

GOVERNMENT OF INDIA  
MINISTRY OF PANCHAYATI RAJ  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 3594**  
TO BE ANSWERED ON 03.04.2017

**TRANSFER OF FUNDS TO PANCHAYATS**

†3594. SHRI RAM NATH THAKUR

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) whether it is a fact that an amount of Rupees Fifty Lakhs has been directly transferred to the account of every Gram Panchayats by the Central Government;
- (b) if so, whether Gram Panchayats are adhering to the prescribed norms for utilisation of funds; and
- (c) whether the heads have also been earmarked by Panchayats for utilization of funds and if so, the details thereof?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF PANCHAYATI RAJ  
(SHRI PARSHOTTAM RUPALA)

(a) : Under the Fourteenth Finance Commission (FFC) award, grants to the tune of Rs. 2,00,292.20 crore are being devolved over a period of five years (2015-2020) to Gram Panchayats (GPs) constituted under Part IX of the Constitution in 26 States to support and strengthen the delivery of basic services, creation of reliable data base of local bodies' receipts & expenditure through audited accounts and for improvement of own source revenue. The Grants are released by the Union Government, through the Ministry of Finance (MoF), to the State Governments. The State Governments in turn distribute these grants among the GPs as per the distribution formula recommended by the latest State Finance Commission (SFC) or in its absence as per the population of 2011 Census with a weight of 90% and area with a weight of 10%.

(b) : Detailed guidelines have been issued by MoF dated 8.10.2015 for implementation of the FFC award. The guidelines provide that expenditures are to be incurred by GPs for delivering basic services within the functions devolved to them under the State laws after proper plans are prepared by GPs. Ministry of Panchayati Raj (MoPR) is providing proactive support to develop convergent participatory local development plans and institutional support in order to utilize the funds available with Panchayats optimally. The MoF guidelines dated 8.10.2015 enjoin upon States to constitute a High Level Monitoring Committee (HLMC) headed by the Chief Secretary for monitoring and concurrent evaluation of local bodies and to ensure that funds are utilized for the purpose recommended by the FFC. Ministry of Panchayati Raj (MoPR) has constituted a Coordination Committee headed by Secretary, Panchayati Raj to inter-alia guide and support States and local bodies in the implementation of FFC recommendations, monitor progress of expenditure of grants by local bodies and suggest remedial measures as per the MoF Guidelines. To facilitate better monitoring of release/ capturing sector-wise expenditure made by GPs from FFC grants, MoPR has developed online system (MIS) under PlanPlus application (<http://planningonline.gov.in/ffcReport.jsp>).

(c) : Grants provided under FFC award are intended to support and strengthen the delivery of basic civic services including water supply, sanitation including septic management, sewage and solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpath, street-lighting, burial and cremation grounds and any other basic service within the functions assigned to them under relevant legislations.

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