

TN Assembly Adopts Resolution Seeking Fair Share in Central Tax Devolution

The Tamil Nadu Legislative Assembly unanimously adopted a resolution urging the Centre to ensure fair financial devolution based on fiscal federalism.

It is a government resolution demanding a transparent, objective, and equitable Union tax devolution methodology for states.

KEY EXAM POINTS

- The **Tamil Nadu Legislative Assembly** unanimously adopted a government resolution on **August 7, 2026**, regarding Central tax devolution.
- The resolution was moved in the House by **Finance Minister N. Marie Wilson**.
- The resolution urged the **Union government** to adopt a transparent, objective, and equitable methodology for Union **tax devolution**.
- The Assembly stressed that tax devolution must align with **constitutional principles** of **fiscal federalism**, equity, and fairness.
- The resolution highlights concerns over the shrinking share of **divisible tax pools** received by high-contributing state economies.

STATICS & SYLLABUS FOCUS

Article 280 of the Constitution mandates the setting up of a **Finance Commission** every five years by the President of India.

Article 270 provides for the distribution of net proceeds of taxes between the Union and the States.

The First Finance Commission of India was established in **1951** under the chairmanship of **K.C. Neogy**.

Article 275 of the Constitution provides for **Grants-in-aid** from the Union to specific states in need of assistance.

The **16th Finance Commission** is chaired by **Dr. Arvind Panagariya**, constituted in **December 2023**.

Tax devolution criteria set by Finance Commissions involve **vertical devolution** (Union to States) and **horizontal devolution** (among States).

The **Rajamannar Committee** was appointed by the Tamil Nadu Government in **1969** to examine Centre-State relations.

REVISION FLASHCARD

TN Assembly passed a resolution demanding fair, transparent Central tax devolution based on fiscal federalism principles.

Syllabus Relevance: Highly relevant for Group 1 & Group 2 Mains/Prelims under Indian Polity (Centre-State Relations) and TN Administration.

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