

Fifteenth Finance Commission

The Finance Commission (FC) is a constitutional body that determines the method and formula for distributing the tax proceeds between the Centre and States, and among the States as per the Constitutional arrangements and present requirements.

The Government of India, with the approval Hon'ble President of India, has constituted Fifteenth Finance Commission in pursuance of clause (1) of article 280 of the Constitution, read with the provisions of the Finance Commission (Miscellaneous Provisions) Act, 1951 w.e.f. 27th November, 2017. The Commission has made recommendations for the five years commencing on April 1, 2020.

This Commission was headed by Shri. N.K.Singh, former Member of Parliament and former Secretary to the Government of India. Shri Shaktikanta Das, former Secretary to the Government of India and Dr. Anoop Singh, Adjunct Professor, Georgetown University was the members of the Commission. Dr. Ashok Lahiri, Chairman (Non-executive, part time), Bandhan Bank and Dr. Ramesh Chand, Member, NITI Aayog was the Part time members of the Commission. Shri Arvind Mehta was the Secretary to the Commission.

Grants recommendations:

- Out of the total size of the grants for local bodies 40% of the recommended grants will be Basic grant(untied) and the remaining 60% will be Tied grants.
- The XV FC has recommended that its grants, Basic and tied should be distributed to all the tiers of the Panchayat by the states on the basis of the accepted recommendations of the State Finance Commission.
- The following is the details of funds allocations of 15 FC grants among Karnataka State's

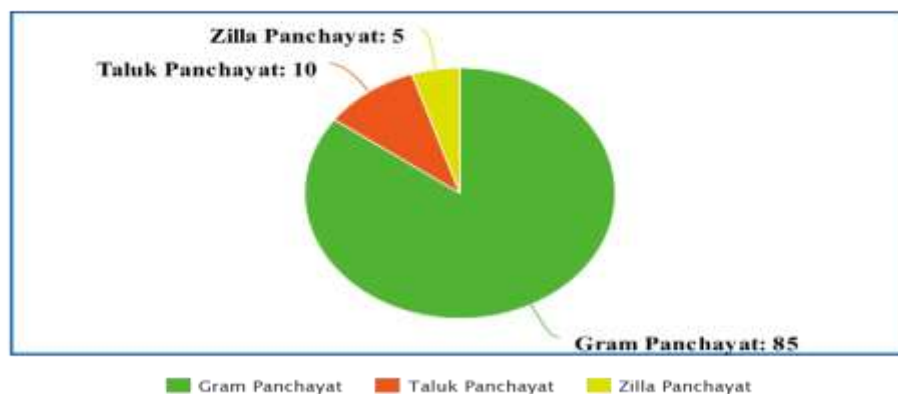
3 tier systems:

Zilla Panchayat- 5% of the total funds.

Taluk Panchayat – 10% of the total funds.

Gram Panchayat- 85% of the total funds.

15th Finance Commission fund allocations among 3 tier system in Karnataka



Modalities for release of grants and utilisation of the FC-XV recommendations:

1. Basic Grants:- Basic grants i.e 40% 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 and recommendation from the Ministry of Panchayati Raj(MOPR), Govt of India.

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.

2. Tied Grants:- Tied grants i.e 60% 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 and recommendation from the Ministry of Panchayati Raj(MOPR), 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 and 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 15th 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.

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 tied grants each to these critical services. However, if any local body has fully saturated the needs of one category, it can utilise the funds for the other category.

Fund Allocation for Karnataka State for the Year 2023-2024:

S.L N.O	3 Tiers 15th FC Grants details	Fund Details for the year 2023-24(in lakhs)
1	Zilla Panchayat Grants details(60% Tied: 40% Basic)	12450.00
2	Taluk Panchayat Grants details (60% Tied: 40% Basic)	24900.00
3	Gram Panchayat Grants details (60% Tied: 40% Basic)	211650.00