

No. G-39011/4/2015-FD  
Government of India  
Ministry of Panchayati Raj

11<sup>th</sup> Floor, Jeevan Prakash Building  
25-K.G. Marg, New Delhi-110001  
Dated, the December 16, 2015

To  
Principal Secretaries/Secretaries,  
Panchayati Raj Departments  
All States (as per list attached)

**Sub: Utilisation of grants based on the recommendations of the Fourteenth Finance Commission for meeting O & M and capital expenditure by the Gram Panchayat—  
regarding**

Sir/Madam,


Based on the recommendation of the Fourteenth Finance Commission (FFC), the Department of Expenditure, Ministry of Finance has issued detailed guidelines vide No.13(32)FFC/FCD/2015-16 dated October 8, 2015 for release and utilisation of basic and performance grants to/by the Gram Panchayats (GPs).

2 Under para 3 of the guidelines, upto 10% of the allocation to the GPs is allowed for meeting the cost of technical and administrative support towards O & M and capital expenditure. To formulate common guidelines for the States on proper utilisation of the 10% for meeting the technical and administrative support, the Ministry of Panchayati Raj constituted a '*Committee on Technical and Administrative Support*' (CTAS) under the chairmanship of Secretary, Panchayati Raj with representatives from the Central Ministries and a few States. This was also discussed during the meeting of Principal Secretaries/Secretaries, Panchayati Raj held on October 29-30, 2015 and there was consensus for formulating such common guidelines.

3 The Committee in its meeting held on November 6, 2015 prepared draft list of activities which can and which cannot be undertaken utilising these funds. The recommendations of the Committee were forwarded to all the State Governments through e-mail for their suggestions/comments, if any. The States have agreed with the recommendations. The recommendations of the CTAS were further discussed in the meeting of the Coordination Committee constituted in pursuance of para 24 of the guidelines dated October 8, 2015 of the Ministry of Finance. The Coordination Committee while endorsing the recommendations of the CTAS, opined that a common advisory be issued.

4 Accordingly the advisory attached as **Annex** is issued.

Yours faithfully,

  
(R Shivakumar)

Under Secretary to the Government of India

Copy to:

Finance Commission Division, Department of Expenditure, Ministry of Finance, CGO Complex, New Delhi

## Utilisation of FFC Grants towards O & M and Capital Expenditure

### List of Activities on which upto 10% of the grants can be utilised

- (i) Hiring of services of professionals like accountant-cum-data entry operator, engineer, etc., on contract basis/piece rate basis and utilising 'barefoot' professionals or Community Resource Persons at Gram Panchayats (GP) level or for a cluster of GPs for GPDP as per the requirements of the GPs. The expenditure is to be shared by the GPS depending on the quantum of services received.
- (ii) Purchase of computers and accessories as well as cost of AMC in GPs which do not have any computer at present.
- (iii) One time cost for providing internet connectivity and recurring charges
- (iv) One time purchase of essential furniture for GP office
- (v) Payment of street light/water supply charges if not being met previously from any other scheme or by any other agency. Old arrears should not be paid from this fund.
- (vi) Meeting the cost/honorarium of professionals who may visit from time to time to check the quality of civil works.
- (vii) Data entry costs
- (viii) One-time updation of accounts
- (ix) Charges of Chartered Accountants who may audit the accounts, *(if they are not the statutory auditors)*
- (x) Cost of social audit
- (xi) Hire charges for vehicles in emergent cases for inspection of works
- (xii) Capacity building of functionaries if funds for the same are not available under any CSS or State Sector scheme
- (xiii) Cost of preparation of technical plan for implementation of projects like solid and liquid waste management and drinking water, etc.,
- (xiv) Cost of preparation of GPDP – covering all the processes like PRA, IEC, surveys, preparing maps and other documents and holding consultations and cost of essential consumables.
- (xv) Electrification of GP, including provision of solar lights.

### Negative list of activities which cannot be undertaken utilising these funds

Expenditure on activities 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.  
Expenditure on doles/ awards

Entertainment  
Purchase of Air Conditioners  
Purchase of Vehicles

Based on the above suggestions, the States may issue a priority list of activities for which these funds can be used depending on the existing manpower and other infrastructure already available in the Gram Panchayats. States should also issue clear Government Orders on the cost and other norms and limits for incurring expenditure on the items.