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Dr. SANJEEB PATJOSHI, IPS, Ph.D.



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Dated: 20th February, 2020

Dear *Principal Secretary/Secretary*

As you are aware, the Fifteenth Finance Commission (XV FC) has submitted its interim report for FY 2020-21 and its recommendations in respect of Rural Local Bodies (RLBs) have been accepted by the Government of India.

2. XV FC has recommended Grant-in-aid to all tiers of the Panchayati Raj in 28 States, including the Traditional Bodies of Fifth and Sixth Schedule areas. The recommended grants for Rural Local Bodies (RLBs) are in two parts, namely, Basic and Tied Grants, in the ratio of 50%:50%. The Basic Grants are untied and can be used by RLBs for location-specific felt needs, except for salary or other establishment expenditure. The Tied Grants are to 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 XV FC has worked out the total size of the grant to be **Rs.60,750** crore for the period FY 2020-21 to the Rural Local Bodies, the State-wise distribution of which is given in the **Annexure**.

3. The XV FC has also recommended that its Grant, Basic and Tied, should be distributed to all the tiers of the panchayats by the States on the basis of the accepted recommendations of the latest State Finance Commission (SFC) and also in conformity of the following bands recommended by XV FC.

- 70-85 % for village/gram panchayats
- 10-25 % for block/intermediate panchayats
- 5-15 % for district/zilla panchayats

4. In states having two-tier system with only village and district panchayats, the distribution will be in the bands of 70-85 % for village/gram panchayats and 15-30% for district/zilla panchayats. The intra-tier distribution among the relevant entities in a tier across the State (including Fifth and Sixth Schedule areas) should be on the basis of population and area in the ratio of 90:10 or as per the accepted recommendations of the latest SFC.

5. XV FC has also suggested that the State Governments should decide about the allocations of both Basic and Tied grants to the respective tiers of Panchayats/Traditional bodies for 2020-21, namely the exact proportions to the different tiers of RLBs in the State, in accordance to the stipulations as above, in the month of April, 2020 and intimate the same to the Govt of India.

6. As the first instalment of the XV FC Grants are scheduled to be released in the month of June, 2020, I request that the requirements as above and other preparatory works may be done expeditiously by your Department in order to enable RLBs in your State to receive and utilize the Grants in time for their effective utilisation.

With regards,

Yours sincerely,


(Dr. Sanjeeb Patjoshi)

Encl:a/a

Principal Secretary/Secretary, Panchayati Raj Department (All 28 States)

Annexure

Aggregate Grants to Rural Local Bodies under Fifteenth Finance
Commission for 2020-21

(Rs. in crore)

Sl. No.	State	Grants
1	Andhra Pradesh	2625
2	Anurachal Pradesh	231
3	Assam	1604
4	Bihar	5018
5	Chhattisgarh	1454
6	Goa	75
7	Gujarat	3195
8	Haryana	1264
9	Himachal Pradesh	429
10	Jharkhand	1689
11	Karnataka	3217
12	Kerala	1628
13	Madhya Pradesh	3984
14	Maharashtra	5827
15	Manipur	177
16	Meghalaya	182
17	Mizoram	93
18	Nagaland	125
19	Odisha	2258
20	Punjab	1388
21	Rajasthan	3862
22	Sikkim	42
23	Tamil Nadu	3607
24	Telangana	1847
25	Tripura	191
26	Uttar Pradesh	9752
27	Uttarakhand	574
28	West Bengal	4412
	Total	60750