



Consultation Meeting on Fifteenth Finance Commission Grants to Rural Local Bodies

10th March 2023



Operational Guidelines – XV Finance Commission



Mandatory conditions for release of grants to the States (Para 5 (A), Para 5 (B) of Operational Guidelines)

- 01 For release of grants in 2022-23, 25% provisional account of RLBs for 2021-22 and 25% audited accounts for 2020-21 should be made available online
- 02 To become eligible for XV FC grants from 2023-24 onwards, all RLBs to have both provisional accounts of the previous year (2022-23) and the audited accounts of the year before previous (2021-22) available online in public domain in addition to MoPR eGramSwaraj and AuditOnline
- 03 Uploading of GPDP / BPDP / DPDP in eGramSwaraj. Thematic Plans for 2023-24 to commence.
- 04 Mandatory Online payments through eGramSwaraj – PFMS Interface
- 05 Duly constituted Rural Local Bodies, minimum 50% utilization of grants released in previous year
- 06 To become eligible for XV FC grants from 2024-25 onwards, all States, which have not done so, to constitute State Finance Commissions, act upon their recommendations and lay the explanatory memorandum as to the action taken thereon before the State legislature on or before March 2024



Status of Fiscal Devolution to Rural Local Bodies: XV FC



XV FC Interim Fund Allocation: INR 60,750 crores (2020-21)

Total XV FC Fund Allocation: INR 2.36 lakh crores (2021-22 to 2025-26)

INR 1.92 lakh crore



Tied Grants (60%)
Drinking water supply, rainwater harvesting and (ii) sanitation & maintenance services

INR 0.94 lakh crore



Untied Grants (40%)
For improving Basic services (29 subjects)

Untied Grants

Year	Allocation (Rs. Cr)	Release (Rs. Cr)
2020-21	30,375	30,375
2021-22	17,960	17,802
2022-23	18,605	10,018

Tied Grants

Year	Allocation (Rs. Cr)	Release (Rs. Cr)
2020-21	30,375	30,375
2021-22	26,940	26,250
2022-23	27,908	16,428

XV FC grants are provided to all three tiers of Panchayats & Traditional bodies



States having pendency of XV FC Grants' Release (1/2)



State	Instalment due	Status of GTC of previous instalment	Status of fulfilment of other eligibility conditions
Andhra Pradesh	1 st instalment 2022-23	Received	Not onboarded on eGS-PFMS for transactions
Arunachal Pradesh	2 nd instalment 2021-22	Not Received	Audit not carried out on AuditOnline
Manipur	2 nd instalment 2021-22	Not Received	-
Meghalaya	1 st instalment 2021-22	Received	<ul style="list-style-type: none">• GPDP not uploaded in eGramSwaraj• Not yet onboarded on eGramSwaraj-PFMS• Audit not carried out on AuditOnline
Mizoram	2 nd instalment 2021-22	Not Received	-



States having pendency of XV FC Grants' Release (2/2)



State	Instalment due	Status of GTC of previous instalment	Status of fulfilment of other eligibility conditions
Maharashtra	2 nd instalment 2022-23	Not Received	
Nagaland	1 st instalment 2022-23	Received	<ul style="list-style-type: none">• GPDP not uploaded in eGramSwaraj• Not yet onboarded on eGram Swaraj-PFMS• Not yet onboarded on AuditOnline
Telangana	2 nd instalment 2022-23	Not Received	
Uttarakhand	2 nd instalment 2022-23	Received	Utilisation of prev years' grant less than 50%



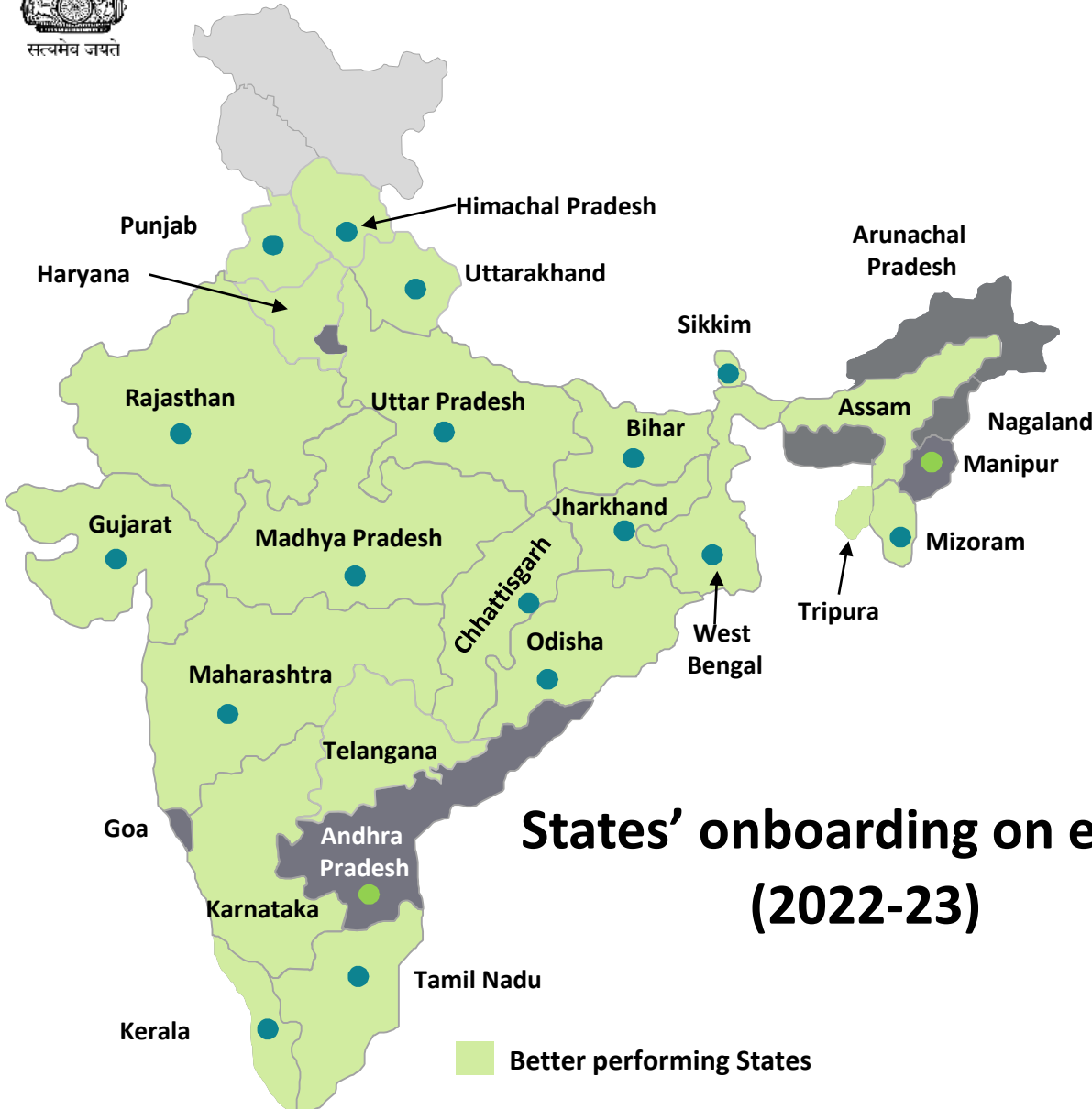
Recommendation process to be adopted by MoPR for XV FC Grants



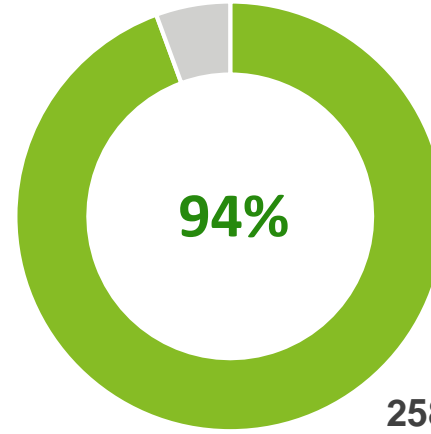
- MoPR has been making two distinct recommendations pertaining to release of two instalments for release of XV FC Untied Grants
- Recommendations made for total due allocations to the States and not based on number of Rural Local Bodies eligible to receive grants
- From FY 2023-24 onwards, recommendations to be made only for those RLBs who satisfy the conditions of making provisional accounts and audited accounts available online
 - *This will lead to several instances of recommendations against the two notified instalments*
 - *The Grant Transfer Certificate (GTC) format to be suitably modified*
- Therefore, the process and the timeline by which recommendations to be made for release of grants needs to be revised and finalized



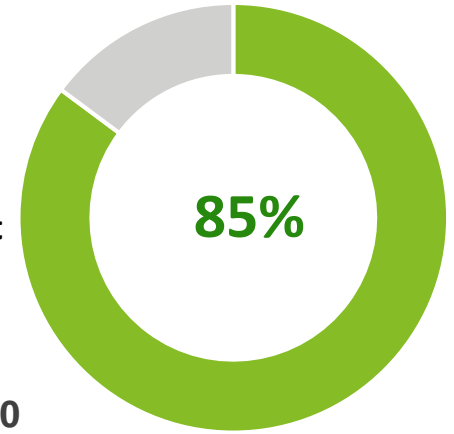
Current statistics: eGramSwaraj-PFMS Interface (eGSPI)



eGSPI Onboarding by PRIs



Online payment by PRIs*



*for 2022-23

Payments done through eGSPI

Year	Rs. Crore	No. of PRIs with online payments
2019-20	13,829	1,03,961
2020-21	28,651	1,54,092
2021-22	39,520	2,03,592
2022-23	42,632	2,33,660
Total	1,24,641	

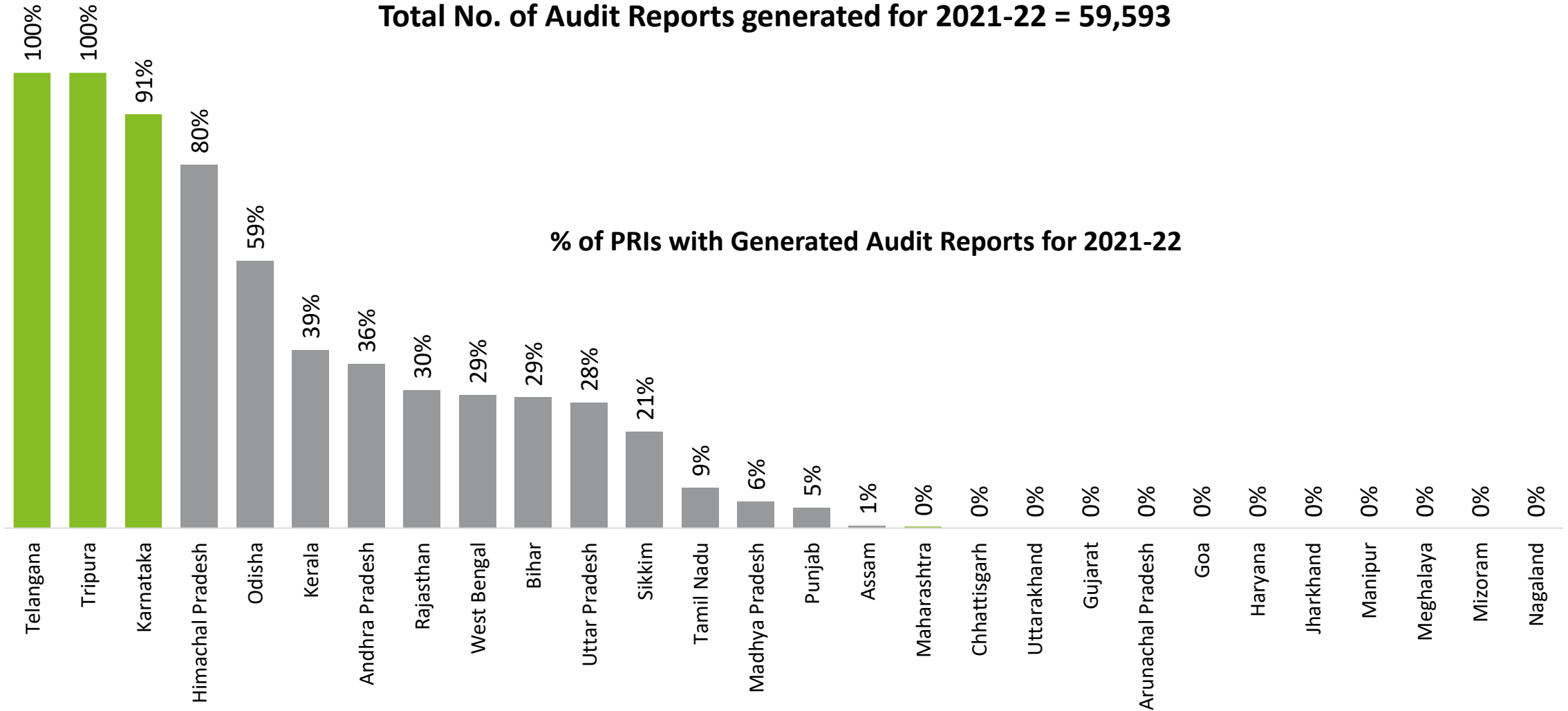
Payment success rate through eGSPI = 95%



AuditOnline: Current statistics for 2021-22



Total No. of Audit Reports generated for 2021-22 = 59,593



For release of funds in FY 2023-24, Audit of Accounts of 2021-22 is mandatory, and so far, satisfactory progress has been made.



State wise progress – Provisional Accounts & Audited Accounts for 2022-23 (1/2)



Sr. No.	States	Total No. of GP / TLBs	GPs with provisional accounts (2021-22)		Audit Reports Generated (2020-21)	
			No.	%	No.	%
1	Andhra Pradesh	13,371	12,834	95.98%	13,371	100.00%
2	Arunachal Pradesh	2,108	1,426	67.65%	-	0.00%
3	Assam	2,197	2,194	99.86%	2,053	93.45%
4	Bihar	8,177	8,067	98.65%	8,066	98.64%
5	Chhattisgarh	11,658	11,632	99.78%	10,585	90.80%
6	Goa	191	156	81.68%	-	0.00%
7	Gujarat	14,257	14,003	98.22%	3,631	25.47%
8	Haryana	6,233	5,855	93.94%	3,102	49.77%
9	Himachal Pradesh	3,615	3,598	99.53%	3,054	84.48%
10	Jharkhand	4,351	4,346	99.89%	2,521	57.94%
11	Karnataka	5,973	5,947	99.56%	5,902	98.81%
12	Kerala	941	941	100.00%	941	100.00%
13	Madhya Pradesh	22,741	22,442	98.69%	7,675	33.75%
14	Maharashtra	27,891	27,714	99.37%	27,119	97.23%



State wise progress – Provisional Accounts & Audited Accounts for 2022-23 (2/2)



Sr. No.	States	Total No. of GP / TLBs	GPs with provisional accounts (2021-22)		Audit Reports Generated (2020-21)	
			No.	%	No.	%
15	Manipur	161	161	100.00%	102	63.35%
16	Meghalaya	6,760	-	0.00%	-	0.00%
17	Mizoram	834	823	98.68%	-	0.00%
18	Nagaland	1,293	-	0.00%	-	0.00%
19	Odisha	6,798	6,794	99.94%	6,796	99.97%
20	Punjab	13,263	13,107	98.82%	3,495	26.35%
21	Rajasthan	11,341	11,291	99.56%	9,447	83.30%
22	Sikkim	185	178	96.22%	185	100.00%
23	Tamil Nadu	12,525	12,281	98.05%	12,519	99.95%
24	Telangana	12,769	12,743	99.80%	12,769	100.00%
25	Tripura	1,178	1,175	99.75%	1,178	100.00%
26	Uttar Pradesh	58,189	58,178	99.98%	54,585	93.81%
27	Uttarakhand	7,791	7,774	99.78%	2,042	26.21%
28	West Bengal	3,340	3,226	96.59%	1,047	31.35%
	Grand Total	2,60,131	2,48,886	95.68%	1,92,185	73.88%



Constitution of State Finance Commission in the State (1/2)



Sl. No.	States	1 st SFC (1996-2001)	2 nd SFC (2001-2006)	3 rd SFC (2006-2011)	4 th SFC (2011-2016)	5 th SFC (2016-2021)	6 th SFC (2021-2026)
1	Andhra Pradesh	✓	✓	✓	✓	-	
2	Arunachal Pradesh	✓	✓	-	-	-	
3	Assam	✓	✓	✓	✓	✓	✓
4	Bihar	✓	✓	✓	✓	✓	✓
5	Chhattisgarh	✓	✓	✓	✓	-	
6	Goa	✓	✓	✓/2022	-	-	
7	Gujarat	✓	✓	✓	-	-	
8	Haryana	✓	✓	✓	✓	✓	✓
9	Himachal Pradesh	✓	✓	✓	✓	✓	✓
10	J&K	✓	✓	-	-	-	UT now
11	Jharkhand	✓	✓	✓	-	-	
12	Karnataka	✓	✓	✓	✓	-	
13	Kerala	✓	✓	✓	✓	✓	✓

Active SFCs



Constitution of State Finance Commission in the State (2/2)



Sl. No.	States	1 st SFC (1996-2001)	2 nd SFC (2001-2006)	3 rd SFC (2006-2011)	4 th SFC (2011-2016)	5 th SFC (2016-2021)	6 th SFC (2021-2026)
14	Madhya Pradesh	✓	✓	✓	✓	✓	
15	Maharashtra	✓	✓	✓	✓	✓	
16	Manipur	✓	✓	✓	✓	✓	
17	Odisha	✓	✓	✓	✓	✓	
18	Punjab	✓	✓	✓	✓	✓	✓
19	Rajasthan	✓	✓	✓	✓	✓	✓
20	Sikkim	✓	✓	✓	✓	✓	✓
21	Tamil Nadu	✓	✓	✓	✓	✓	✓
22	Telangana		-	-	-	✓	Created in June 2014
23	Tripura	✓	✓	✓	✓	-	
24	Uttar Pradesh	✓	✓	✓	✓	✓	
25	Uttarakhand	✓	✓	✓	✓	✓	
26	West Bengal	✓	✓	✓	✓	✓	

Active SFCs



Status of Panchayat Elections



- **States/UTs where Panchayat Elections delayed:**

- *Karnataka (2021 for BP & ZP), Maharashtra (2022 for BP & ZP), Manipur (2022), Lakshadweep (2022) and Puducherry (2011)*

- **States/UTs where Panchayat Elections are due in 2023:**

- *West Bengal (July), Assam (Dec.), Jammu & Kashmir (Dec.), Ladakh (Dec.), Punjab (Dec.)*

- **States/UTs where Panchayat Elections are to held in 2024 and beyond:**

- *Andhra Pradesh (2026), A&N Island (2025), Arunachal Pradesh (2025), Bihar (2026), Chhattisgarh (2025), Daman & Diu & Dadra & Nagar Haveli (2025), Gujarat (2026), Goa (2025), Haryana (2027), Himachal Pradesh (2026), Jharkhand (2027), Karnataka (2025, GP), Kerala (2025), Madhya Pradesh (2027), Odisha (2027), Rajasthan (2025), Sikkim (2027), Tamil Nadu (2024), Telangana (2024), Tripura (2024), Uttarakhand (2024 except Haridwar), Uttar Pradesh (2026)*



Action Taken Report (ATR) Module



- In the current setup, audit reports generated on AuditOnline are housed in both Central and State logins
- Current access to the general public is limited to Key Performance Indicators (KPIs) viz. *Audit observations recorded, whether audit reports generated*
- No clarity on action taken on these observations.
- Action Taken Report (ATR) Module being introduced in AuditOnline to provide status of action taken on audit observations so that the audit report be displayed in public domain



Action Taken Report (ATR) Module - Proposition



- For a given year, audit process to be undertaken for Panchayat accounts for the period 'Year minus one' as well as the previous pending reports.
- Action taken against observations, i.e., addressed or unresolved, to be intimated via ATR and to be placed before Gram Sabhas / Mandal Sabhas / Zila Sabhas
- ATR procedure to be completed by 31st March of the corresponding year in which ATR is being carried out
- If the audit observations are not addressed by 31st March of the corresponding year, Audit report to be published online

Year minus 1 + earlier years:

Current procedure of AuditOnline workflow to be followed between DLFA, Auditee, BDO / DPRO

Year after audit activity carried out

Panchayat Secretary to present audited accounts along with audit observations & status thereof

AuditOnline application to send a system generated reminder to Panchayat so that acceptance of Report is completed by 31st March

If issues are not addressed by the stipulated timeline, audit report would be published online

States inputs on the proposition being sought



Main Agenda of the meeting



- 1. Strategy to achieve 100 % onboarding** on eGramSwaraj and **100% auditing** on AuditOnline
 - ✓ *All RLBs to have both provisional accounts of the previous year (2022-23 and onwards) and the audited accounts of the year before previous (2021-22 and onwards) available online in public domain in addition to MoPR eGramSwaraj and AuditOnline*
- 2. RLBs not having duly elected bodies** in certain States- need for timely elections
3. States to incorporate **ATR module in AuditOnline**
4. Suggestion of States for any **modifications** in the existing **GTC format** to reflect transfer of funds to the eligible RLBs through multiple tranches



Main Agenda of the meeting



5. To become eligible for XV FC grants from 2024-25 onwards, all States to constitute State Finance Commissions, act upon their recommendations and lay the explanatory memorandum as to the action taken thereon before the State legislature on or before March 2024. Efforts of States in this regard.
6. Strategy of States in respect of monitoring of effective utilisation of XV FC Grants

THANK YOU