

No. 15(2)FC-XV/FCD/ 2020-25
Government of India
Ministry of Finance
Department of Expenditure
(Finance Commission Division)

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11th Block, 5th Floor,
CGO Complex, Lodi Road,
New Delhi- 110003.
Dated:- 01-06- 2020

To

The Chief Secretary,
(All State Governments)

Subject:-Issue of Operational Guidelines for the implementation of the recommendations on Local body grants contained in Chapter 5 of the Fifteenth Finance Commission (FC-XV) Report – regarding

Sir,

The recommendation of Fifteenth Finance Commission (FC-XV) for the Award year 2020-21 include, inter-alia, release of grant-in-aid to State Governments for Rural Local Bodies.

2. Kindly find enclosed herewith a copy of the guidelines for release and utilization of Grants recommended by the Fifteenth Finance Commission (FC-XV) for Rural Local Bodies for information and necessary action.

Encl.: as above

Yours faithfully,



(Dr. Bhartendu Kumar Singh)
Director(FCD)
24360647(O)
Fax : 011-2436 0174

Copy to:-
Principal Secretary/Secretary (Finance),
All State Governments.

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Operational Guidelines for the implementation of the recommendations on Rural Local body(RLB) grants contained in Chapter 5(Local Body Grants) of the Fifteenth Finance Commission (FC-XV) Report.

Introduction

1. The Fifteenth Finance Commission (FC-XV) was constituted by the President on November 27th, 2017 and was, inter-alia, mandated to recommend measures needed to augment the Consolidated Funds of the States to supplement the resources of the Panchayats and Municipalities during 2020-25. Subsequently, the Commission was mandated to submit two reports, one for the year 2020-21 and the final Report for the period 2021-22 to 2025-26. The Commission submitted its first Report covering the financial year 2020-21 to the President on 5th December, 2019.
2. The Union Government on 31-01-2020 vide Explanatory Memorandum as to the Action Taken on the Recommendations made by the Fifteenth Finance Commission in its Report for the year 2020-21 inter-alia accepted the recommendations of the FC-XV in respect of the Local Bodies.

Grants recommended

3. The FC-XV have inter-alia worked out a total size of the grant for local bodies amounting to Rs. 90,000 crore for twenty-eight States. Out of this corpus, the Commission have recommended allocation for **RLBs** amounting to Rs. 60,750 crore in 2020-21. 50% of the recommended grant will be Basic grant(untied) and the remaining 50% as tied grant. State-wise allocation of **RLBs grant is given in Annexure-I**. Step-wise distribution of grant to all entities and detailed modus-operandi to be adopted for release/utilization etc is as follows:-

Step-I:- The States should workout **inter-se share of all tiers of Panchayats** as per the directions given in para 5.3(ii) & (v) and **intra-tier distribution**(within each tier) among the relevant entities across the State as per the directions given in para 5.3(vi) of Chapter 5 of the FC-XV Report.

Step-II:- The States should also make allotment of grants for all the Excluded Areas (**where Part IX & IXA does not apply**) falling within the State based on the weightage of **90% to population (as per Census of 2011) and 10% for Area**.

Step-III:- The State Governments(State Finance Department) should transfer each instalment of the RLBs grants received from the Department of Expenditure to all the concerned entities [GP/BP/ZP & Excluded Areas, if any] without any deduction through their nodal Department as per the share worked out in **Step-I** and **Step-II** within ten working days of receipt from the Union Government. Any delay beyond ten working days will require the State Governments to release the same with interest as per the effective rate of interest on market borrowings/State Development Loans (SDLs) for the previous year.

Modalities for Release of grants

4. **Basic Grants:-** Basic grants i. e. 50% of the allocation will be released in two instalment by the Ministry of Finance, Department of Expenditure(Finance Commission Division) after receipt of Grant Transfer Certificate in the prescribed format(Annexure-II) and recommendation from the Ministry of Panchayati Raj(MOPR), Govt. of India.

5. **Tied Grants:-** Tied grants i. e. 50% of the allocation will be released in two instalments by the Ministry of Finance, Department of Expenditure(Finance Commission Division) after receipt of recommendation from the Ministry of Panchayati Raj, Govt. of India. Department of Drinking Water & Sanitation, Ministry of Jal Shakti, Govt. of India and MOPR will assess the following before recommending for release of grant;

- (a) Status & maintenance of Open Defecation Free local body
- (b) Supply of drinking water, rain water harvesting and water recycling.
- (c) Uploading of GPDP and details about utilization 15th F.C. funds on the website.
- (d) Any other condition which Ministry of Jal Shakti may deem fit in connection with the stated objectives of the tied grant.

(Assessment of eligibility for the year 2021-22 will be based on the outcomes during the year 2020-21. Same procedure will be adopted for the remaining period of the award year.)

Utilisation of the FC-XV recommended Local body grant

6. **Basic Grants:-** The basic grants are untied and can be used by the local bodies for location-specific felt needs, **except for salary or other establishment expenditure.**

7. **Tied Grants:-** The tied grants can be used for the basic services of (a) sanitation and maintenance of open-defecation free (ODF) status and (b) supply of drinking water, rain water harvesting and water recycling. The local bodies shall, as far as possible earmark **one half of these tied grants** each to these two critical services. However, if any local body has fully saturated the needs of one category, it can utilise the funds for the other category.

Monitoring and concurrent evaluation

8. Ministry of Panchayati Raj, Govt. of India shall monitor the implementation of the remaining recommendations of the FC-XV with regard to RLBs.

Allocation of RLBs grant for the remaining years of the award period

9. State-wise Allocation for the remaining period of the award period will be intimated to all the States in due course of time.

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RURAL LOCAL BODY GRANTS FOR THE YEAR 2020-21(Rs. crore)				
Sl. No.	Name of State	Basic Grant	Tied Grant	Total RLB's Grant
1	2	3	4	5
1	Andhra Pradesh	1312.5	1312.5	2625.00
2	Arunachal Pradesh	115.5	115.5	231.00
3	Assam	802	802	1604.00
4	Bihar	2509	2509	5018.00
5	Chhattisgarh	727	727	1454.00
6	Goa	37.5	37.5	75.00
7	Gujarat	1597.5	1597.5	3195.00
8	Haryana	632	632	1264.00
9	Himachal Pradesh	214.5	214.5	429.00
10	Jharkhand	844.5	844.5	1689.00
11	Karnataka	1608.5	1608.5	3217.00
12	Kerala	814	814	1628.00
13	Madhya Pradesh	1992	1992	3984.00
14	Maharashtra	2913.5	2913.5	5827.00
15	Manipur	88.5	88.5	177.00
16	Meghalaya	91	91	182.00
17	Mizoram	46.5	46.5	93.00
18	Nagaland	62.5	62.5	125.00
19	Orissa	1129	1129	2258.00
20	Punjab	694	694	1388.00
21	Rajasthan	1931	1931	3862.00
22	Sikkim	21	21	42.00
23	Tamil Nadu	1803.5	1803.5	3607.00
24	Telangana	923.5	923.5	1847.00
25	Tripura	95.5	95.5	191.00
26	Uttar Pradesh	4876	4876	9752.00
27	Uttarakhand	287	287	574.00
28	West Bengal	2206	2206	4412.00
	Total	30375.00	30375.00	60750.00

Annexure –II

GRANT TRANSFER CERTIFICATE FOR THE GRANT RECEIVED FOR LOCAL BODIES RECOMMENDED BY FIFTEENTH FINANCE COMMISSION DURING ITS AWARD PERIOD 2020-2025.

Name of State:-

1.	For General Areas	Total No. of	GPs		Duly elected bodies	GPs	
			BPs			BPs	
			ZPs			ZPs	
2.	<u>Non Part IX Areas</u> [provide details and number of such Autonomous bodies]				No.	Names	
		Year	Instalment	Amount (Rs. in lakh)	Date of receipt		
3.	Details of Basic Grant/Tied grant received:						
		Year	Instalment	Amount (Rs. in lakh)	Date of Transfer	No. of days of delay	If delayed, amount of interest transferred (with rate of interest)
4.	Details of Basic Grant/Tied grant transferred*:						
5.	Whether State Finance Commission(SFC) Recommendations available	Yes/No		If yes, whether, grant distributed as per census 2011 population or as per the SFC recommendation.			

*.Strikeout whichever is not applicable.

Certified that the grants have been utilized/proposed to be utilized for the purpose for which these have been provided and if any deviation is observed, the same will be intimated.

Signature with seal of
Secretary (Nodal department)

Countersigned:
Signature with seal of the Finance Secretary