

## **TERMS OF REFERENCE OF THE FIRST FINANCE COMMISSION**

The Commission constituted by an Order dated 22nd November, 1951 listed the functions of the Commission under Article 280 of the Constitution as follows:-

- (a) the distribution between the Union and the States of the net proceeds of taxes which are to be, or may be divided between them under the provisions of Chapter-I of Part XII of the Constitution and the allocation between the States of the respective shares of such proceeds;
- (b) the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India;
- (c) the continuance or modification of the terms of any agreement entered into by the Government of India with the Government of any State specified in Part-B of the First Schedule under Clause (1) of Article 278 or under Article 306;
- (d) any other matter referred to the Commission by the President in the interests of sound finance.

Former Clause (c) has since been deleted and Clause (d) has now been renumbered as Clause (c).

2. On 6th April, 1952, the Commission was formally requested to make recommendations to the President in regard to:-

- (a) the sums to be prescribed by him as grants-in-aid of the revenues of the States of Assam, Bihar, Orissa and West Bengal in lieu of assignment of any shares of the net proceeds in each year of the export duty on jute and jute products to these States in accordance with the provisions of Article 273 of the Constitution;
- (b) the States in need of assistance and the sums payable to such States as grants-in-aid of their revenues under the substantive portion of Clause (1) of Article 275 of the Constitution