

N-11013/22/2015-FD
Government of India
Ministry of Panchayati Raj
(Fiscal Devolution Division)

11th Floor, Jeevan Prakash Building,
K.G. Marg, New Delhi-110001
Dated: 5th November, 2018

OFFICE MEMORANDUM

Subject: Minutes of the Seventh Meeting of the Coordination Committee constituted for providing Guidance and Support to the State Governments and Local Bodies on Implementation of the Recommendations of the Fourteenth Finance Commission held on 24th October, 2018

The undersigned is directed to enclose a copy of the minutes of the FFC Coordination Committee meeting held on 24-10-2018 on the above mentioned subject for information and necessary action.



(N.P. Toppo)

Under Secretary to the Govt of India
Telefax : 011-23356124

Encl:a/a

To

1. All participants in the meeting
2. Secretary/Principal Secretary, Panchayati Raj Dept, all 26 FFC States

Copy for information to:

1. PS to SPR
2. PPS to AS(BP)
3. PPS to JS(SKP)
4. PS to Director (FD)

Minutes of the Seventh Meeting of the Coordination Committee, MoPR for providing Guidance and Support to the State Governments and Local Bodies on Implementation of the recommendations of the FFC held on 24th October, 2018

The Seventh meeting of the Coordination Committee constituted by the Ministry of Panchayati Raj (MoPR) in compliance with the Guidelines dated 8th October 2015 of Ministry of Finance (MoF) for providing guidance and support to State Governments and Local Bodies on implementation of recommendations of Fourteenth Finance Commission (FFC) was held under the Chairmanship of Secretary, Ministry of Panchayati Raj (SPR) on 28th October, 2018 in Unnati Hall, Krishi Bhavan, New Delhi. List of participants is at **Annexure**.

2. At the outset SPR welcomed the participants. A power point presentation was made by JS(SKP) highlighting the various issues concerning Fourteenth Finance Commission (FFC) Grants to the Gram Panchayats (GPs). Subsequently, the agenda items were taken up for discussion and following decisions were taken :

1. Confirmation of minutes of meeting of the Sixth FFC Coordination Committee

As there was no comment on the minutes of Sixth meeting held on 26.2.2018. The minutes of the Sixth meeting held on 26th June, 2018 were confirmed by the Committee.

2. Action Taken Report on the recommendations of the 6th meeting of the Committee held on 26-06-2018:

The Committee took note of the Action Taken Report on the recommendations of the 6th meeting. The following points were brought to the notice of the members.

- MoPR has been given the responsibility for monitoring effective utilization of funds by the Gram Panchayats and in this direction, the Ministry has initiated many measures like LGD, GPDP guidelines, PRIASoft-PFMS integration and implementation and ensuring of Geo-Photo tagging of assets in m-ActionSoft etc
- Towards revision of FFC Performance Grants' evaluation in the State of UP, it has been informed that the State has issued orders for transfer of funds concerning the due share of Own Source Revenue (OSR) to the Gram Panchayats (GPs) from the State funds. The same may be got confirmed from UP.
- Regarding the issue of higher charges by BSNL for broadband connectivity to the GPs in Gujarat, it was suggested that the State may try other alternate service provider or submit complete details to MoPR for taking up the issue with MeiTy/ DoT.

3. Review of status of recommendation by MoPR to MoF for release of subsequent installment of Basic Grant:

The Committee took note of the status of recommendations by MoPR to MoF for subsequent release of Basic Grant.

4. Review of status of release of installments of FFC Grants to the States:

The Committee took note of the status of release of FFC Grants to the States as reported in the agenda item.

5. Review of the Performance Grant formulated for the years 2017-18 to 2019-20:

Detailed deliberations were made on the issue. It was considered that FFC had prescribed only the following two conditions towards eligibility for drawing Performance Grant (PG) by the GPs.

- (i) GP will have to submit audited annual accounts that relate to a year not earlier than two years preceding the year in which the GP seeks to claim the Performance Grant.
- (ii) It will also have to show an increase in the own revenues over the preceding year as reflected in the audited accounts.

The basis of making modifications in the conditions/evaluation criteria for eligibility to draw FFC Performance Grant (PG) in the scheme introduced by the Ministry for FY 2017-18 onwards was explained. It was clarified that the criteria of ODF status and Immunisation Status were introduced in the scheme at the behest of the decision of the meeting held at PMO on 5-9-2017 and additional mandatory conditions of Preparation and Display of GPDP in Plan Plus Portal and Display of Sector-wise Expenditure in FFC online Dashboard were introduced to provide for transparency and accountability towards proper utilization of the funds by the GPs.

During the discussions on the issue, it has been pointed out that the FFC in its recommendations has specifically laid out that no additional conditions other than those suggested by the FFC are to be imposed for release of funds. As it was observed that in some states, the eligible GPs for PG initial allocation and distribution for FY 2017-18 have been quite less, a consensus has been arrived that only the two conditions of FFC recommendations, namely, submission of audited accounts and increase of OSR be retained for the PG Scheme. This will be considered for the States for whom the PG for 2017-18 has not yet been released, which also includes the 6 States for whom MoPR has already made recommendation to the MoF for release of PG for 2017-18. The same will also required to be adopted for the successive years of 2018-19 and 2019-20 also.

It was felt that the above change proposed in the PG scheme would make substantially more number of GPs in the States to become eligible for PG and the issue of very large receipts by only few GPs would not arise. However, in case of any exceptional situations in the States, still

having this phenomena, it was suggested that the maximum cap of 5 times the Basic Grant allocation for the concerned financial year to the eligible GPs be retained and any left out amount from the financial year's PG allocation for the State after the redistribution would not be released to the State.

It was suggested that the proposal of reverting back to the earlier PG scheme with only two conditions as above, with the additional condition of maximum cap to the GPs, may be got concurred by PMO & the Ministry of Finance (MoF), as decided in the meeting held at MoF on 30-7-2018. After the concurrence of MoF and PMO, the States, for whom the PG for FY 2017-18 has not yet been released, may be asked to rework out their claims of PG for FY 2017-18 and submit to MoPR before 30, November, 2018 so that recommendation for release of the same can be made to MoF. The modifications proposed will be applied only prospectively and the cases of the 9 States for whom the PG for FY 2017-18, has already been released, however, will not be reopened.

(Action: MoPR/MoF/States)

6. Other Issues

SPR instructed that it may be considered to have a central nodal account for the FFC funds at the State level instead of transferring the individual allocations to the accounts of the GPs. The authority for making the expenditure out of the GP's allocations would continue to remain with the Panchayat functionaries, however, the fund transfer orders for vendor payments as required would be executed from the Central nodal account. The similar practice, being followed in case of MGNREGA and other schemes, have produced very good results in reducing leakages and ensuring greater transparency and accountability. This would also result in complete conversion of the financial transactions of the GPs into 'Digital' mode and would help in analysis and effective decision making systems. He suggested that the States may consider the option and provide their feedback for adopting such a system of Central nodal account for the FFC grants. It was also decided that MoF may also be requested to provide their concurrence for changing over to this revised system from the present system of FFC funds' release to the States and their subsequent transfer to the GPs within 15 days. It was also clarified that any interest that would be earned out of the central nodal accounts would also be distributed to the GPs only through an equitable system.

(Action: MoPR/MoF/States)

The issue of discrepancies in the expenditure pattern of FFC Grants in the PRIASoft was highlighted and it was opined that this could be due to wrong booking of other expenditures from the FFC grants or improper use of accounting codes. It was suggested to carry out a study to identify the possible reasons for the discrepancies and take suitable corrective actions.

(Action: MoPR/States)

It was also informed that an exercise of evaluation of the impact of the FFC grants is being planned by MoPR through a detailed survey in 160 Gram Panchayats of 16 States (Uttar Pradesh, Maharashtra, Bihar, West Bengal, Madhya Pradesh, Rajasthan, Karnataka, Gujarat, Odisha, Andhra Pradesh, Tripura, Assam, Chhattisgarh, Kerala, Jharkhand and Tamil Nadu).

(Action: MoPR)

It was also informed that the nominations for the Panchayat Awards have already been initiated and the applications for the same can be made on the online portal. The States were requested to actively encourage the GPs to apply for the awards in large numbers.

(Action: States)

The Meeting ended with the vote of thanks to the Chair.

Annexure

7th Meeting of Coordination Committee held on 24.10.2018 at Unnati Hall, Krishi Bhavan, New Delhi

List of Participants

Sl. No.	Name & Designation	Office/Ministry
1.	Shri Amarjeet Sinha, Secretary	Ministry of Panchayati Raj
2.	Shri Jaideep Govind, Special Secretary &FA	Ministry of Panchayati Raj
3.	Smt Shalini Prasad, Special Secretary	Ministry of Panchayati Raj
4.	Dr.Bala Prasad, Additional Secretary	Ministry of Panchayati Raj
5.	Dr. Sanjeeb Kumar Patjoshi, Joint Secretary	Ministry of Panchayati Raj
6.	Smt Alka Upadhyaya, Joint Secretary	Ministry of Rural Development
7.	Shri Kamlesh Kumar Tripathi, Director	Ministry of Panchayati Raj
8.	Shri N.P.Toppo, Under Secretary	Ministry of Panchayati Raj
9.	Shri Sashi Bhushan, Controller of Accounts	Ministry of Panchayati Raj
10.	Dr. Bhartendu Kumar Singh, Director	DoE, Ministry of Finance
11.	Shri R.B.Kaul,	DoE, Ministry of Finance
12.	Shri Sashi Bhushan, Controller of Accounts	Ministry of Rural Development
13.	Shri G.R.Zargai, Dy.Adviser	Ministry of Drinking Water & Sanitation
14.	Shri V.P.Singh, Director	Ministry of Housing and Urban Affairs
15.	Shri Rakesh Sandhu, Dy.Director	Panchayati Raj Department, Haryana
16.	Shri Shamim Uddin, Director	Panchayati Raj Department, Madhya Pradesh
17.	Dr. N.K.Meena, Principal Secretary	Addl Dev. Commissioner, Gujarat
18.	Dr. W.R.Reddy, Director General	NIRD&PR, Hyderabad
19.	Shri G.S.Krishnan, Consultant	Ministry of Panchayati Raj

