Appendix 8

13th Finance Commission (Kelkar)

The Thirteenth Finance Commission was appointed by the President of India in November 2007 under the Chairmanship of Dr. Vijay L. Kelkar, former Union Finance Secretary. It submitted its report in December, 2009. Its recommendations on specified aspects of Centre-state fiscal relations cover the period of five years from April 1, 2010 to March 31, 2015.

TERMS OF REFERENCE OF THE COMMISSION

1. The Commission shall make recommendations as to the following matters:
   (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 in Part XII of the Constitution and the allocation among 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.
2. 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.
3. 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.

4. 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.
5. 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, and make appropriate recommendations thereon.
6. 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.
7. 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.

RECOMMENDATIONS OF THE COMMISSION

I. 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.

II. Goods and Services Tax

1. Both the Centre and the states should conclude a '**grand bargain**' to implement the Model GST. This grand bargain comprises six elements:
   (i) The design of the Model GST
   (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.
2. Any GST model adopted must be consistent with all the elements of the **grand bargain**. To incentivise implementation of the **grand bargain**, the Commission recommended sanction of a grant of ₹ 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 1 January 2015.
3. The Empowered Committee of State Finance Ministers (EC) should be transformed into a statutory council. The compensation should be disbursed in quarterly installments on the basis of the recommendations by a three-member Compensation Committee comprising the Secretary, Department of Revenue, Government of India, Secretary to the EC, and chaired by an eminent person with experience in public finance.
4. 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 it, the Commission recommended that this amount of ₹ 50,000 crore shall not be disbursed.
5. 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.

III. Union Finances

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

IV. State Finances

1. The practice of diverting plan assistance to meet non-plan needs of special category states should be discontinued.
2. With reference to public sector undertakings
   (i) All states should endeavour to ensure clearance of the accounts of all their Public Sector Undertakings (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.
3. 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.
4. Migration to the New Pension Scheme needs to be completed at the earliest.
5. States with large cash balances should make efforts towards utilising these before resorting to fresh borrowings.
6. 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 annexure 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

V. Sharing of Union Tax Revenues

1. 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 1 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.
2. 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.
3. The Central Government should review the levy of cesses and surcharges with a view to reducing their share in its gross tax revenue.
4. 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.

VI. Revised Roadmap for Fiscal Consolidation

1. The revenue deficit of the Centre needs to be progressively reduced and eliminated, followed by emergence of a revenue surplus by 2014–15.
2. 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.
3. 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.

4. 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
5. Transfer of disinvestment receipts to the public account to be discontinued and all disinvestment receipts to be maintained in the consolidated fund
6. GoI to list all public sector enterprises that yield a lower rate of return on assets than a norm, to be decided upon by an expert committee
7. The FRBM Act to specify the nature of shocks that would require a relaxation of FRBM targets
8. In case of macroeconomic shocks, instead of relaxing the states' borrowing limits and letting them borrow more, the Centre to borrow and devolve the resources using the Finance Commission tax devolution formula for *inter se* distribution between states
9. Structural shocks such as arrears arising out of Pay Commission awards to be avoided by, in the case of arrears, making the pay award commence from the date on which it is accepted
10. An independent review mechanism to 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
11. 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 three per cent of Gross State Domestic Product (GSDP) by 2011–12 and maintain such thereafter. Other general category states need to achieve three per cent fiscal deficit by 2013–14.
   (iii) All special category states with base fiscal deficit of less than three per cent of GSDP in 2007-'08 could incur a fiscal deficit of three per cent in 2011–12 and maintain it thereafter. Manipur, Nagaland, Sikkim and Uttarakhand should reduce their fiscal deficit to three per cent of GSDP by 2013–14.
   (iv) Jammu & Kashmir and Mizoram should limit their fiscal deficit to three per cent of GSDP by 2014–15.

12. States to 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
13. Independent review/monitoring mechanism under the FRBM Acts to be set up by states
14. 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
15. 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 nine per cent rate of interest, subject to conditions prescribed
16. National Small Savings Scheme to be reformed into a market-aligned scheme; state governments also required to undertake relevant reforms at their level
17. 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
18. A window for borrowing from the Central Government to be available for fiscally weak states that are unable to raise loans from the market
19. 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, to be extended, subject to enactment of the FRBM Act
20. 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

VII. Local Bodies

1. 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'.
2. Article 243(I) of the Constitution should be amended to include the phrase 'or earlier' after the words 'every fifth year'.
3. The quantum of local body grants should be provided as per the specified scheme. The general basic grant as well as the special areas basic grant should be allocated amongst states as specified.
4. 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.
5. 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 the Commission.
6. State governments should appropriately strengthen their local fund audit departments through capacity building as well as personnel augmentation.
7. 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.

8. 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). These changes were to be brought into effect from 31 March 2012.
9. The Government of India and the state governments should issue executive instructions so that their respective departments pay appropriate service charges to local bodies.
10. 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.
11. 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.
12. Bodies similar to the SFC should be set up in states which are not covered by Part IX of the Constitution.
13. Local bodies should consider implementing the identified best practices.
14. A portion of the grants provided to urban local bodies should be used to revamp the fire services within their jurisdiction.
15. 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.
16. 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.
17. State governments should lay down guidelines for the constitution of *nagar panchayats*.

VIII. Disaster Relief

1. 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.
2. Balances as on 31 March, 2010 under state CRFs and the NCCF should be transferred to the respective SDRFs and NDRF.
3. 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.
4. The total size of the SDRF has been worked out as ₹ 33,581 crore, should be shared in the ratio given above, with an additional grant of ₹ 525 crore for capacity building.
5. Assistance of ₹ 250 crore should be given to the National Disaster Response Force to maintain an inventory of items required for immediate relief.
6. 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.

7. 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.
8. 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.
9. The administrative mechanism for disaster relief should 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 should be dealt with by the Ministry of Finance as per the existing practice.
10. Prescribed accounting norms should be adhered to for the continuance of Central assistance to the SDRFs.

IX. Grants-in-aid to States

A. NPRD and Performance Incentive

1. Total non-plan revenue grant of ₹ 51,800 crore is recommended over the award period for eight states.
2. A performance grant of ₹ 1500 crore is recommended for three special category states who have graduated from a non-plan Revenue Deficit (NPRD) situation.

B. Elementary Education

1. A grant of ₹ 24,068 crore is recommended for elementary education over the award period.
2. 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, exclusive of grants recommended, should grow by at least eight per cent annually during 2010–15.

C. Environment

1. An amount of ₹ 5000 crore is recommended as forest grant for the award period.
2. 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.
3. 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. Seventy five per cent of the grants in the last three years can be used by states for development purposes.

4. An incentive grant of ₹ 5000 crore is recommended for grid-connected renewable energy based on the states' achievement in renewable energy capacity addition from 1 April, 2010 to 31 March, 2014. The performance of states in this regard needs to be reviewed on the basis of data published by GoI on capacity addition by states.
5. An amount of ₹ 5000 crore is recommended as water sector management grant for four years, i.e., 2011–12 to 2014–15 of the award period.
6. 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.
7. Water sector grants should be an additionality to the normal maintenance expenditure to be undertaken by the states.

D. Improving Outcomes

1. States should be incentivised to enroll such of their residents who participate in welfare schemes within the Unique Identification (UID) programme. A grant of ₹ 2989 crore is proposed to be given to state governments in this regard.
2. States should be incentivised for reducing their Infant Mortality Rates (IMR) based upon their performance beyond 31 December 2009. A grant of ₹ 5000 crore is recommended for this purpose.
3. A grant of ₹ 5000 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.
4. A grant of ₹ 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 ₹ 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.
5. To enhance the quality of statistical systems, it recommended a grant of ₹ 616 crore for state governments at the rate of ₹ 1 crore for every district to fill in statistical infrastructure gaps in areas not addressed by the India Statistical Project (ISP).
6. A grant of ₹10 crore will be provided to each general category state and ₹ 5 crore to each special category state to set up an employees' and a pensioners' data base.

E. Maintenance of Roads and Bridges

1. An amount of ₹19,930 crore has been recommended as grant for maintenance of roads and bridges for four years (2011–12 to 2014–15) of the award period.
2. The maintenance grants for roads and bridges will be an additionality to the normal maintenance expenditure to be incurred by the states.

F. State-specific Needs

1. A total grant of ₹ 27,945 crore is recommended for state-specific needs.
2. 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 specified phasing of the state-specific grants is only indicative; states may communicate their required phasing to the Central Government. The grant may be released in a maximum of two installments per year.
   (iii) Accounts shall be maintained and Utilisation Certificates (UCs)/Statements of Expenditure (SOEs) provided as per General Finance Rules (GFR), 2005.

G. Monitoring

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.

Table A8.1 Share of States in Central Tax Revenue (2010-15)

Sl. No.	*States*	*Share of all Shareable Taxes Excluding Service Tax (per cent)*	*Share of Service Tax (per cent)*
1.	Andhra Pradesh	6.937	7.047
2.	Arunachal Pradesh	0.328	0.332
3.	Assam	3.628	3.685
4.	Bihar	10.917	11.089
5.	Chhattisgarh	2.470	2.509
6.	Goa	0.266	0.270
7.	Gujarat	3.041	3.089
8.	Haryana	1.048	1.064
9.	Himachal Pradesh	0.781	0.793
10.	Jammu & Kashmir	1.551	Nil
11.	Jharkhand	2.802	2.846
12.	Karnataka	4.328	4.397
13.	Kerala	2.341	2.378
14.	Madhya Pradesh	7.120	7.232
15.	Maharashtra	5.199	5.281
16.	Manipur	0.451	0.458
17.	Meghalaya	0.408	0.415
18.	Mizoram	0.269	0.273
19.	Nagaland	0.314	0.318
20.	Odisha	4.779	4.855

21.	Punjab	1.389	1.411
22.	Rajasthan	5.853	5.945
23.	Sikkim	0.239	0.243
24.	Tamil Nadu	4.969	5.047
25.	Tripura	0.511	0.519
26.	Uttar Pradesh	19.677	19.987
27.	Uttarakhand	1.120	1.138
28.	West Bengal	7.264	7.379
	All States	**100.000**	**100.000**

Note: This table specifies the share of each state in the net proceeds of all shareable Central taxes and duties in each of the five financial years from 2010-11 to 2014-15.

Table A8.2 Criteria and Weights for Tax Devolution

Sl. No.	*Criteria*	*Weight (per cent)*
1.	Population (1971)	25.00
2.	Area	10.00
3.	Fiscal Capacity Distance	47.50
4.	Fiscal Discipline	17.50
	Total	100.00

Note: This table specifies the criteria for determining the share of states in tax devolution, along with the weights assigned to them.

Table A8.3 Grants-in-Aid to States (2010-15)

Sl. No.	*Purpose of Grant*	*(₹ crore)*
1.	Local Bodies	87519
2.	Disaster Relief (including for capacity building)	26373
3.	Post-devolution Non-plan Revenue Deficit	51800
4.	Performance Incentive	1500
5.	Elementary Education	24068
6.	Environment	15000
	(a) Protection of Forests	5000
	(b) Renewable Energy	5000
	(c) Water Sector Management	5000
7.	Improving Outcomes	14446
	(a) Reduction in Infant Mortality Rates	5000
	(b) Improvement in Delivery of Justice	5000
	(c) Incentive for Issuing UIDs	2989
	(d) District Innovation Fund	616
	(e) Improvement of Statistical Systems	616
	(f) Employee and Pension Data base	225

8.	Maintenance of Roads and Bridges	19930
9.	State-specific Needs	27945
10.	Implementation of model GST	50000
	Total	318581

Note: This table specifies the total grants-in-aid recommended for the states over the award period of 2010 to 2015.