

M-11015/296/2015-FD
Government of India
Ministry of Panchayati Raj
(Fiscal Devolution Division)

11th Floor, Jeevan Prakash Building,
K.G. Marg, New Delhi-110001
Dated: 29th September, 2020

OFFICE MEMORANDUM

Subject: Minutes of the First Meeting of the Coordination Committee constituted for providing Guidance and Support to the State Governments and Local Bodies on Implementation of the Recommendations of the Fifteenth Finance Commission held on 24th September, 2020

The undersigned is directed to enclose a copy of the minutes of the Coordination Committee meeting held on 24-9-2020 on the above mentioned subject for information and necessary action.


(Tara Chandar)

Under Secretary to the Govt of India
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Encl:a/a

To

1. All participants in the meeting
2. Secretary/Principal Secretary, Panchayati Raj Dept, all 28 States

Copy for information to:

1. PPS to SPR
2. PS to JS(FD)

Minutes of the 1st Meeting of the Coordination Committee held under the chairmanship of Secretary, Ministry of Panchayati Raj on 24th September, 2020 at 3.00 P.M. for providing Guidance and Support to the State Governments and Local Bodies on Implementation of the recommendations of the Fifteenth Finance Commission (XV FC).

The 1st meeting of the XV FC Coordination Committee, constituted by the Ministry of Panchayati Raj (MoPR), was held under the Chairmanship of Secretary, Ministry of Panchayati Raj on 24th September, 2020 through Video Conference (VC). List of participants is at **Annexure**.

2. After the initial remarks of Shri K.S.Sethi, Joint Secretary, Ministry of Panchayati Raj welcoming the participants, Shri Sunil Kumar, Secretary, Panchayati Raj, (SPR) made the following opening remarks:

- The release of XV FC Grants, as recommended by the XV FC have been commenced. The XV FC Coordination Committee has been set up and one of its main objectives is to observe that the grants released to the three tiers of the Panchayats are effectively utilized for the mandated activities.
- The Finance Commission Grants are substantially going up especially since the XII FC and the recent releases under the XIV FC have been more than three times that of XIII FC. The XV FC has also awarded in its interim report for FY 2020-21, the highest annual allocation to the Panchayats.
- MoPR has taken many steps towards exhorting the State Authorities to ensure that the increased Finance Commission funds are put to good use by the Panchayats, namely, reducing the infrastructure deficit and ensuring proper utilization through local level planning process.
- Considering the large volume of FC funds being devolved to the Panchayats, it is essential that their utilization is monitored at all levels. Ministry of Finance (MoF) and MoPR have already issued guidelines towards the same and it is imperative that these guidelines are strictly adhered to.
- In order to make sure that the public funds are not squandered, the Coordination Committee at the Central level and High Level Monitoring Committees (HLMCs) at the State levels have been constituted. The HLMCs should hold regular meetings to closely follow up and monitor the physical and financial progress of the planned activities with the Finance Commission Grants. Similar systems are also to be activated by the States at District and Block levels too.

3. Subsequently, discussions were held as per the agenda items presented by the Joint Secretary along with a power point presentation covering the various aspects of the Finance Commission Grants to the Panchayats.

4. The deliberations and decisions arrived at against the various agenda items have been enumerated below.

1. Status of Release of Fourteenth Finance Commission (FFC) Grants during Award period 2015-20

The status of release of FFC Grants as presented in the Agenda item, were noted by the Committee.

2. Impact Evaluation Study of FFC Grants by Institute of Economic Growth (IEG)

The Committee took note of the major findings of the IEG study. During the deliberations on the same, the following points were made for taking note by all concerned:

- In States like UP, not much emphasis is placed on the need to raise Own Source Revenues (OSR) by the Panchayats. There is a need for the higher level authorities to take up the issue in a focused manner so that the action on the same can be taken up at the Panchayat level. It was also suggested that a mapping exercise may be initiated in States like UP to identify potential PRIs which can raise good amount of OSR and concentrate on them in the initial stages.
- In one district of Madhya Pradesh, after imposition of House and Water Tax, the OSR quantum could be increased by 400%. However, many elected representatives (ERs) are not keen towards raising OSR due to political considerations and the rates of taxes have not been revised even after passage of 10 years.
- In Karnataka, on the other hand, there is regular system to monitor the revenue generation by the Panchayats at various levels and the rates are by law revised every two years. Due to such a system, they could increase the demand for collections by over 90%. They also use the Panchtantra software to identify and value all the available properties and tax is levied based on capital value method.
- In Assam, special software is being used with the result that there is about 60% rise in OSR. About 9 clusters have been identified as tourism clusters so that revenues through tourism can be earned by the Panchayats.
- Department of Drinking Water and Sanitation (DDWS) Schemes of Swachh Bharat Mission (SBM) and Jal Jeevan Mission (JJM) have clear objectives of recovering cost of operations/maintenance so that the sustainability of the schemes can be ensured.
- SPR in his remarks on the Agenda item, made the following observations.
 - The situation on OSR varies at ground level from State to State and even though there are legal provisions for OSR, in many States, these are not strictly enforced. There are few States in South and Western region as well as the state of West Bengal etc where OSR collection is higher due to better functioning of the Panchayats. However, a policy decision needs to be taken in every State towards enabling gradual increase in OSR of Panchayats so that they can stand on their own feet.
 - Already the Government of India guidelines on the schemes of DDWS have clear stipulations of user charges to be collected for the services.
 - The efforts towards increasing OSR at the different Panchayat levels will need to be implemented over a sustained period of time as the improvements cannot be expected overnight. Like for example, in the State such as UP, the Gram Panchayats on the main National Highways can be identified where a large of commercial operations are already underway. The GPs can offer quality services like water supply, waste management etc to these commercial units and derive revenue out of these services. But, such services should be offered with high quality, so that the users are willing to pay for these services.
 - The XV FC in its final report is expected to cover the importance on the aspect of OSR.

- MoPR is implementing the Swamitva Scheme through which the house property owners in the Panchayats will be provided with ownership certificates and through this exercise, objective criteria can be established for levying property taxes. Through sustained efforts of the Panchayati Raj Department of Uttar Pradesh, substantial improvements in the OSR levels are possible in the next 4 to 5 years' time.

3. Fifteenth Finance Commission (XV FC) recommendations for Rural Local Bodies (RLBs) in its interim report for FY 2020-21:

The Committee took note of the provisions of the MoF guidelines related to XV FC Grants to the Panchayats.

4. Release of XV FC 1st instalment of Grants (Untied and Tied) to States:

The Committee took note of the status of release of XV FC 1st instalments of Basic (Untied) and Tied Grants to the States, namely Rs. 30,375 crore to all 28 States on 17.06.2020 and 15.07.2020 respectively. SPR remarked that some of the States have not released the Grants to the Panchayats within stipulated time which will result in difficulties for the rural local bodies to take up various planned development activities. He cited the example of MP State, wherein, MoPR had to repeatedly insist upon the State authorities to release the XV FC grants to the Panchayats so that the GKRA activities can be taken up at the identified districts/panchayats. Hence, all States should on their own accord release the XV FC Grants within the stipulated 10 working days' time to the RLBs/Local Bodies so that Central Finance Commission mandated activities can be taken up smoothly.

5. Status of Transfer of FFC and XV FC Grants and submission of Utilisation Certificates (UCs) / Grant Transfer Certificates (GTCs):

The Committee took note of the status of release of FFC /XV FC Grants by the States to the Panchayats and submission of UCs/GTCs. SPR clarified that unless the States release the first instalments of Basic (Untied) / Tied Grants to the Panchayats within the stipulated time as per guidelines, release of subsequent instalments to these States may not be possible and urged upon the representatives of the States to submit UC/GTC to the MoPR in time.

6. Guidelines towards Utilisation of XV FC Grants and Release of Second Instalment of XV FC Grants:

The Committee took note of the provisions of the various guidelines issued by MoPR and DDWS.

7. Formation of High Level Monitoring Committees (HLMC) in the States:

The Committee took note of the status of formation of HLMCs in the States. The States of UP and Karnataka have indicated that the formation of HLMCs in their respective places is in progress and will be completed shortly. SPR explained that the formation of HLMCs is the first stage after which these Committees have to also ensure that regular meetings are held to follow up and monitor the effective utilization of the XV FC grants by the Panchayats. Similar efforts should also be taken up at the District/Block levels. He also advised that the remaining six States should also constitute HLMC at the earliest and inform MoPR accordingly.

8. Implementation of eGramSwaraj and Audit Online:



The Committee took note of the status of implementation of eGramSwaraj and Audit Online. ACS –PR from MP has indicated that there are still some requirements for improvements in the eGramSwaraj in terms of flexibility required in planning of activities under Basic (untied) and Tied Grants of XV FC and payments systems. It was assured that necessary corrective actions would be done after receipt of suggestions in this regard, while taking care to adhere to well established accounting standards.

In UP, it was informed that the Audit Department have been provided with necessary IT infrastructure like Laptops etc out the funds provided by the MoPR and that the audit plans are in progress. SPR stated that the State should attempt to complete 100 % of the GPs' audit through AuditOnline during the current year so that after the upcoming Panchayat elections, the newly elected Panchayat representatives can begin their tenure on clean slate.

9. Presentations to Fifteenth Finance Commission (XV FC):

The Committee took note of the various presentations made by MoPR to the XV FC.

10. Garib Kalyan Rozgar Abhiyan (GKRA):

The Committee took note of the progress in activities concerning MoPR in the GKRA in six States of Bihar, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh.

11. Model Contracts and Service Level Benchmarks on Water, Sanitation and Hygiene (WASH):

The Committee took note of the developments in preparation of Model Contracts and Service Level Benchmarks on Water, Sanitation and Hygiene (WASH) prepared by the MoPR in association of UNICEF. SPR has informed that with the allocation of 50 % of the XV FC allocations as tied grants towards drinking water supply and sanitation, it has become imperative that Panchayats focus on quality of service provided to users as 'user satisfaction' would facilitate regular collection of 'user charges' which is critical to ensure proper operation and maintenance of the established infrastructure. Service benchmarks and the draft model contract documents to be signed by the GPs and the service providers prepared by MoPR will facilitate proper operation & maintenance of drinking water and sanitation infrastructure created under the Jal Jeevan Mission and Swachh Bharat Grameen (Phase II) with part funding from 15th Finance Commission Funds. This will go a long way in ensuring sustainability of the project. In this regard, the Panchayat representatives and functionaries will need to be trained and sensitized on 'service benchmarks' and ways and means to effectively operationalize service delivery contracts to be signed between GPs and properly skilled 'service providers', who will be locally available, through NIRD/ SIRDs and other local training institutions. He indicated that in the first instance focus could be on training the PRI functionaries of 18% of the GPs in different States /UTs which have already been covered under the Piped Water Supply scheme.

12. Addressing National priorities in the areas of Health, Education, & Nutrition:

The Committee took note of the developments in preparation of guideline documents in addressing priorities in the areas of Health, Education, & Nutrition.

Subsequently, remarks of various representatives of the Ministries/ Departments and States were solicited, which are given below:

- AS&FA suggested that in line with the terms of reference of the FC Coordination Committee, the details of progress in expenditure of the FC Grants may be reported in the meetings of the Coordination Committee. A statement on the same may be submitted from the next meeting onwards.
- AS& FA also suggested that apart from financial audits through the Audit Online system, internal audit and social audits are also important and the Panchayats should be instructed to take up these audits as well.
- PS – PR Karnataka indicated that some group of GPs in the State have the same administrator and the issue of need of different DSCs to operate the eGramSwaraj-PFMS needs to be sorted out to facilitate them. SPR indicated that while it would be done, States should take care that the due elections to the rural local bodies are held without any delay as per provisions of the Constitution.
- Advisor, DDWS intimated that during this year 6.52 crores of household tap connections for water supply will be provided in the Rural Areas.
- Additional Secretary, DDWS submitted that through eGramswaraj, head-wise expenditure should be reflected / reported so that there is clarity in the expenditure /utilization of funds under various activities.
- SPR also assured that needful changes would be done in the eGramSwaraj application to make it easier to be adopted and remove any complexities that will be pointed out by the States / Panchayats.

In his concluding remarks, SPR assured that the various suggestions provided by the participants have been duly noted and will be acted upon. He also directed that meetings of the Coordination Committee may be held every quarter as that would provide an opportunity to regularly interact with the members and monitor the progress of activities under XV FC Grants. He assured that MoPR would provide all assistance towards achieving the goal for optimal utilization of the grants towards reducing the infrastructure deficits in the rural areas. He exhorted all to share best practices which would provide good learning experience to the stakeholders.

The meeting ended with the vote of thanks to the Chair.



1st Meeting of XV-FC Coordination Committee held on 24.09.2020 at 3.00 P.M. under the chairmanship of Secretary, Ministry of Panchayati Raj

List of Participants

Sl. No.	Name & Designation	Ministry/Organisation
(i)	(ii)	(iii)
1.	Shri Sunil Kumar, Secretary	Ministry of Panchayati Raj – in Chair
2.	Shri Sanjeev Kumar, AS& FA	Ministry of Panchayati Raj
3.	Shri Arun Baroka, Additional Secretary	Department of Drinking Water and Sanitation
4.	Shri K.S. Sethi, Joint Secretary	Ministry of Panchayati Raj- Member Secretary
5.	Shri Sanjeeb Patjoshi, Joint Secretary	Ministry of Panchayati Raj
6.	Shri Biswajit Banerjee, Joint Secretary	Ministry of Rural Development
7.	Shri Sanjay Kumar, Joint Secretary	Ministry of Housing and Urban Affairs
8.	Dr. Bhartendu Singh, Director	Department of Expenditure
9.	Shri A. Muralidharan, Deputy Adviser	Department of Drinking Water and Sanitation
10.	Shri Narendra Singh, Deputy Secretary	Ministry of Skill Development & Entrepreneurship
11.	Ms. Vidhu Sood, Principal Director	Office of the Comptroller & Auditor General of India
12.	Shri Vijay Kumar, Deputy Secretary	Ministry of Panchayati Raj
13.	Shri Tara Chandar, Under Secretary	Ministry of Panchayati Raj
14.	Shri G.S. Krishnan, Consultant	Ministry of Panchayati Raj
15.	Ms. Uma Mahadevan, Principal Secretary	Panchayati Raj Department, Karnataka
16.	Shri L.K.Atheeq, Principal Secretary	Panchayati Raj Department, Karnataka
17.	Shri Manoj Shrivastava, Addl Chief Secretary	Panchayati Raj Department, Madhya Pradesh
18.	Shri Sachin Sinha, Principal Secretary	Panchayati Raj Department, Madhya Pradesh
19.	Shri B. S. Jamod, Director	Panchayati Raj Department, Madhya Pradesh
20.	Shri Pravin Jain, Deputy Secretary	Panchayati Raj Department, Maharashtra
21.	Shri Sangdingliana, Secretary	Local Administration Department, Mizoram

22.	Shri Lalchawimawia, Joint Director	Local Administration Department, Mizoram
23.	Shri S.N.Dash, Additional Secretary	Panchayati Raj Department, Odisha
24.	Shri Umakanta Tripathy, Director	Panchayati Raj Department, Odisha
25.	Ms. Kinjal Singh, Director	Panchayati Raj Department, Uttar Pradesh
26.	Dr. C. Kathiresan, Associate Professor	NIRD & PR, Hyderabad