

**Press Information Bureau
Government of India
Cabinet**

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Cabinet approves setting up of the 15th Finance Commission

The Union Cabinet chaired by the Prime Minister Narendra Modi has approved the setting up of the 15th Finance Commission. Under Article 280 (1) of the Constitution, it is a Constitutional obligation. The Terms of Reference for the 15th Finance Commission will be notified in due course of time.

Background:

Article 280(1) of the Constitution lays down that a Finance Commission (FC) should be constituted "...within two years from the commencement of this Constitution and thereafter at the expiration of every fifth year or at such earlier time as the President considers necessary...". In keeping with this requirement, the practice has generally been to set up next Finance Commission within five years of the date of setting up of the previous Finance Commission.

Fourteen (14) Finance Commissions have been constituted in the past. The 14th Finance Commission was set up on 02.01.2013 to make recommendations covering the period of five years commencing on 1st April, 2015. The Commission submitted its Report on 15th December, 2014. The recommendations of the 14th Finance Commission are valid upto the financial year 2019-20. In terms of Constitutional provisions, setting up the 15th Finance Commission, the recommendations of which will cover the five years commencing on April 1, 2020, has now become due.

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