

"The Finance Commission"

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Economics (Major)
Paper – 6.1

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Introductory: -

The Finance Commission is a salient feature of the Indian Constitution. It is a 'tenure' body, i.e. it is constituted for a specific period of time and with a specific job. The Finance Commission was established by the President of India in 1951 (on 22nd Nov) under Article 280 of the Indian Constitution. It was formed to act as an advisory body and to define the Financial relations between the Central Govt. of India and the individual State Governments. Its headquarters is in New Delhi.

As per the Constitution, the commission is appointed every five years and consists of a Chairman and four other members. Finance Commission is an autonomous body which is governed by the Govt. of India. It is also known as **Vitta aayog**.

Rationale: -

The Finance Commission provides a much needed flexibility in the interest of optimum distribution of national resources between different tiers of Governments in accordance with their respective needs. No permanently fixed distribution of resources can meet the requirements of an ever-changing situation, especially in a developing economy like India with wide spread regional inequalities. The institution of Finance Commission provides a periodic review of the inter-Governmental fiscal arrangements and identifies needed re-adjustments.

List of the Finance Commission of India: -

	Year of Establishment	Chairman	Operational Duration
First	1951	K. C. Neogy	1952-57
Second	1956	K. Santhanam	1957-62
Third	1960	A.K. Chnda	1962-66
Fourth	1964	P. V. Rajamannar	1966-69
Fifth	1968	Mahaveer Tayagi	1969-74
Sixth	1972	K. Brahmananda Reddy	1974-79
Seventh	1977	J. M. Shelat	1979-84
Eighth	1983	Y. B. Chavan	1984-89
Ninth	1987	N. K. P. Salve	1989-95
Tenth	1992	K. C. Pant	1995-2000
Eleventh	1998	A.M. Khusro	2000-2005
Twelfth	2002	C. Rangarajan	2005-2010
Thirteenth	2007	Dr. Vijay L. Kelkar	2010-2015
Fourteenth	2013	Dr. Y. V. Reddy	2015-2020
Fifteenth	2017	N. K. Singh	2020-2025

Till date Fourteen (14) Finance Commission have submitted their final reports.