



GOVERNMENT OF KERALA

Abstract

Local Self Government Department- 14th Central Finance Commission- Guidelines/Scheme to operationalize and distribution of Performance Grant to Local Self Government Bodies - Orders issued .

LOCAL SELF GOVERNMENT(FM) DEPARTMENT

G.O.(P)No. 38 / 2016/LSGD

Dated, Thiruvananthapuram, 27/10/2016

Read:- (1) Ministry of Finance, Government of India's guideline
No.13(32)FFC/FCD/ 2015-16 dated 08/10/2015.

(2) Minutes of the High Level Monitoring Committee Meeting held on
18/08/2016

ORDER

The Fourteenth Finance Commission has recommended Grant-in-aid to duly constituted Panchayats(Rural Local bodies) and Municipalities(Urban Local Bodies) in two parts, namely (i) a **Basic Grant** and (ii) a **Performance Grant**. In case of Gram Panchayats, 90% of the Grant will be the Basic Grant and 10% will be the Performance Grant. In case of Municipalities, the division between Basic and Performance Grants will be on 80:20 basis. The Fourteenth Finance Commission has recommended that detailed procedure and operational criteria for disbursement of Performance Grants to Gram Panchayats and Municipalities will be decided by the State Governments concerned, subject to the eligibility conditions as described below.

For Grama Panchayats(GPs)

- i The Gram Panchayats will have to submit audited accounts that relate to year not earlier than two years preceding the year in which the Gram Panchayats seeks to claim the performance grant.
- ii. The Gram Panchayats will have to show an increase in their own revenues over the preceding year as reflected in the audited accounts.

For Municipalities

- i The Municipality will have to submit audited accounts that relate to year not earlier than two years preceding the year in which the Municipality seeks to claim the performance grant.

- ii. The Municipality will have to show an increase in its own revenues over the preceding year as reflected in the audited accounts. The improvement in revenues will be determined on the basis of these audited accounts and on no other basis. For computing the increase in own revenues in the particular year, the proceeds from octroi and entry tax must be excluded.
- iii. The Municipality must measure and publish the Service Level Bench Marks relating to basic urban services each year for the period of the award and make it publically available. The Service Level Bench Mark of the Ministry of Urban Development may be used for this purpose.

Having considered the instructions of Government of India State Governments are pleased to issue the following scheme/guidelines for selection of local bodies eligible for performance Grant and distribution of Performance Grant among them.

- i. The Grama Panchayats and the Municipalities/Municipal Corporations shall submit the claim for performance grant along with the copy of the audited accounts that relates to year not earlier than two years preceding the year in which they seek to claim the performance grant to the concerned Deputy Director of Panchayats/Regional Joint Director, Urban Affairs by the first week of June every year. To claim Performance Grant for 2016-17 the audited Account of 2014-15 is to be submitted. The Deputy Director of Panchayats/Regional Joint Director, Urban Affairs after scrutiny shall forward the application to the Director of Panchayats/ Director, Urban Affairs by 15th of June. After consolidation of the list of the local bodies eligible for Performance Grant as stipulated in the guidelines issued as paper read above, the Director of Panchayats/ Director of Urban Affairs shall submit the list of the local bodies eligible for Performance Grant to Government in Local Self Government Department by 20th June. State Government shall publish the list of eligible local bodies by 10th of July every year. In the case of the year 2016-17, the above said procedure shall be completed in November 2016.

(2) The Grama Panchayats and Municipalities will show an increase in own revenue over the preceding year as per the audited accounts. The Director of Kerala State Audit Department will be responsible for furnishing the list of local self governments which increased their own revenue.

In addition to the above two conditions the Director of Urban Affairs shall ensure that all the municipalities in Kerala shall fix and publish service level bench marks for water supply, sewerage management, solid waste management and storm water drainage.

- ii. The benchmarking of standards of essential basic services delivered by Urban Local Bodies will be compiled and forwarded to State Government by the Director of Urban Affairs by the first week of February every year. State Government will verify and notify the same before the commencement of each financial year.
- iii. The formula recommended by the State Finance Commission shall be used for disbursement of Performance Grant among the local self governments.
- iv. The State Finance Commission Cell in the Finance Department will release the Performance Grant to local self governments on its receipt from Government of India

By Order of the Governor
T.K. Jose IAS
Principal Secretary to Government

To

1. The Secretary, Ministry of Finance, Government of India. (with covering letter)
2. The Secretary, Ministry of Panchayati Raj, Government of India. (with covering letter)
3. The Secretary, Ministry of Urban Development , Government of India (with covering letter)
4. The Director of Panchayats, Thiruvananthapuram.
5. The Director of Urban Affairs, Thiruvananthapuram.
6. The Director, State Audit Department, Thiruvananthapuram.
7. The Accountant General Audit/A& E (LBA &A), Thiruvananthapuram.
8. The Finance (CSFC) Department.
9. The Local Self Government(DC) Department.
10. The Local Self Government(AB)Department.
- ✓ 11. The Executive Director, IKM(for publishing in the website of lsgd)
12. Stock File /Office Copy

Forwarded // By Order,

Liza
Section Officer.