



Local Body Grants





Status of State Finance Commissions in Odisha

Sl.No	Name of the SFC	Award Period	Date of Constitution	Chairman	Date of submission of Report	Laying of ATR
1	1st SFC	2000-05	21.11.1996	Justice S.K Mohanty		
2	Reconstitution		24.08.1998	Dr. Baidyanath Mishra	30.12.1998 (25 months)	June, 1999 (6 months)
3	2nd SFC	2005-10	05.06.2003	Trilochan Kanungo	29.09.2004 (16 months)	11.08.2006 (23 months)
4	3rd SFC	2010-15	10.09.2008	Prof. Sudhakar Panda	30.01.2010 (17 months)	17.02.2011 (13 months)
5	4th SFC	2015-20	31.10.2013	Chinmay Basu, IAS (Retd.)	26.09.2014 (11 months)	16.02.2015 (5 months)
6	5th SFC	2020-26	05.05.2018	Dr. R. N Senapati, IAS (Retd.)	02.08.2019 (15 Months)	17.02.2020 (6 months)

Steps are being taken to constitute 6th SFC in the State



Transfer of funds to LBs as per 5th SFC (Amt. in Crore)

HEADS	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2020-26
(a)DEVOLUTION							
i) PRIs	915.09	915.09	915.09	915.09	915.09	915.09	5490.54
ii)ULBs	305.05	305.05	305.05	305.05	305.05	305.05	1830.3
Total	1220.14	1220.14	1220.14	1220.14	1220.14	1220.14	7320.84
(b)ASSIGNMENT OF TAXES							
i) PRIs	759.55	797.07	837	879.48	924.66	972.35	5170.11
ii)ULBs	664.89	716.05	685.27	745.94	812.03	883.99	4508.17
Total	1424.44	1513.12	1522.27	1625.42	1736.69	1856.34	9678.28
(c)GRANTS-IN-AID							
i) PRIs	815.79	847.79	847.82	847.82	847.86	847.87	5054.95
ii)ULBs	290.63	300.63	300.66	300.66	300.73	300.74	1794.05
Total	1106.42	1148.42	1148.48	1148.48	1148.59	1148.61	6849
Total PRIs	2490.43	2559.95	2599.91	2642.39	2687.61	2735.31	15715.60
Total ULBs	1260.57	1321.73	1290.98	1351.65	1417.81	1489.78	8132.52
G. Total	3751	3881.68	3890.89	3994.04	4105.42	4225.09	23848.12

- Devolution of funds is Untied, but Assignment of Taxes and Grants-in-Aid are tied in nature
- Untied fund to LBs is around 30% of total allocation of funds and around **3% of the net own tax revenue**
- Amount of funds for transfer remains within **10% of State's net own tax revenue**
- Devolution of funds to PRIs and ULBs is in the ratio of 75:25
- Devolution of funds can **not be utilized** for donation or charity to any organization or any religious activity.



Inter se allocation of devolution of funds

A. Among PRIs:

- Share of devolution of funds among GP, PS and ZP works out approximately in the ratio of **60:30:10** respectively
- Inter-se allocation among GPs has been worked out basing on population size of each GP
- Commission has devolved **additional 25% of funds** in favour of GPs situated in scheduled areas
- The number of GPs in each Panchayat Samiti has been taken as the basis for allocation of funds to Panchayat Samitis
- No. of PS in a ZP has been taken as the basis for devolution to ZPs

B. Among ULBs:

- Since magnitude of services required is mostly determined on the basis of population size, inter-se allocation among ULBs is recommended to be made **on the basis of population of each ULB**
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Assignment of taxes and Grants-in- Aids

- Since Entry Tax, Advertisement Tax and Entertainment Tax have been subsumed under GST, the Commission recommended 7.46 percent of State GST (SGST) revenue to local bodies in lieu of Entry Tax, Advertisement Tax and Entertainment Tax **towards salary & establishment, sitting fee, honorarium, TA & DA**
 - The Commission recommended that **maintenance and improvement of road infrastructure** should be met from the share of net proceeds of Motor Vehicle Tax assigned to PRIs and ULBs. Out of net proceeds of MV tax during the award period, 8.03 per cent has been assigned to both PRIs and ULBs
 - Assignment of taxes accounts for around **40%** of the total transfer to LBs.
 - Sector specific Grants-in-aid for [PRIs](#) and [ULBs](#) is around **30%** of the total transfer to LBs
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Utilisation of Local Body Grants

- Separate guidelines are issued for utilisation of Devolution, Assignment of Taxes and each sector specific grant. UC is required to be submitted for sector specific grants.
 - Though funds are released to LBs, rate of utilisation of funds by LBs is not encouraging. So, Capacity building of the LBs are being done.
 - As per 5th SFC recommendation Accountant-cum-DEO are posted at the GP level to look after maintenance of accounts, filing of returns and uploading necessary information in the website and GPTA are posted for smooth execution of developmental works.
 - Annual Audit is conducted by the Directorate of Local Fund Audit basing on different Acts and Rules of LBs
 - Audit online is used by LBs for CFC grants
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Monitoring mechanism

- **Dedicated Cell** in PR&DW, H&UD Department and Finance Department each with full-fledged staff to monitor the implementation of grants and submission of UC
- **High Level Monitoring Committee (HLMC)** headed by Chief Secretary with Development Commissioner and Secretaries of Finance, PR&DW and H&UD Department as Members to review the progress of utilisation of grants to Local Bodies
- **District level Monitoring Committee (DLMC)** in each district under the Chairmanship of Collector & DM with PD, DUDA and representatives of the line departments as Members and PD, DRDA as Member Convenor to review the demand and collection of own sources of revenue, progress of expenditure, submission of utilisation certificate etc. on quarterly basis.
- A **special supplement to the Budget documents** in respect of transfer to Local Bodies are presented by Finance Department in the Legislative Assembly by the end of fiscal year (31st March) regarding utilisation of grants by the Local Bodies.

Thank you



Grants-in-Aid (Sector specific allocations)-PRIs (Amt. in Cr)

Sl. No	Sectors	2020-21	2021-22	2022-23	2023-24	2024-25	Total
1	Drinking water (Piped Water Supply)	150.00	150.00	150.00	150.00	150.00	750.00
2	Tube well System(Solar Energy)	50.00	50.00	50.00	50.00	50.00	250.00
3	All weather connectivity	117.23	117.23	117.23	117.23	117.23	586.15
4	Provision of facilities at GP headquarters	135.96	135.96	135.96	135.96	135.96	679.80
5	Provision of street lights	68.00	68.00	68.00	68.00	68.00	340.00
6	Development Rural Haats	60.00	60.00	60.00	60.00	60.00	300.00
7	Maintenance of Capital assets	70.00	70.00	70.00	70.00	70.00	350.00
8	Maintenance of Primary School Buildings	62.80	62.80	62.80	62.80	62.80	314.00
9	Preservation and development of water bodies	25.00	25.00	25.00	25.00	25.00	125.00
10	Creation of capital assets for revenue generation	170.00	170.00	170.00	170.00	170.00	850.00
11	Funds for innovative Practices	15.00	15.00	15.00	15.00	15.00	75.00
12	Creation of District Data Centers for PRIs and ULBs	30.00	30.00	30.00	30.00	30.00	150.00
13	Creation of Infrastructure for Banking facilities at GP Hqrs	25.00	25.00	25.00	25.00	25.00	125.00
14	Incentives	0.00	40.00	40.00	40.00	40.00	160.00
	Total	978.99	1018.99	1018.99	1018.99	1018.99	5054.95



Grants-in-Aid (Sector specific allocations)-ULBs (Amt in Cr)

Sl. No	Sectors	2020-21	2021-22	2022-23	2023-24	2024-25	Total
1	Sanitation & Solid Waste Management	76.00	76.00	76.00	76.00	76.00	380.00
2	Provisions for safe drinking water	100.00	100.00	100.00	100.00	100.00	500.00
3	Creation of capital assets for revenue generation	41.40	41.40	41.40	41.40	41.40	207.00
4	Maintenance of capital assets	16.00	16.00	16.00	16.00	16.00	80.00
5	Maintenance of Primary School Buildings	5.21	5.21	5.21	5.21	5.21	26.05
6	Establishment of water testing labs at district level	8.00	8.00	8.00	8.00	8.00	40.00
7	Development of water bodies	25.00	25.00	25.00	25.00	25.00	125.00
8	Electric crematorium	10.00	10.00	10.00	10.00	10.00	50.00
9	Development of civic amenities at Konark NAC	8.00	8.00	8.00	8.00	8.00	40.00
10	Storm water drainage	40.00	40.00	40.00	40.00	40.00	200.00
11	New NACs' Infrastructure	4.20	4.20	4.20	4.20	4.20	21.00
12	Septage Management	10.00	10.00	10.00	10.00	10.00	50.00
13	Funds for Innovative Practices	5.00	5.00	5.00	5.00	5.00	25.00
14	Incentives	0.00	12.50	12.50	12.50	12.50	50.00
	Total	348.81	361.31	361.31	361.31	361.31	1794.05
	Grand Total (PRIs+ULBs)						6849.00

15th FC Grants for Local Bodies (2021-26)

The 15th Finance Commission have recommended the following grants for local bodies of the State including grants for health sector through LBs during the years 2021-22 to 2025-26, as detailed below.

(Rs. in crore)

Grants	2021-22	2022-23	2023-24	2024-25	2025-26	Total (2021-22 to 2025-26)
Untied Grant for PRIs	667.60	691.20	698.80	740.40	722.00	3520.00
Tied Grant for PRIs	1001.40	1036.80	1048.20	1110.60	1083.00	5280.00
Grants for Health Sector	354.46	354.46	372.15	390.98	410.32	1882.37
Total Grant for PRIs	2023.46	2082.46	2119.15	2241.98	2215.32	10682.37
Untied Grant for ULBs	328.80	340.40	360.00	381.20	388.80	1799.20
Tied Grant for ULBs	493.20	510.60	540.00	571.80	583.20	2698.80
Grants for Health Sector	107.55	107.55	112.93	118.58	124.51	571.12
Total Grant for ULBs	929.55	958.55	1012.93	1071.58	1096.51	5069.12
Grand Total (LBs)	2953.01	3041.01	3132.08	3313.56	3311.83	15751.49