

Finance Commission

The Constitution provides for the establishment of a Finance Commission (Art. 270, 273, 275 and 280) by the President. The first Finance Commission was constituted in 1951.

Finance Commissioners of India

1. The Finance Commission consists of a Chairman and four other members.
2. According to the qualifications prescribed by the Parliament, the chairman is selected among persons who have had experience in public affairs, while the members are selected among persons who : ★ are or have been or are qualified to be appointed judges of the High Court; or ★ have special knowledge of the finance and accounts of government; or ★ have had wide experience in financial matters and in administration; or ★ have special knowledge of economics.
3. The members of the commission hold office for such period as may be specified by the President in his orders and are eligible for reappointment.
4. The main functions or duties of the Finance Commission are : ★ To recommend to the President the basis for distribution of the net proceeds of taxes between the centre and states. ★ To recommend the principles which should govern the grants-in-aid to be given to states out of the consolidated Fund of India. ★ To tender advice to the President on any other matter referred to the Commission in the interest of sound finance. ★ To suggest amounts to be paid to the states of Assam, Bihar, Odisha and West Bengal in lieu of the assignment of system of export duty on Jute products.
5. The commission submits its recommendations to the President which are generally accepted by the Central Government. The recommendations of the Commission are applicable for a period of five years.