



## Finance Commission

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# Finance Commission

The Finance Commission is the balancing wheel of fiscal federalism in India

~ Indian Constitution

## Article 280 (Indian Constitution Part XII)

Constitution of FC as a Quasi  
Judicial Body

## Constituted by

President of India  
quinquennially (or earlier)

## Members

- Chairman + 4 members (including an HC judge) – appointed by President
- Authority to decide qualifications – Parliament
- Tenure – as specified by the President
- Reappointment – Eligible

## Makes Recommendations to President about

- Distribution of net tax proceeds between Centre and States
- Principles for grants-in-aid to the states by the Centre
- Evaluates the rise in the Consolidated Fund of a state to affix the resources of Panchayats/Municipalities
- Other financial matters referred to it by President

\*Recommendations of the FC are **only advisory and not binding** on the Government

## Powers of a Civil Court

As per Code of Civil Procedure 1908

## First FC (1952–57)

Chairman - KC Neogy

## Second FC (1957–62)

Chairman - K Santhanam

## Current/Fifteenth FC (2021–2026)

Chairman - NK Singh

## State Finance Commission

- Constituted by Governor every 5<sup>th</sup> year (Article 243)
- Reviews the financial position of Panchayats and Municipalities



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