

**Question:****Indian Constitution and Polity**

Resources transferred from the Government of India to States are termed 'Statutory' if they are made:

- 1 in the form of loans
- 2 on the recommendations of the Planning Commission
- 3 on the recommendations of the Finance Commission
- 4 in the form of grants

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**Explanation:**

Statutory grants-in-aid of the revenues of States are dealt with in **Article 275** of the Constitution of India. It is done on the basis of the **recommendation of the Finance Commission** of India. Resources transferred from the Government of India to States are termed 'Statutory' if they are made on the recommendations of the Finance Commission.

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