total non-plan revenue grant of Rs. 51,800 crore is recommended over the award period for eight states (Table 12.4 of the Report).

72. A performance grant of Rs. 1,500 crore is recommended for three special category states who have graduated from a Non-plan Revenue Deficit (NPRD) situation.

Elementary Education

73. A grant of Rs. 24,068 crore is recommended for elementary education over the award period.

74. The education grant will be an additionality to the normal expenditure of the states for elementary education. The expenditure (plan+ non-plan) under elementary education, i.e., major head-2202, sub-major head-01, exclusive of grants recommended, should grow by at least 8 per cent annually during 2010-15.

Environment

75. An amount of Rs. 5,000 crore is recommended as forest grant for the award period.

76. Grants for the first two years are untied but priority should be given to the preparation of working plans. Release of grants for the last three years is linked to progress in the number of approved working plans.

77. Twenty five per cent of the grants in the last three years are for preservation of forest wealth. These grants are over and above the non-plan revenue expenditure on forestry and wildlife (major head-2406) and shall be subject to the conditionalities given in Annex 12.3 of the Report. Seventy five per cent of the grants in the last three years can be used by states for development purposes.

78. An incentive grant of Rs. 5,000 crore is recommended for grid-connected renewable energy based on the states' achievement in renewable energy capacity addition from 1st April 2010 to 31st March 2014. The performance of states in this regard needs to be reviewed on the basis of data published by Government of India (GoI) on capacity addition by states.

79. An amount of Rs. 5,000 crore is recommended as water sector management grant for four years, i.e. 2011-12 to 2014-15 of the award period.

80. Release of water sector grants would be subject to setting up of a Water Regulatory Authority and achieving the normatively assessed state-specific recovery of water charges.

81. Water sector grants should be an additionality to the normal maintenance expenditure to be undertaken by the states and shall be released and monitored in accordance with the conditionalities in Annex 12.8 of the Report.

Improving Outcomes

82. States should be incentivised to enrol such of their residents who participate in welfare schemes within the Unique Identification (UID) programme. A grant of Rs.2,989 crore is proposed to be given to State Governments in this regard, as indicated in Annex 12.9 of the Report.

83. States should be incentivised to reduce their Infant Mortality Rates (IMR) based upon their performance beyond 31st December 2009. A grant of Rs 5,000 crore is recommended for this purpose.

84. A grant of Rs. 5,000 crore is proposed to support improvement in a number of facets in the administration of justice. These include operation of morning/evening courts, promotion of Alternate Dispute Resolution (ADR) mechanisms, enhancing support to Lok Adalats, as well as legal aid and training.

85. A grant of Rs 20 crore is recommended for promotion of innovation by setting up a Centre for Innovation in Public Systems (CIPS) to identify, document and promote innovations in public services across states. The second grant of Rs. 1 crore per district is for the creation of a District Innovation Fund (DIF) aimed at increasing the efficiency of the capital assets already created.

86. To enhance the quality of statistical systems, the Commission recommends a grant of Rs. 616 crore for State Governments at the rate of Rs. 1 crore for every district to fill in statistical infrastructure gaps in areas not addressed by the India Statistical Project (ISP).

87. A grant of Rs. 10 crore will be provided to each general category state and Rs. 5 crore to each special category state to set up an

employees' and pensioners' data base. The Commission also urges GoI to initiate a parallel effort for preparing a data base for its own employees and pensioners.

Maintenance of Roads and Bridges

88. An amount of Rs. 19,930 crore has been recommended as grant for maintenance of roads and bridges for four years (2011-12 to 2014-15) of our award period.

89. The maintenance grants for roads and bridges will be an additionality to the normal maintenance expenditure to be incurred by the states. Release of this grant and expenditure will be subject to the conditionalities indicated in Annex 12.17 of the Report.

State-specific Needs

90. A total grant of Rs. 27,945 crore is recommended for state-specific needs.

91. In addition to the stipulations described elsewhere, state-specific grants are subject to the following conditionalities:

I. No funds from any of the state-specific grants may be used for land acquisition by the states. Wherever land is required for a project/construction, such land may be made available by the State Government.

II. The phasing of the state-specific grants given in Table 12.6 of the Report is only indicative; states may communicate their required phasing to the Central Government. The grant may be released in a maximum of two instalments per year.

III. Accounts shall be maintained and Utilisation Certificates (UCs)/ Statements of Expenditure (SOEs) provided as per General Finance Rules (GFR) 2005.

Monitoring

92. The High Level Monitoring Committee headed by the Chief Secretary to review the utilisation of grants and to take corrective measures, set up as per the recommendation of FC-XII, should continue.

93. The total grants-in-aid recommended for the states over the award period are given in Table 1.2.

Table 1.2: Grants-in-Aid to States

(Rs. crore)

I. Local Bodies		87,519
II. Disaster Relief (including for capacity building)		26,373
III. Post-devolution Non-plan Revenue Deficit		51,800
IV. Performance Incentive		1,500
V. Elementary Education		24,068
VI. Environment		15,000
(a) Protection of Forests	5,000	
(b) Renewable Energy	5,000	
(c) Water Sector Management	5,000	
VII. Improving Outcomes		14,446
(a) Reduction in Infant Mortality Rates	5,000	
(b) Improvement in Supply of Justice	5,000	
(c) Incentive for Issuing UIDS	2,989	
(d) District Innovation Fund	616	
(e) Improvement of Statistical Systems at State and District Level	616	
(f) Employee and Pension Data base	225	
VIII. Maintenance of Roads and Bridges		19,930
IX. State-specific		27,945
X. Implementation of model GST		50,000
Total		**3,18,581**

Way Forward

In the context of federal finance, the Commission sought to address several specific challenges in its recommendations using several instruments at its disposal. However, it must be recognised that the change process is not confined to the time horizon of the Commission's recommendations or, even, to the ambit of these recommendations. Therefore, it identified areas where complementary actions need to be taken in the medium and long term to secure for India a fiscal framework equipped to meet the challenges of the future and to enable India to make the most of its demographic dividend.

This Commission's deliberations have been conducted in a fiscal environment which has been dominated by the proposal to implement the Goods and Services Tax (GST). When implemented in the manner it is proposed, this reform measure will put India's indirect tax system at the forefront of international best practice. It will reduce the vertical imbalance between the Centre and the states, foster a common market across the country and accelerate growth. It also will reduce distortions by completely switching over to the destination principle and make the Indian manufacturing sector more competitive and boost exports. It will facilitate investment decisions being made on purely economic concerns and thus help lagging regions. It will be a landmark effort in cooperative fiscal federalism, with all stakeholders contributing to the national welfare by accepting its framework. Such a Model GST will be a cornerstone of the new architecture of federal finance.

The Commission also urged for a careful thinking about Constitutional changes that would allow the third tier to access resources directly from the divisible pool. The introduction of the GST also needs to keep the local bodies in mind in the future since, being a consumption based and incentive compatible tax, it is well suited for direct allocation to the third tier.

The Commission also emphasized on further reforms to enable future policy initiatives, including those taken by succeeding Finance Commissions, to be in consonance with contemporary policy imperatives. In the context of future Finance Commissions, updating of award parameters (such as the parameters for horizontal devolution and those entering grant formulae), within the time horizon of the award period and not just (as is the case upto the present) when the award recommendations are made is necessary. Some of the areas of special importance include data pertaining to forest cover, district level data on social and economic indicators that would enable better understanding and specification of intra-state disparities, as well as data on domestic and cross-border remittances and inter-state trade. It also underscored on the need for better data on human development and Millennium Development Goals (MDG). To introduce the governance dimension, it would be necessary to consider dynamic parameters such as those related to indicators of MDG progress. Use of such parameters would incentivise states to think about ways in which to improve governance and outcome based service delivery.

An issue that requires most urgent attention in order to eliminate time lags is the availability of data for compiling of GSDP and to bring to a close the cumbersome process of generating comparable GSDP data. The Commission is of the view, that all agencies concerned, whether at the central, state or district level collectively agree to a blueprint and methodology for delivering comparable GSDP data on a regular and timely basis. It is equally important that the Central Statistical Organization (CSO) assume greater responsibility for producing GSDP at market prices, and for generating estimates of income accruing to states inclusive of net inward remittances.

The Commission also have made a beginning in introducing an environmental dimension into inter governmental fiscal arrangements. Moreover, it is envisaged that this dimension will grow in importance in the future as environmental sustainability becomes one of the centre pieces of development policy formulation and the role of incentives in securing such sustainability can be expected to commensurately increase over time, especially those that directly affect the poor and vulnerable in their daily lives like soil quality, water, sanitation, pollution and bio-diversity.

The Commission also recommended several measures to enhance institutional deepening, such as the creation of a council of finance ministers, a fiscal council, a local body ombudsman, etc. These are part of the overall effort that needs to be made to improve the quality of public institutions to deliver a framework that is suited to the demands of India, emerging as an important contributor to the growth and stability of the global economy.

States today are, collectively, at the cutting edge of best practices in maintaining prudent and pro-development fiscal policies and for each state taken individually, there is much to learn in terms of best practice. Important areas where such best practices can be emulated and implemented include timely and accurate reporting of public sector accounts, engagement with legislative oversight bodies such as Public Accounts Committees, initiatives to independently review and monitor compliance with Fiscal Responsibility Legislation (FRL), effective design of medium term fiscal frameworks and significant progress in the fiscal and operational empowerment of local bodies. Improving quality of public expenditure, which is important for all states, would require independent evaluation of major schemes and projects on a regular basis.

At the central level, there is a need to focus more closely on the primary function, which is to deliver and implement a prudent fiscal policy in consonance with the needs of overall development policy making.

In the context of modernization, a comprehensive overhaul of the institutional arrangements for fiscal policy design and formulation is a vital with a need to calibrate and implement an increasingly sophisticated roadmap for future fiscal consolidation. This requires considerably enhanced policy formulation and analysis capabilities and a more horizontal and integrated approach to the task than has historically been the case.

The Commission concluded that it is a matter of great potential concern that increases in disparities in growth should not lead to demonstrable differences in access to opportunities and public goods. In this matter institutions charged with designing the overall development policy framework of the country particularly, the Planning

Commission, should reflect on and address these issues. Fiscal interventions to correct against real and perceived disparities generated by the growth process can only address the symptoms and alleviate the consequences of not securing inclusive growth in all its multiple dimensions. Hence, it reiterated the importance of securing growth that is inclusive across all the multifarious dimensions that are pertinent in a large, vibrant and variegated country like India.

Explanatory Memorandum as to the Action Taken on the Recommendations Made by the Thirteenth Finance Commission[1]

1. The Thirteenth Finance Commission (hereafter referred to as the Commission) was constituted by the President on November 13, 2007 to give recommendations on specified aspects of Centre State fiscal relations during 2010-15. The Commission submitted its report to the President on December 30, 2009 covering all aspects of its mandate.

2. The report of the Commission (hereafter referred to as the Report) covering the five year period commencing from April 1, 2010, together with this Explanatory Memorandum on the action taken on the recommendations of the Commission is being laid on the Table of the House, in pursuance of Article 281 of the Constitution. Summary of the main recommendations of the Commission relating to the sharing of net proceeds of Union taxes between Centre and States, grants-in-aid of revenue of States under Article 275, Goods and Services Tax (GST), financing of relief expenditure and roadmap for fiscal consolidation are contained in Chapter 1 of the Report of the Commission.

3. The Government has carefully examined the main recommendations of the Commission. The action to be taken on these recommendations is detailed below.

Sharing of Union Taxes

4. The Commission has recommended that for its award period, the share of States in the net proceeds of Union taxes may be fixed at 32 per cent. The Commission has also recommended on the inter-se distribution of the States' share amongst the States. The details of the formula for inter - se distribution and the corresponding share of each State recommended by the Commission are indicated in Chapter 8 of the Report. It has also recommended that the total transfers to the States on the revenue account be subjected to an indicative ceiling of 39.5 per cent of the gross tax revenues of the Centre.

The Government has accepted the above recommendations of the Commission.

Grants -in-Aid of Revenues of States under Article 275 of the Constitution

5. The Commission has recommended grants-in-aid of revenues of States for non plan revenue deficit, elementary education, environment related issues, improving outcomes, maintenance of roads and bridges, local bodies, disaster relief, GST implementation and state specific grants under Article 275 of the Constitution.

Non Plan Revenue Deficit Grant

6. The Commission has assessed the revenues and expenditure of the States for the period 2010-15 and has projected the deficit for each State after taking into account the amount of share in Central taxes for that State. The Commission has recommended a grant of Rs. 51,800 crore to meet this deficit for eight States. The amount of grant recommended for each state year-wise is indicated in Chapter 12 of the Report. The Commission has also recommended a performance incentive grant of Rs. 1,500 crore for three special category

[1] Issued by and placed in the public domain by the Department of Economic Affairs, Ministry of Finance, Government of India on February 25, 2010.

States of Assam, Sikkim and Uttarakhand that have graduated out of Non Plan Revenue Deficit. The details of this grant are indicated in Chapter 12 of the Report.

The Government has accepted this recommendation.

Grant for Elementary Education

7. The Commission has assessed the requirement of providing elementary education for each State based on the Sarva Shiksha Abhiyan norms and recommended to provide a grant of Rs. 24,068 crore equivalent to 15 per cent of the assessed requirement. The year-wise allocation for each State and the conditionality for release of this grant are given in Chapter 12 of the Report.

The Government has accepted this recommendation.

Environment Related Grants

8. The Commission has recommended three grants under this category of Rs. 5,000 crore each aggregating to Rs. 15,000 crore. The first grant of each of these Rs. 5,000 crore grants is forest grant, the second is for promotion for renewable energy and the third is for water sector. The year-wise allocation for each State and the conditionalities for forest and water sector grants are indicated in Chapter 12 of the Report. The eligibility of each State for the grant for renewable energy is to be decided, as indicated in Chapter 12 of the Report, based on the achievement of each state on this front in the first four years of the award period.

The Government has accepted these recommendations.

Grants for Improving Outcomes

9. The Commission has recommended six grants under this category aggregating to Rs. 14,446 crore over the award period. An incentive grant for reduction in infant mortality of Rs. 5,000 crore is to be released to States starting 2012-13 depending on the reduction in Infant Mortality Rate (IMR) achieved by the States with reference to the baseline level of 2009-10 figures. Grant of Rs. 5,000 crore for improved delivery of justice has been recommended for Lok Adalats and Legal Aid, Alternate Dispute Resolution Centres, Heritage Court Buildings, State Judicial Academy and training of judicial officers and public prosecutors. The grant for Unique Identification (UID) programme amounting to Rs. 2,989.10 crore is to be released based on the number of people covered under the UID database. Two grants of Rs. 616 crore each have been recommended for District Innovation Funds and improving statistical systems at district and State levels. Finally, a grant of Rs. 225 crore has been recommended for setting up database of employees and pensioners.

The Government has accepted these recommendations.

Grants for Maintenance of Roads and Bridges

10. The Commission has assessed the requirement of ordinary repairs of roads in a State and has recommended grant of Rs. 19,930 crore equivalent to 90 per cent of the assessed requirement for PMGSY roads and 50 per cent of the assessed requirement for other roads, for four years of the award period starting 2011-12. The allocation for each year for each State and the conditionality

for this grant are indicated in Chapter 12 of the Report.

The Government has accepted these recommendations.

State Specific Grants

11. The Commission has recommended grants aggregating to Rs. 27,945 crore for various state specific needs of the States. The details of these grants for each item of grant for each State are indicated in Chapter 12 of the report.

The Government has accepted these recommendations

12. For monitoring and implementation of all the above grants at the State level, the Commission has recommended setting up a monitoring committee under the chairmanship of the Chief Secretary of the State. In addition to the grants mentioned above, the Commission has recommended grants for GST implementation, local bodies and disaster relief which, along with the other recommendations relating to these areas, are explained below.

Goods and Services Tax

13. The Commission has recommended a model GST structure that includes features such as single rate, zero rating of exports, inclusion of various indirect taxes at the Central and State level in GST ambit, major rationalisation of the exemption structure, etc. The Commission has recommended a grant of Rs. 50,000 crore for implementation of GST as per the recommended model. This grant is to be disbursed initially in the form of compensation for loss due to implementation of GST and residual amount to be distributed amongst States in the terminal year of the award period as per the devolution formula. It has also recommended administrative structure for implementation and monitoring of this grant.

The Government has accepted these recommendations in principle. However, in view of the ongoing discussions between Centre and States on this aspect, implementation of these recommendations along with modalities may await the outcome of the discussions.

Local Bodies

14. The Commission has recommended a basic grant and a performance grant for local bodies. Both these grants in any year have been quantified based on a percentage of the divisible pool of the preceding year. For every year of the award period, the Commission has recommended a basic grant amounting to 1.5 per cent of the size of divisible pool in the preceding year. Similarly, for 2011-12 the Commission has recommended a performance grant of 0.5 per cent of the divisible pool of the preceding year and for subsequent years in the award period, 1 per cent of the divisible pool of the preceding year.

15. It has also recommended a separate special area basic grant of Rs. 20 per capita, carved out of the total basic grant, for every year in the award period for Schedule V and Schedule VI areas and areas excluded from Part IX and IXA of the Constitution. For these areas, it has recommended a special area performance grant of Rs. 10 per capita for 2011-12 and Rs. 20 per capita for subsequent years of the award period.

16. The performance grants are to be released if the States meet conditions specified by the Commission in Chapter 10 of the Report.

17. As per the revenue projections of the Commission, total grant recommended for the local bodies aggregates to Rs. 87,519 crore over the award period. The Commission has also recommended distribution of the grants between urban and rural areas and the inter-se distribution between States. The formula and the inter-se shares are indicated in Chapter 10 of the Report.

The Government has accepted these recommendations.

Disaster Relief

18. The Commission has reviewed the existing arrangement of financing relief expenditure in light of the Disaster Management Act, 2005 and has recommended merger of the National Calamity Contingency Fund (NCCF) into National Disaster Response Fund (NDRF) and merger of Calamity Relief Funds (CRF) into State Disaster Response Fund (SDRF) with effect from 01.04.2010 and transfer of the balances in the existing funds into the new funds.

19. The Commission has assessed the relief expenditure requirements of all States and recommended that 75 per cent of the SDRF requirement for general category states and 90 per cent for special category states be met by the Centre through a grant to the States. It has also recommended a grant of Rs. 525 crore for capacity building. Overall, to meet the Central share of SDRF and for capacity building, the Commission has recommended a grant of Rs. 26,373 crore. It has mandated all states to follow the required accounting practices to properly account for relief expenditure.

The Government has accepted these recommendations.

Fiscal Roadmap

20. The Commission has assessed the finances of the Union and States and specified a combined debt target of 68 per cent of Gross Domestic Product (GDP) to be met by 2014-15. It has worked out a roadmap for Fiscal Deficit (FD) and Revenue Deficit (RD) for the award period. For Centre, it has recommended RD to be eliminated and FD to be brought down to 3 per cent of GDP by 2013-14. For States, the Commission has worked out fiscal roadmap for each State depending on its current deficit and debt levels. The States are required to eliminate RD and achieve FD of 3 per cent of their respective Gross State Domestic Product (GSDP) during the Commission's award period in stages, in a manner that all the States would eliminate RD and achieve FD of 3 per cent of GSDP latest by 2014-15. The Commission has also recommended that the borrowing limits of the States should be fixed by the Centre in line with these targets.

The Government has accepted these recommendations in principle.

Detailed proposals for amendment of the FRBM Act, as may be necessary, will be taken up separately.

Debt Relief to States

21. The Commission has recommended two debt relief measures to be extended to all States. Firstly, it has recommended that the interest rates on loans from National Small Savings Fund (NSSF) to States contracted till the end of 2006-07 and outstanding as at the end of 2009-10 be reset at interest rate of 9 per cent. The implication of this relief during the award period is estimated by the Commission to be

Rs.13,517 crore. The financial implication over the entire period till the maturity of the last loan covered in this relief measure is estimated to be Rs. 28,360 crore. The Commission has also recommended that structural reforms should be brought in the NSSF to make it more market linked.

22. The second debt relief recommended by the Commission is write-off of Central loans to States that are administered by central ministries other than Ministry of Finance outstanding as at the end of 2009-10. The amount of loans outstanding as at the end of 2007-08 was Rs. 4,506 crore as noted by the Commission. The Commission has also recommended that any further loans under Centrally Sponsored Schemes should be completely avoided.

23. The Commission has also recommended extension of the debt consolidation facility recommended by the Twelfth Finance Commission to States that have not yet availed this benefit.

24. All the above mentioned debt relief is available to States only if they amend/legislate FRBM Acts in accordance with the recommendations of the Commission. The Commission has also recommended that the States will be eligible for the state specific grants only if they comply with this condition.

With regard to the recommendation relating to interest rate reset on NSSF loans to the States, **the Government has accepted it in principle.** However, since the recommendations are comprehensive and cover other structural aspects like interest rate mismatch, tenor mismatch and other administrative matters, Ministry of Finance will constitute a Committee to work out detailed modalities for implementation of this recommendation. With regard to write-off of the Central loans to States, extension of the debt consolidation scheme recommended by the Twelfth Finance Commission to States that did not avail the benefit till now, and the conditions laid down by the Commission for availing these benefits, **the Government has accepted the recommendations of the Commission.** With regard to completely avoiding central loans to states in the future, **action will be taken in consultation with the respective ministries**.

Other Recommendations

25. In addition to the above, the Commission has made other recommendations that deal with issues including revenue and expenditure reforms at Central and State levels, accounting and budgeting reforms, additional disclosures by the Centre, State and local bodies, etc.

These recommendations will be examined in due course.

Implementation

26. Orders on the recommendations under Articles 270 and 275(1) of the Constitution relating to share in Union taxes and duties and grants-in-aid, respectively, will be issued after obtaining the approval of the President. The recommendations relating to reorganisation of Funds for disaster relief, debt relief to States and borrowing ceilings will be implemented by executive orders. Other recommendations of the Commission will be acted upon in due course.

Annex Table 1 : Total Thirteenth Finance Commission Transfers to States (2010-15)

(Rs. crore)

States	Share in Central Taxes and Duties	Grants-in-aid (2010-15)				
		Post Devolution NPRD	Performance Incentive	Local Bodies	Disaster Relief (including capacity building)	Elementary Eduacation
1	2	3	4	5	6	7
I. Non-Special Category						
1. Andhra Pradesh	100616.0	0.0	0.0	7195.1	2138.7	942.0
2. Bihar	158341.2	0.0	0.0	5682.1	1411.2	4018.0
3. Chhattisgarh	35825.2	0.0	0.0	2267.2	647.1	857.0
4. Goa	3857.8	0.0	0.0	172.0	17.3	11.0
5. Gujarat	44107.1	0.0	0.0	3757.6	2110.9	483.0
6. Haryana	15199.5	0.0	0.0	1521.3	824.4	229.0
7. Jharkhand	40640.3	0.0	0.0	2239.8	1100.2	1528.0
8. Karnataka	62774.9	0.0	0.0	6496.7	687.1	667.0
9. Kerala	33954.3	0.0	0.0	2676.1	563.2	140.0
10. Madhya Pradesh	103268.9	0.0	0.0	5833.5	1652.7	2216.0
11. Maharashtra	75406.9	0.0	0.0	8743.6	1859.6	744.0
12. Orissa	69316.1	0.0	0.0	3270.9	1647.8	1016.0
13. Punjab	20146.4	0.0	0.0	1753.8	948.8	224.0
14. Rajasthan	84892.2	0.0	0.0	5163.8	2519.3	1766.0
15. Tamil Nadu	72070.4	0.0	0.0	5455.9	1241.4	700.0
16. Uttar Pradesh	285397.1	0.0	0.0	12740.5	1622.1	5040.0
17. West Bengal	105358.6	0.0	0.0	5773.1	1288.3	2359.0
II. Special Category						
1. Arunachal Pradesh	4755.6	2516.2	0.0	305.7	187.7	24.0
2. Assam	52620.6	0.0	300.0	1892.8	1336.8	238.0
3. Himachal Pradesh	11327.3	7888.8	0.0	641.5	670.3	113.0
4. Jammu and Kashmir	20182.7	15936.3	0.0	1122.6	877.6	449.0
5. Manipur	6541.2	6056.6	0.0	315.9	40.9	15.0
6. Meghalaya	5918.5	2810.9	0.0	432.4	77.9	52.0
7. Mizoram	3901.3	3991.4	0.0	310.7	47.5	5.0
8. Nagaland	4552.9	8146.1	0.0	415.7	29.7	7.0
9. Sikkim	3466.8	0.0	200.0	187.2	118.1	5.0
10. Tripura	7411.5	4453.3	0.0	369.8	101.0	23.0
11. Uttarakhand	16245.1	0.0	1000.0	781.3	605.1	197.0
Total	**1448096.0**	**51800.0**	**1500.0**	**87519.0**	**26373.0**	**24068.0**

Note: 1. An amount of Rs.60,000 crore is not included in the total Grants-in-aid figure in column 17. This comprises three grants (a) GST Compensation grants (Rs.50,000 crores), (b) Grants for reduction in IMR (Rs.5000 crores) and (c) Renewable energy grant (Rs.5000 crores). The state-wise allocation of these grants is not possible at this stage as this is dependent on their future performance. Adding these forward looking grants to the total grants figure in column 17, the aggregate Grants-in-aid figure works out to Rs.318581 crores and the total transfers work out to Rs.1766676 crores.

2. Total may not tally due to rounding off.

NPRD = Non Plan Revenue Deficit. UID = Unique Identity

Annex Table 1 : Total Thirteenth Finance Commission Transfers to States (2010-15) *(Contd.)*

(Rs. crore)

States	Grants-in-aid (2010-15)				
	Improving Outcomes				
	Impovement in Justice Delivery	Incentive for Issuing UIDs	District Innovation Fund	Improvement of Statistical System at State and District Level	Employee and Pension Database
1	8	9	10	11	12
I. Non-Special Category					
1. Andhra Pradesh	270.7	126.1	23.0	23.0	10.0
2. Bihar	385.0	369.2	38.0	38.0	10.0
3. Chhattisgarh	125.1	91.0	18.0	18.0	10.0
4. Goa	15.0	2.0	2.0	2.0	10.0
5. Gujarat	299.8	90.7	26.0	26.0	10.0
6. Haryana	124.2	32.1	21.0	21.0	10.0
7. Jharkhand	177.5	116.4	24.0	24.0	10.0
8. Karnataka	269.8	138.9	29.0	29.0	10.0
9. Kerala	140.1	49.6	14.0	14.0	10.0
10. Madhya Pradesh	407.4	249.7	50.0	50.0	10.0
11. Maharashtra	542.7	317.4	35.0	35.0	10.0
12. Orissa	193.6	178.5	30.0	30.0	10.0
13. Punjab	120.8	21.6	20.0	20.0	10.0
14. Rajasthan	268.5	134.9	33.0	33.0	10.0
15. Tamil Nadu	252.4	145.6	31.0	31.0	10.0
16. Uttar Pradesh	645.8	590.0	70.0	70.0	10.0
17. West Bengal	210.9	208.4	19.0	19.0	10.0
II. Special Category					
1. Arunachal Pradesh	77.6	2.0	16.0	16.0	5.0
2. Assam	121.1	55.8	27.0	27.0	5.0
3. Himachal Pradesh	64.8	6.4	12.0	12.0	5.0
4. Jammu and Kashmir	104.5	5.9	22.0	22.0	5.0
5. Manipur	11.6	4.0	9.0	9.0	5.0
6. Meghalaya	4.2	4.5	7.0	7.0	5.0
7. Mizoram	13.0	1.2	8.0	8.0	5.0
8. Nagaland	6.2	4.0	11.0	11.0	5.0
9. Sikkim	21.8	1.1	4.0	4.0	5.0
10. Tripura	24.0	6.4	4.0	4.0	5.0
11. Uttarakhand	102.2	36.0	13.0	13.0	5.0
Total	**5000.0**	**2989.0**	**616.0**	**616.0**	**225.0**

Annex Table 1 : Total Thirteenth Finance Commission Transfers to States (2010-15) *(Concld.)*

(Rs. crore)

States	Grants-in-aid (2010-15)					Total Transfers (col.2+ col.17)
	Environment related grants		Maintenance of Roads and Bridges	State Specific	Total Grants-in-aid [sum of col.3 to col.16]	
	Forests	Water Sector Management				
1	13	14	15	16	17	18
I. Non-Special Category						
1. Andhra Pradesh	268.6	284.0	981.0	1270.0	13532.3	114148.3
2. Bihar	38.4	304.0	464.0	1845.0	14602.8	172944.1
3. Chhattisgarh	411.1	88.0	362.0	1281.0	6175.5	42000.7
4. Goa	36.9	8.0	40.0	200.0	516.2	4374.0
5. Gujarat	81.9	236.0	1261.0	1300.0	9682.9	53789.9
6. Haryana	8.8	212.0	267.0	1000.0	4270.8	19470.3
7. Jharkhand	151.4	108.0	334.0	1425.0	7238.4	47878.6
8. Karnataka	221.0	128.0	1625.0	1300.0	11601.4	74376.3
9. Kerala	135.5	176.0	953.0	1500.0	6371.5	40325.8
10. Madhya Pradesh	490.3	148.0	986.0	1231.0	13324.5	116593.4
11. Maharashtra	309.6	368.0	2103.0	1235.0	16302.8	91709.8
12. Orissa	331.0	184.0	1022.0	1745.0	9658.8	78974.9
13. Punjab	9.2	320.0	612.0	1480.0	5540.3	25686.6
14. Rajasthan	88.3	224.0	1509.0	1200.0	12949.8	97842.0
15. Tamil Nadu	142.5	192.0	1865.0	1300.0	11366.9	83437.3
16. Uttar Pradesh	80.5	1364.0	2831.0	1679.0	26742.9	312140.0
17. West Bengal	79.0	296.0	673.0	1703.0	12638.7	117997.2
II. Special Category						
1. Arunachal Pradesh	727.8	8.0	162.0	300.0	4348.2	9103.8
2. Assam	184.6	88.0	336.0	600.0	5212.1	57832.7
3. Himachal Pradesh	100.6	64.0	436.0	350.0	10364.4	21691.6
4. Jammu and Kashmir	133.0	88.0	140.0	1350.0	20255.9	40438.7
5. Manipur	150.3	8.0	100.0	301.0	7026.3	13567.5
6. Meghalaya	168.1	4.0	101.0	250.0	3923.9	9842.4
7. Mizoram	171.2	4.0	89.0	250.0	4904.0	8805.3
8. Nagaland	138.6	8.0	159.0	250.0	9191.3	13744.2
9. Sikkim	40.6	4.0	68.0	400.0	1058.8	4525.7
10. Tripura	95.5	8.0	122.0	500.0	5716.1	13127.6
11. Uttarakhand	205.4	76.0	329.0	700.0	4063.0	20308.1
Total	**5000.0**	**5000.0**	**19930.0**	**27945.0**	**258581.0**	**1706676.0**