

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
LOK SABHA
UNSTARRED QUESTION NO. 247
ANSWERED ON 30.11.2021

GRANTS FROM FINANCE COMMISSION

247. SHRI ANUBHAV MOHANTY:

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) the details of channel through which the grants from the Finance Commission are provided to the Panchayats;
- (b) the details of mechanism that the Centre has to monitor the release and expenditure of these grants; and
- (c) whether the department responsible for dealing and disbursement of such grant has the discretion of increasing or decreasing such grants for the Panchayats, if so, whether it has ever been done and if so, the details thereof may please be provided?

ANSWER

THE MINISTER OF STATE FOR PANCHAYATI RAJ
(SHRI KAPIL MORESHWAR PATIL)

(a) As per Operational Guidelines issued by Ministry of Finance dated 14.07.2021, Ministry of Panchayati Raj(MoPR) and Department of Drinking Water and Sanitation(DDWS) have been given the roles of making recommendations for release of Fifteenth Finance Commission (FC-XV) Untied Grants and Tied Grants respectively. FC-XV has recommended Rs. 94,721 crore (40% of total Rural Local Body grants) as untied (Basic) grant and Rs. 1,42,083 crore (60% of total Rural Local Body grants) as Tied grant. The instalments of FC-XV Grants are released by Ministry of Finance through Public Finance Management System (PFMS) based on the recommendations of MoPR/DDWS after the receipt of Grant Transfer Certificate (GTC) in the prescribed format from the State Governments. On receipt of the same, the respective State Government has to transfer the same without any deduction on PFMS Platform or e-governance system integrated with PFMS to the Rural Local Bodies (RLBs) within ten working days.

(b) With a view to bringing in transparency and strengthening of the e-Governance in RLBs across the country and for effective monitoring, Ministry of Panchayati Raj has launched the eGramSwaraj Platform. The Operational Guidelines dated 14.07.2021 of Ministry of Finance

provide that the RLBs' accounts for various financial transactions out of Fifteenth Finance Commission Grants are to be carried out on eGramSwaraj-PFMS Interface. The annual audit of the accounts of the RLBs are required to be carried out through AuditOnline Application. These mechanisms would facilitate monitoring the release and expenditure of the grants.

(c) The Operational Guidelines dated 14.07.2021 of Ministry of Finance has prescribed the distribution criteria in accordance with recommendations of FC-XV for the RLBs to all the Tiers in the Panchayats i.e. Gram Panchayats, Block/Taluk Panchayats and District/Zila Panchayats and to areas which are not required to have Panchayats (Sixth Schedule Areas and Excluded Areas). The inter se distribution among all the tiers shall be done by the concerned State Government on the basis of accepted recommendations of the latest State Finance Commission (SFC) and in conformity with the bands prescribed by FC-XV. However, in the event of SFC recommendations not being available, the inter se distribution among all the tiers shall be decided by the concerned State Government within the bands prescribed by FC-XV. Once the State-level grants are earmarked for each tier, the intra-tier distribution among the relevant entities across the State shall be on the basis of population (as per Census 2011) and area in the ratio of 90:10 or as per the accepted recommendations of the latest SFC. After finalizing the distribution criteria, the States have to release the FC-XV grants to the concerned entities (Gram Panchayats/Block Panchayats/Zila Panchayats and Excluded Areas, if any) as per the distribution criteria without any discretion for increasing and decreasing such grants. The States are required to certify in their respective GTCs submitted that the Grant distribution is as per Census 2011 population or as per the SFC recommendations.
