

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
LOK SABHA
STARRED QUESTION NO. *33
ANSWERED ON-05-12-2023

SETTING UP OF 6TH STATE FINANCE COMMISSION

*33. DR. SHASHI THAROOR:

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether the Government is aware that as of March 2023, only nine States have set up the 6th State Finance Commission (SFC), of which only two are active, according to a report by the Parliamentary Standing Committee on Rural Development and Panchayati Raj;

(b) whether the Government is aware that few States have not even set up the 4th and 5th SFCs;

(c) whether the Government has taken any steps in this regard; and

(d) if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF PANCHAYATI RAJ
(SHRI GIRIRAJ SINGH)

(a) to (d) : A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF THE LOK SABHA
STARRED QUESTION NO. *33 FOR ANSWER ON 05.12.2023 REGARDING
'SETTING UP OF 6TH STATE FINANCE COMMISSION'**

(a) Yes Sir. It may be mentioned that a State Finance Commission is active when its recommendations are under finalization. Once the report/ recommendations are submitted its function is completed. The constitution of a State Finance Commission lies within the competence and jurisdiction of State Governments.

(b) Yes Sir. Currently, in Twenty One States, State Finance Commissions have been constituted/have submitted reports.

(c) & (d) The Fifteenth Finance Commission (XV FC) in Chapter 7 (Empowering Local Governments) of its report has recommended that after March 2024, no grants should be released to a State that has not complied with the constitutional provisions in respect of the SFC. Subsequently, Department of Expenditure, Ministry of Finance vide Operational Guidelines dated 14-7-2021 has prescribed that the States which have not yet constituted State Finance Commission, must do so and act upon their recommendations and lay the Explanatory Memorandum as to the action taken thereon before the State Legislature on or before March, 2024. Ministry of Panchayati Raj has shared these guidelines with the States and has engaged with States through meetings/conferences and correspondence on the subject of constituting the SFC within the available timeframe and urged the individual States to provide them with necessary logistics support in terms of adequate staff, office space etc. for their effective functioning.
