



परमेश्वरन अय्यर

सचिव

भारत सरकार

जल शक्ति मंत्रालय

पेयजल एवं स्वच्छता विभाग

**Parameswaran Iyer**

Secretary

Government of India

Ministry of Jal Shakti

Department of Drinking Water and Sanitation

सुनील कुमार

सचिव

भारत सरकार

पंचायती राज मंत्रालय

**Sunil Kumar**

Secretary

Government of India

Ministry of Panchayati Raj

No.S 11011/1/2020-SBM-DDWS

17th March, 2020

Dear Shri Mandal

**Subject: Advisory for utilization of 15<sup>th</sup> Finance Commission grants to Rural Local Bodies (RLBs) for provision of drinking water & sanitation services - regarding**

As you are aware, availability of assured potable water in adequate quantity and of prescribed quality at household level and improved sanitation hold the key for a better quality and disease-free life, thus improving socio-economic condition of people. In accordance with the spirit of 73<sup>rd</sup> Amendment to the Constitution, it is important that Gram Panchayats (GPs) are empowered to manage these services in villages. In this spirit, successive Finance Commissions have given priority to social sectors *inter alia* water supply and sanitation in the form of State specific grants as well as grants to Panchayats for 'management of water supply' and 'sanitation'.

2. 15<sup>th</sup> Finance Commission in its interim report for the year 2020-21, has identified water supply and sanitation as national priority areas for rural local bodies, and accordingly 50% of Rs. 60,750 crore i.e. Rs. 30,375 crore has been allocated as tied-grants to RLBs for (a) sanitation and maintenance of open-defecation free (ODF) status; and (b) supply of drinking water, rain water harvesting and water recycling. PRIs have to earmark one half of these tied grants for each of these two components. However, if any Gram Panchayat has fully saturated the needs of one category, the particular GP can utilize the funds for the other category. State-wise aggregate grants allocated to PRIs by the 15<sup>th</sup> Finance Commission for 2020-21 is enclosed for ready reference (*Annex-I*).

3. During the last five years, huge efforts and investment have been made under *Swachh Bharat Mission (Grameen)* (SBM (G)) to achieve the Open Defecation Free (ODF) status in villages. Phase-II of SBM (G) has been approved with the aim to sustain the ODF outcomes and to cover all villages in the country with Solid and Liquid Waste Management i.e. ODF plus. Similarly, to ensure that every household in rural areas have piped water supply in adequate quantity and of prescribed quality on long-term basis, Jal Jeevan Mission (JJM) is under

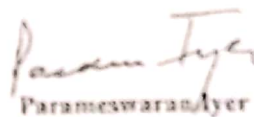
implementation in partnership with States. Under JJM, concerted efforts are being made to empower Gram Panchayats and/ or its sub-committee to plan, implement, manage, operate and maintain their own water supply system. Under both the schemes, major activities have been identified and illustrative list of such activities are annexed. PRIs can take up additional activities too as per their requirements. It may be noted that PRIs can either perform these activities themselves or engage 'service providers' on agreed terms and conditions to achieve the goals that have been set relating to drinking water supply, water conservation, sanitation, solid & liquid waste management. Various models of implementation and technology options based on size, population, volume of solid & liquid waste etc. of GPs/ cluster of GPs will be indicated in the detailed Guidelines to be issued by Department of Drinking Water & Sanitation. Further, Model Contract Agreements with well defined 'service level parameters' will also be prepared and circulated separately for adoption by GPs.

4. You are requested to bring it to the notice of all the PRIs that while utilizing the 15<sup>th</sup> Finance Commission grants for water and sanitation, priority may be given to cover all the activities identified under JJM and SBM (G) Phase-II (as per Annex - II & III) so as to saturate the needs of drinking water and sanitation facilities in the rural areas of the country.



Sunil Kumar

Yours sincerely

  
Parameswaran Iyer

To  
Chief Secretaries  
All States/UTs

State-wise aggregate grants allocated to PRIs by the 15<sup>th</sup> Finance Commission for 2020-21

(Rs. In crore)

S. No.	State	Grants
1.	Andhra Pradesh	2,625
2.	Arunachal Pradesh	231
3.	Assam	1,604
4.	Bihar	5,018
5.	Chhattisgarh	1,454
6.	Goa	75
7.	Gujarat	3,195
8.	Haryana	1,264
9.	Himachal Pradesh	429
10.	Jharkhand	1,689
11.	Karnataka	3,217
12.	Kerala	1,628
13.	Madhya Pradesh	3,984
14.	Maharashtra	5,827
15.	Manipur	177
16.	Meghalaya	182
17.	Mizoram	93
18.	Nagaland	125
19.	Odisha	2,258
20.	Punjab	1,388
21.	Rajasthan	3,862
22.	Sikkim	42
23.	Tamil Nadu	3,607
24.	Telangana	1,847
25.	Tripura	191
26.	Uttar Pradesh	9,752
27.	Uttarakhand	574
28.	West Bengal	4,412
	<b>Total</b>	<b>60,750</b>

S. No.	Drinking Water related activities
Long-term sustainability of water supply system to provide minimum service level of 55 litre per person per day of potable water on regular basis. Illustrative activities (but not exhaustive) are:	
1.	Augmentation of existing water source(s) of drinking water viz. bore well recharge, rain water harvesting viz. check dams, rehabilitation of water bodies, watershed and springshed management, etc.
2.	Providing water in institutions like schools, Anganwadi centres, Health centres, etc.
3.	Retrofitting of existing water supply schemes/ systems to improve service delivery for whole design period
4.	Bringing water from nearby surface source, bore well, in-village distribution network, overhead tank (ESR), sump, washing & bathing place for people having small houses, cattle troughs, etc.
5.	Grey water treatment and its reuse viz. stabilization pond and associated infrastructure
6.	Operation and maintenance of drinking water supply and grey water management systems



S. No.	Sanitation related activities
1.	Operation and maintenance of all community assets created for the purpose of sanitation and Solid and Liquid Waste Management viz. Community Managed Sanitation Complex, grey water management system, GOBARDHAN projects, Faecal Sludge Management projects, soak pits, compost pits
2.	Collection and transportation of waste from households to village level treatment site and management of compost center.
3.	Construction of Community Managed Sanitation Complex as per funding norms of SBM(G) phase-II guidelines.
4.	Construction of community compost pits, community soak pits/ grey water management system as per funding norms of SBM(G) phase-II guidelines.
5.	Transportation of plastic waste from village storage to Plastic Waste Management Unit at Block level (refer to SBM-G phase-II guidelines)
6.	Retrofitting of toilets at community level for group of toilets.
7.	Construction of drainage channels
8.	Equipment for cleaning the waste management premises and safety gears for workers which may include masks/ gumboots etc.
9.	Provision of community level segregation bins at public places (two bins system)
10.	Menstrual Waste Management at appropriate place preferable at collection Centre which may include incinerator models approved by CPCB/ SPCB
11.	Scaling up of GOBAR-Dhan projects (minimum 10 per Block) as per norms under New National Biogas and Organic Manure Programme (NNBOMP) of Ministry of New and Renewable Energy.

No. 15(2)FC-XV/FCD/ 2020-25  
Government of India  
Ministry of Finance  
Department of Expenditure  
(Finance Commission Division)

....

11th Block, 5th Floor,  
CGO Complex, Lodi Road,  
New Delhi- 110003.  
Dated:- 01-06- 2020

To

The Chief Secretary,  
(All State Governments)

Subject:-Issue of Operational Guidelines for the implementation of the recommendations on Local body grants contained in Chapter 5 of the Fifteenth Finance Commission (FC-XV) Report – regarding

Sir,

The recommendation of Fifteenth Finance Commission (FC-XV) for the Award year 2020-21 include, inter-alia, release of grant-in-aid to State Governments for Rural Local Bodies.

2. Kindly find enclosed herewith a copy of the guidelines for release and utilization of Grants recommended by the Fifteenth Finance Commission (FC-XV) for Rural Local Bodies for information and necessary action.

Encl.: as above

Yours faithfully,



(Dr. Bhartendu Kumar Singh)  
Director(FCD)  
24360647(O)  
Fax : 011-2436 0174

Copy to:-  
Principal Secretary/Secretary (Finance),  
All State Governments.

No. 15(2)FC-XV/FCD/ 2020-25  
Government of India  
Ministry of Finance  
Department of Expenditure  
(Finance Commission Division)

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11th Block, 5th Floor,  
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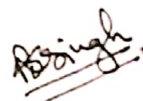
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(Dr. Bhartendu Kumar Singh)  
Director(FCD)  
24360647(O)  
Fax : 011-2436 0174

To

(i)The Secretary, Ministry of Panchayati Raj, Govt. of India, Dr. Rajendra Prasad Road, Krishi Bhawan, New Delhi.

(ii) The Secretary, Ministry of Jal Shakti, Department of Drinking Water & Sanitation, Govt. of India, C Wing, 4th Floor, Pt. Deendayal Antyodaya Bhawan, CGO Complex, Lodhi Road, New Delhi-110003.



No. 15(2)FC-XV/FCD/ 2020-25  
Government of India  
Ministry of Finance  
Department of Expenditure  
(Finance Commission Division)

**Operational Guidelines for the implementation of the recommendations on Rural Local body(RLB) grants contained in Chapter 5(Local Body Grants) of the Fifteenth Finance Commission (FC-XV) Report.**

**Introduction**

1. The Fifteenth Finance Commission (FC-XV) was constituted by the President on November 27<sup>th</sup>, 2017 and was, inter-alia, mandated to recommend measures needed to augment the Consolidated Funds of the States to supplement the resources of the Panchayats and Municipalities during 2020-25. Subsequently, the Commission was mandated to submit two reports, one for the year 2020-21 and the final Report for the period 2021-22 to 2025-26. The Commission submitted its first Report covering the financial year 2020-21 to the President on 5<sup>th</sup> December, 2019.
2. The Union Government on 31-01-2020 vide Explanatory Memorandum as to the Action Taken on the Recommendations made by the Fifteenth Finance Commission in its Report for the year 2020-21 inter-alia accepted the recommendations of the FC-XV in respect of the Local Bodies.

**Grants recommended**

3. The FC-XV have inter-alia worked out a total size of the grant for local bodies amounting to Rs. 90,000 crore for twenty-eight States. Out of this corpus, the Commission have recommended allocation for **RLBs** amounting to Rs. 60,750 crore in 2020-21. 50% of the recommended grant will be Basic grant(untied) and the remaining 50% as tied grant. State-wise allocation of **RLBs grant is given in Annexure-I**. Step-wise distribution of grant to all entities and detailed modus-operandi to be adopted for release/utilization etc is as follows:-

**Step-I:-** The States should workout **inter-se share of all tiers of Panchayats** as per the directions given in para 5.3(ii) & (v) and **intra-tier distribution**(within each tier) among the relevant entities across the State as per the directions given in para 5.3(vi) of Chapter 5 of the FC-XV Report.

**Step-II:-** The States should also make allotment of grants for all the Excluded Areas (**where Part IX & IXA does not apply**) falling within the State based on the weightage of **90% to population ( as per Census of 2011) and 10% for Area**.

**Step-III:-** The State Governments(State Finance Department) should transfer each instalment of the RLBs grants received from the Department of Expenditure to all the concerned entities [GP/BP/ZP & Excluded Areas, if any] without any deduction through their nodal Department as per the share worked out in **Step-I** and **Step-II** within ten working days of receipt from the Union Government. Any delay beyond ten working days will require the State Governments to release the same with interest as per the effective rate of interest on market borrowings/State Development Loans (SDLs) for the previous year.



**Modalities for Release of grants**

4. **Basic Grants:-** Basic grants i. e. 50% of the allocation will be released in two instalment by the Ministry of Finance, Department of Expenditure(Finance Commission Division) after receipt of Grant Transfer Certificate in the prescribed format(Annexure-II) and recommendation from the Ministry of Panchayati Raj(MOPR), Govt. of India.

5. **Tied Grants:-** Tied grants i. e. 50% of the allocation will be released in two instalments by the Ministry of Finance, Department of Expenditure(Finance Commission Division) after receipt of recommendation from the Ministry of Panchayati Raj, Govt. of India. Department of Drinking Water & Sanitation, Ministry of Jal Shakti, Govt. of India and MOPR will assess the following before recommending for release of grant:

- (a) Status & maintenance of Open Defecation Free local body
- (b) Supply of drinking water, rain water harvesting and water recycling.
- (c) Uploading of GPDP and details about utilization 15<sup>th</sup> F.C. funds on the website.
- (d) Any other condition which Ministry of Jal Shakti may deem fit in connection with the stated objectives of the tied grant.

*(Assessment of eligibility for the year 2021-22 will be based on the outcomes during the year 2020-21. Same procedure will be adopted for the remaining period of the award year.)*

**Utilisation of the FC-XV recommended Local body grant**

6. **Basic Grants:-** The basic grants are untied and can be used by the local bodies for location-specific felt needs. **except for salary or other establishment expenditure.**

7. **Tied Grants:-** The tied grants can be used for the basic services of (a) sanitation and maintenance of open-defecation free (ODF) status and (b) supply of drinking water, rain water harvesting and water recycling. The local bodies shall, as far as possible earmark **one half of these tied grants** each to these two critical services. However, if any local body has fully saturated the needs of one category, it can utilise the funds for the other category.

**Monitoring and concurrent evaluation**

8. Ministry of Panchayati Raj, Govt. of India shall monitor the implementation of the remaining recommendations of the FC-XV with regard to RLBs.

**Allocation of RLBs grant for the remaining years of the award period**

9. State-wise Allocation for the remaining period of the award period will be intimated to all the States in due course of time.

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RURAL LOCAL BODY GRANTS FOR THE YEAR 2020-21(Rs. crore)				
Sl. No.	Name of State	Basic Grant	Tied Grant	Total RLB's Grant
1	2	3	4	5
1	Andhra Pradesh	1312.5	1312.5	2625.00
2	Arunachal Pradesh	115.5	115.5	231.00
3	Assam	802	802	1604.00
4	Bihar	2509	2509	5018.00
5	Chhattisgarh	727	727	1454.00
6	Goa	37.5	37.5	75.00
7	Gujarat	1597.5	1597.5	3195.00
8	Haryana	632	632	1264.00
9	Himachal Pradesh	214.5	214.5	429.00
10	Jharkhand	844.5	844.5	1689.00
11	Karnataka	1608.5	1608.5	3217.00
12	Kerala	814	814	1628.00
13	Madhya Pradesh	1992	1992	3984.00
14	Maharashtra	2913.5	2913.5	5827.00
15	Manipur	88.5	88.5	177.00
16	Meghalaya	91	91	182.00
17	Mizoram	46.5	46.5	93.00
18	Nagaland	62.5	62.5	125.00
19	Orissa	1129	1129	2258.00
20	Punjab	694	694	1388.00
21	Rajasthan	1931	1931	3862.00
22	Sikkim	21	21	42.00
23	Tamil Nadu	1803.5	1803.5	3607.00
24	Telangana	923.5	923.5	1847.00
25	Tripura	95.5	95.5	191.00
26	Uttar Pradesh	4876	4876	9752.00
27	Uttarakhand	287	287	574.00
28	West Bengal	2206	2206	4412.00
	Total	30375.00	30375.00	60750.00

Annexure -II

GRANT TRANSFER CERTIFICATE FOR THE GRANT RECEIVED FOR LOCAL BODIES RECOMMENDED BY FIFTEENTH FINANCE COMMISSION DURING ITS AWARD PERIOD 2020-2025.

Name of State:-

1.	For General Areas	Total No. of	GPs		Duly elected bodies	GPs	
			BP's			BP's	
			ZPs			ZPs	
2.	Non Part IX Areas[provide details and number of such Autonomous bodies				No.	Names	
3.	Details of Basic Grant/Tied grant received:	Year	Instalment	Amount (Rs. in lakh)	Date of receipt		
4.	Details of Basic Grant/Tied grant transferred*:	Year	Instalment	Amount (Rs. in lakh)	Date of Transfer	No. of days of delay	If delayed, amount of interest transferred (with rate of interest)
5	Whether State Finance Commission(SFC) Recommendations available	Yes/No		If yes, whether, grant distributed as per census 2011 population or as per the SFC recommendation.			

\*.Strikeout whichever is not applicable.

Certified that the grants have been utilized/proposed to be utilized for the purpose for which these have been provided and if any deviation is observed, the same will be intimated.

Signature with seal of  
Secretary (Nodal department)

Countersigned:  
Signature with seal of the Finance Secretary