Q2

With reference to the Fourteenth Finance Commission, which of the following statements is/are correct? 1. It has increased the share of States in the central divisible pool from 32 percent to 42 percent. 2. It has made recommendations concerning sector-specific grants. Select the correct answer using the code given below (a) 1 only (b) 2 only (c) Both 1 and 2 (d) Neither 1 nor 2 Official key: A.

UPSC Civil Services Prelims 2015 · General Studies · 2 marks · Economy

Indian economy, budget, schemes - Prelims GS Paper I.

Explanation

(a) Official key

(a) 1 only. The Fourteenth Finance Commission raised States' share in the divisible pool from 32 per cent to 42 per cent and preferred that untied devolution over sector-specific grants. Statement 1 is therefore correct and 2 is not; that combination is the official key.

(b)

(b) 2 only. Sector-specific grants were a feature of earlier Commissions, not a headline 14th FC recommendation. Treating 2 as the sole truth drops the actual 42 per cent award and is not the key.

(c)

(c) Both 1 and 2. Statement 1 is right, but 2 is not: the 14th FC cut back tied, sector-wise grants so that States would receive a larger untied share. Both cannot be correct.

(d)

(d) Neither 1 nor 2. Statement 1 is a defining 14th FC fact. Rejecting both statements is therefore wrong.

Summary

Official key is (a) 1 only. The 14th Finance Commission lifted vertical devolution from 32 per cent to 42 per cent of the divisible pool. It preferred this large untied transfer over a thick menu of sector-specific grants. Statement 2 therefore fails. Only statement 1 is correct on this paper.

Related possible facts

These can be asked in a future Prelims paper.

14th FC Chair

Y.V. Reddy

Award period
2015-20

States' share
42% of the divisible pool

13th FC share
32%

15th FC share
41% (adjusted after J&K reorganisation)