

Southern States Concern on 15th FC's Decision

What is the issue?

\n\n

\n

- The 15th Finance Commission will be using data from 2011 census for the devolution of taxes.

\n

- Few states have expressed concern over the decision as it would result in lower resource allocation.

\n

\n\n

What is the role of the Finance Commission?

\n\n

\n

- The Finance Commission is a constitutional body created to address issues of vertical and horizontal imbalances of federal finances in India.

\n

- The Finance Commission is appointed every five years and consists of a chairman and four other members.

\n

- The constitutional mandate of the Finance Commission is \n

\n

1. To decide on the proportion of tax revenue to be shared with the States

\n

2. The principles which should govern the grants-in-aid to States.

\n

3. Responsibility to make recommendations on various policy issues, as and when they arise.

\n

\n

\n

- The recommendations made by the Finance Commission are advisory in nature and, hence, not binding on the Government.

\n

\n\n

What is the significance of census in Finance Commission?

\n\n

- \n
- The population figure derived from the census is used for calculating the devolution of taxes to the states.
- \n
- However not the entire amount of taxes to be disbursed is based on the population but only a certain percentage of the funds.
- \n
- [In the case of the 14th Finance Commission](#), that was 25%.
- \n
- The 1971 census recorded an increase in population compared to the pervious censuses and to counter the issue of growing population family planning methods were introduced.
- \n
- The 42nd Amendment picked the 1971 Census data as base for all calculations and froze it till 2001 Census.
- \n
- This is to equalise the shares and safeguard the states actively undertook the family planning programme.
- \n
- In 2001, the 84th Amendment further extended that to the first Census after 2026, which will be the Census of 2031.
- \n

\n\n

What are the concerns of the states on this move?

\n\n

- \n
- Northern states like Uttar Pradesh, Maharashtra and Bihar have more than doubled their population in the intervening years.
- \n
- Whereas southern states like Tamil Nadu, Karnataka and Kerala have had relatively slower growthsin population with an exception of Andhra Pradesh.
- \n
- The usage of the 2011 Census is being opposed for the same reason the usage of 1971 Census was made mandatory.
- \n
- Which made sure states that have worked on population control do not lose out on benefits.
- \n
- Thus according to the southern states the decision of the 15th FC to use the

2011 census data is seen as discriminatory and affects the federal structure.
\n

\n\n

\n\n

Source: The Hindu

\n\n

\n

