India's Ecological Fiscal Transfers — Forest-Cover Weighted Tax Devolution to States

PES & Nature-Based Solutions · Good practice · India

Quality score: 27/100

Evidence strength: Cautionary / limited

Summary

Since FY2015-16, India's Finance Commission redirects 7.5-10% of central tax revenue to states by forest cover, moving ~$6.9-$12bn/year (2015-19) and ~$11.1bn in 2020-21 — the world's first large-scale, forest-based fiscal transfer between government tiers.

Key dimensions

Dimension	Score
Carbon — sequestration / storage, evidenced	1/3
Biodiversity — conservation / improvement, evidenced	0/3
Water & soil — retention, infiltration, erosion control	0/3
Fire resilience — risk reduction, evidenced	0/3
Governance, certification & transferability	3/3

Evaluated by C-NAPSE

Data sources

C-NAPSE web research — accessed 2026-07-10

Finance Commission of India / Ministry of Finance, Government of India — accessed 2026-07-10

World Resources Institute — India's 15th Finance Commission supports forest protection — accessed 2026-07-10

Mongabay India — More climate variables needed in 16th Finance Commission formula — accessed 2026-07-10

CGD Policy Paper 159 — Ecological Fiscal Transfers and Subnational Budgets — accessed 2026-07-10

Cite this — Evidoria. *India's Ecological Fiscal Transfers — Forest-Cover Weighted Tax Devolution to States*. Persistent ID: 9d9686c5-9b28-4908-84da-fa3637a76bd2.