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Q66

**Which of the following statements with regard to recommendations of the 15th Finance Commission of India are correct? I. It has recommended grants of ₹ 4,800 crores from the year 2022-23 to the year 2025-26 for incentivizing States to enhance educational outcomes. II. 45% of the net proceeds of Union taxes are to be shared with States. III. ₹ 45,000 crores are to be kept as performance- based incentive for all States for carrying out agricultural reforms. IV. It reintroduced tax effort criteria to reward fiscal performance. Select the correct answer using the code given below (a) I, II and III (b) I, II and IV (c) I, III and IV (d) II, III and IV Official key: C.**

UPSC Civil Services Prelims 2025 · General Studies · 2 marks · Economy

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

**Explanation****(a)**

I, II and III. That drops a keyed recommendation and/or keeps a false one.

**(b)**

I, II and IV. Not the official trio.

**(c) Official key**

I, III and IV. The 15th Finance Commission recommendations keyed on this paper.

**(d)**

II, III and IV. Drops I.

**Summary**

Official Set A key is (c) I, III and IV. Read the 15th FC statements as a code: the official combination is I, III and IV - not the bundle that keeps II and drops I, and not all four.

**Related possible facts**

These can be asked in a future Prelims paper.

**15th Finance Commission**

N. K. Singh. Award years 2020-21 and 2021-26.

**Vertical devolution**

41% of the divisible pool in the 15th FC (42% in the 14th). Why 45% is a trap.

**Tax effort criterion**

Brought back in the 15th FC horizontal formula.

**14th FC agri incentives**

Conditional agri-reform grants - the ghost of Statement III.

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