

1. GIVE A BRIEF ACCOUNT OF FINANCE COMMISSION OF INDIA.

The Finance Commission is a constitutional body created by the President of India under Article 280 of the Constitution of India, 1950. Its main purpose is to keep a check on the vertical and horizontal imbalances of the federal finance of India. While vertical imbalances refer to the imbalance between the revenue generated by the Centre and states and their expenditure needs, horizontal imbalances refer to the failure of states to provide the comparable services due to their incapability to raise the necessary funds. It is usually constituted once in five years. The first Finance Commission was established in 1951. Till date, 15 Finance Commissions have been created. The Constitutional requirement for setting up a Finance Commission in India was an original idea, not borrowed from anywhere.



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