

F.No.G-39011/2/2017-FD  
Government of India  
Ministry of Panchayati Raj

Jeevan Prakash Building, 11<sup>th</sup> Floor,  
25 Kasturba Gandhi Marg,  
New Delhi - 110001

Dated 5 Aug, 2020

To

The Principal Secretary / Secretary,  
Panchayati Raj Departments,  
All States

**Subject: Clarifications sought by the States regarding utilization of Basic (Untied) Grants for items of works/activities under Fifteenth Finance Commission (XV FC) for Rural Local Bodies (RLBs)**

Madam / Sir,

I am directed to say that the Ministry of Panchayati Raj has received references from various States seeking clarification regarding items of works / activities that may be taken up by the Rural Local Bodies with the utilization of Basic (Untied) Grants under XV FC. In this connection, it is intimated that Basic (Untied) Grants under XV FC can be utilized by the local bodies for location-specific felt needs, except for salary or other establishment expenditure, in terms of the Operational Guidelines issued by the Ministry of Finance vide their Letter No. 15(2)FC-XV/FCD/2020-25 dated 1.06.2020. Further, the indicative items of works / activities that may be taken up by the RLBs by utilizing Basic (Untied) Grants for location-specific felt needs has been mentioned at **Annexure** for guidance.

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

*Vijay Kumar*  
5.8.2020

(Vijay Kumar)  
Deputy Secretary to Government of India  
Tel. No. 23356150 (021)

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

**Basic (Untied) Grants :**

The XV FC has recommended 50% of the allocation as Basic Grants (Untied). The items of works / activities that may be taken up with the Basic Grants (Untied) include:

“Storm Water Drainage and water logging management, immunization of children, prevention of malnutrition of children, 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; construction, repair and maintenance of crematorium and acquisition of land for crematorium and cremation grounds; acquisition of land & maintenance and upkeep of dead body burial ground; 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, water, collection and disposal & recycling waste, liquid/solid waste management equipments, manpower on outsourcing basis and other administrative expenses as essential, immediate relief works 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”

The XV FC has not distinguished between O&M and capital expenditure within the component of locally felt needs. GPs 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/inauguration, Honorarium, TA/DA of elected representatives and salaries / honorarium of existing employees/permanent, 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 XV FC can be utilized by the local bodies for location-specific felt needs, **except for salary or other establishment expenditure**, in terms of the Operational Guidelines issued by the Ministry of Finance vide their Letter No. 15(2)FC-XV/FCD/2020-25 dated 1.06.2020.

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Vijay K.  
5.8.2020