

“Current Finance Commission of India: A Brief Overview”

For 6th Semester
Economics (Major)
Paper – 6.1

Aparna Sengupta
Associate Professor
HOD, Department of Economics

Introduction: -

Since the Institution of the first Finance Commission in 1951 stark changes in the macro economic situation of the Indian Economy have led to major changes in the Finance Commission’s recommendations over the years.

There have been fifteen Commissions to date. The most current, the Fifteenth (15th) Finance Commission was constituted by the President of India under Article 280 of the constitution on 27th November, 2017 to make recommendations for a period of five years from 1st April, 2020 to 31st March, 2025. The Commission had a wide ranging **Terms of Reference** contained in the Presidential notification.

Founder – Ram Nath Kovind, President of India

Founded – 27th November, 2017

Commission Executives: -

N. K. Singh – Chairman

Arvind Mehta – Secretary

Ajoy Narayan Jha

Anoop Singh –

Ashok Lahiri -

Full time Members

Prof. Ramesh Chand (Member part time)

Parent Department – Department of Economic Affairs, Ministry of Finance, Govt. of India.

Minister responsible – Nirmala Sitaraman, Finance Minister.

Deputy Minister responsible – Anurag Thakur, Minister of State for Finance.

Dr. Krishnamurthy Subramanian became new member of Finance Commissions Advisory Council from 3rd May, 2019.

Aim of the Commission: -

The Commission was set up to give recommendations for devolution of taxes and other fiscal matters for five fiscal years, commencing 1st April, 2020.

The main tasks of the Commission were to “strengthen co-operative federalism, improve the quality of public spending and help protect fiscal stability.”

The Commission's chairperson, N. K. Singh, said in April, 2019 that there should be a mechanism through which the Finance Commission and the GST council could co-ordinate to “ensure there are multiplier benefits of higher growth trajectory.”

To promote local-level mitigation activities, the Commission has recommended the setting up of National and State Disaster Management Funds.

Terms of Reference: -

The terms of reference of the current Commission have some distinctive features, including recommending monitorable performance criteria for important national flagship programmes and examining the possibility of setting up a permanent non-lapsable funding for India's defense needs. The reorganization of the state of Jammu & Kashmir into two Union Territories – one of Jammu & Kashmir and one of Ladakh – presents a new dynamic. On the whole the Finance Commission faces new challenges in the process of the evolution of our federal policy. As an important constitutional entity, the Commission is committed to balancing competing claims and priorities among all three tiers of Govt. in a credible manner.