

M-11015/404/2020-FD
Government of India
Ministry of Panchayati Raj

11th Floor, Jeevan Prakash Building,
25 Kastruba Gandhi Marg, New Delhi
Dated: 23.08.2021

To

The Principal Secretary/Secretary
Panchayati Raj Department
All States

Subject: Utilization of Basic (Untied) Grants for items of works/activities under Fifteenth Finance Commission (XV FC) for Rural Local Bodies.

Madam/ Sir,

I am directed to refer to this Ministry's letter No. G-39011/2/2017 dated 5th August, 2020 on the above subject and to intimate that the Basic (Untied) Grants under XV FC allocated for the period FY 2021-22 to 2025-26 can be utilized by the Rural Local Bodies (RLBs) under the twenty nine subjects enshrined in the Eleventh Schedule to the Constitution, except for salaries and other establishment costs in terms of the operational guidelines issued by the Ministry of Finance (MoF) No. 15(2)FC-XV/FCD/2020-25 dated 14-7-2021. Further the indicative items of works / activities that may be taken up by the RLBs by utilizing Basic (Untied) Grants has been mentioned in **Annexure I** for guidance. Since XV FC has made separate allocations as Tied Grants towards drinking water, rain water harvesting & water recycling and sanitation & maintenance of ODF status, the Basic (Untied) Grants are to be prioritized to be used for activities other than that to be carried out with Tied Grants.

2. It is also clarified that as allowed for the Fourteenth Finance Commission (XIV FC) Grants to the RLBs vide this Ministry's letter No. G-39011/4/2015-FD dated 16-12-2015, upto 10% of the allocation of XV FC Basic (Untied) Grants is allowed for meeting the technical and administrative support towards O&M and capital expenditure. The indicative list of components that can be taken up under these support are mentioned in **Annexure II** for guidance. However, these expenditures are to be incurred only by the concerned RLBs.

2. This clarification is issued to facilitate RLBs to prioritize their activities to be taken up with the XV FC Basic (untied) grants and prevent their possible misutilisation on undesirable and extraneous items.

Yours faithfully,



(Vijay Kumar)

Deputy Secretary to Government of India

Ph: 011-23356150

Encl:a/a

Copy to:-

Ministry of Finance,
Department of Expenditure
Finance Commission Division
(Attn: Shri Abhay Kumar, Director, FCD)
11th Block, 5th Floor, CGO Complex
Lodi Road, New Delhi – 110003

Annexure I

Utilization of the FC-XV Basic (Untied) Grants recommended to Rural Local Bodies

The FC-XV has recommended 40% of the allocation as Basic Grants (Untied) to Rural Local Bodies (RLBs). The items of works/activities that may be taken up with the Basic (Untied) Grants include:

Activities relating to the National priority areas of Health, Education and Nutrition in consultation with the respective State Departments; immunization of children; prevention of malnutrition of children; construction and repair of Gram Panchayat Bhawans; construction and repair and maintenance of roads within Gram Panchayat (GP) and inter GP; construction and repair of foot paths within GP and inter GP; construction and repair and maintenance of LED street lights and solar lighting as applicable (solar street light may be individual poles or centralized solar panel system) – within GP and inter GP; acquisition of land & maintenance and upkeep of dead body burial grounds; construction, repair and maintenance of crematorium; providing sufficient and high bandwidth Wi-Fi digital network services within GP; public library; recreation facilities including children's park, playground, rural haat, sports & physical fitness equipment etc. and any other basic improved/enhanced service mandated by State Government under relevant State legislations; recurring expenditure for electricity; manpower on outsourcing basis and other administrative expenses as essential (within 10% limit); immediate relief work in the event of natural disasters/pandemic; discharge of responsibilities specifically mandated to Panchayats under various Acts/ Laws e.g. preparation and updation of People's Biodiversity Register (PBR) under Biodiversity Act, 2002.

RLBs can enter into Annual Maintenance Contracts/ Service contracts for providing the services to rural inhabitants. However, expenditure from the Grants on the negative list, namely, expenditure on items already being funded from other schemes, felicitation/cultural functions/decorations/ inaugurations, Honorarium, TA/DA of elected representatives and salaries/ honorarium of existing employees/permanent and contract, doles/awards, entertainment, purchase of vehicles and air-conditioners are not allowed under this component.

It may also be mentioned that the above items of expenditure are indicative. The Basic (Untied) Grants under FC –XV can be utilized by the local bodies for improving basic services in rural areas, except for salaries and other establishment costs. The expenditure required for auditing of accounts by external agencies including social audit approved by the State Government, however, may be borne from this grant.

Indicative List of Technical and Administrative Components of the FC-XV Basic (Untied) Grants' Expenditure

- Hiring of professionals on contract/ outsourcing basis – accountant cum data entry operator, technicians, engineer etc
- Purchase of computers and accessories in Panchayats/ Traditional bodies which do not have any computer at present, as well as cost of AMC
- Provision of Internet connectivity and recurring charges
- One time purchase of essential furniture for GP office
- Meeting the cost of professionals who may visit for inspecting quality of civil works
- Data Entry costs including payments to Common Service Centres(CSCs)
- Updation of Accounts
- Hire charges of vehicles in emergent cases for inspection of works
- Cost of preparation of project reports and technical plans for implementation of projects
- Cost of preparation of GPDP – Covering all processes like IEC, surveys, preparing maps and other documents and holding consultations and cost of essential consumables.
