- **COP 19 in Warsaw in 2013:** The idea of INDCs was first mooted and it was agreed by all to contribute. The differentiation between developed and developing nations was left behind.
- **Paris negotiations:** India accepted the 1.5 degrees goal for climate policy. India also quickly ratified the Paris Agreement to help bring it into force.

Thus, India's departure from arguing for strict differentiation between developed and developing countries in the 1990s to leading the negotiations towards a loosely differentiated regime signifies India's increasing role in global common -environment. Although initial Indian government positions served to protect India's sovereignty but with greater development, India is adopting a more pragmatic approach in foreign policy including the climate negotiations.

11. Highlighting the constitutional role of the Finance Commission (FC), discuss the issues which are being debated w.r.t. terms of reference (ToR) of the 15th Finance Commission. (250 WORDS) 15

***Approach**:*

- Give introduction about finance commission in India and highlight its constitutional roles and responsibilities.
- Discuss the concerns raised by states on ToR of 15^{th} FC.
- Give brief conclusion with a way forward.

***Answer**:*

Article 280 of the Constitution of India provides for a Finance Commission as a quasi -judicial body. It is constituted by the President of India every fifth year. Its constitutional role and responsibilities include making recommendations to the president of India on the following matters:

- The distribution of the net proceeds of taxes to be shared between the centre and the states and the allocation between the states of the respective shares of such proceeds.
- The principle that should govern the grant-in-aid to the states by the centre out of the consolidated fund of India.
- The measures needed to augment the consolidated fund of a state to supplement the resources of the panchayats and the municipalities in the state on the basis of the recommendations made by the state finance commission.
- Any other matter referred to it by the president in the interests of sounds finance.

The recommendations are advisory in nature and it is up to the Union government to implement the recommendations.

15^{th} Finance Commission

The terms of reference (ToR) of the 15^{th} Finance Commission, headed by under N K Singh, are being criticized on following grounds:

- **Use of 2011 population:** Finance commissions before this have used the 1971 census for fiscal devolution which was first adopted by 7^{th} FC in 1976 as a means to control the population. Hence, the usage of the 2011 Census will adversely affect some southern states and other states which have worked on population control and invested in family planning programmes.
- **Review of 14^{th} FC recommendation:** The 15^{th} FC has to review the award of its predecessor which increased the devolution of taxes from 32% to 42% to states. However, the increase in devolution has also occurred with increased share of states in centrally sponsored schemes and termination of planned grants. Hence, any decrease in devolution will hurt the finances of sates.
- **Fiscal Autonomy:** The 14th FC directed its efforts to ensure that the discretionary element in the grant given by the Commission is totally eliminated. However, in ToR of 15^{th} FC, the discretionary grants are based on 9 incentives and states allege that such choice should be left to the states.
- **Revenue Deficit Grants:** By suggesting that revenue deficit grants may not be provided at all, the 15th FC is being nudged towards violating the provisions under Articles 275(1) and 280(3)(b) of the Indian Constitution. These grants are meant to correct vertical imbalances that stem from the constitution — while States account for 60% of public expenditure, they raise only 37% of the revenues.