

Article 280 of the Constitution provides Finance Commission

It is a Quasi - Judicial Body

Constituted by President every Fifth Year

Constitution envisages Finance Commission as ' Balancing Wheel of Fiscal Federalism '

Commission submits its report to President

FINANCE COMMISSION ARTICLE 280

Composition

Consists of Chairman & 4 other members

They hold office for period specified by President

Constitution authorises Parliament to determine qualification & manner of selection of Members

Chairman (Experience person in Public Affairs)

1. Judge of High Court

2. Person who has knowledge of Finance & Account of Govt.

3. Experience person in Financial matters & in Administration

4. person who has Special knowledge of Economy

Advisory Role

Recommendations made by Finance Commission are only Advisory

It is nowhere laid down in the Constitution that recommendation shall be binding upon Govt.

Functions

Finance commission make recommendations to president on Following matters

1. Distribution of Net proceeds of Taxes
2. Govern Grants - in - Aid
3. Augment consolidated fund of state to supplement Panchayats & Municipalities on recommendation of State finance commission
4. Any other matter referred to it by president