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PANCHAYATI RAJ & DRINKING WATER DEPARTMENT

NOTIFICATION

The 24th January, 2019

No.1753-17-CFC-20-6117/PR&DW.— In supersession to this Department Notifications issued vide No. 10367, dtd. 31.05.2018 and incorporating the suggestions communicated by Ministry of Panchayati Raj, Govt. of India vide **Do No.11011/4/2017-FD., dated the 2nd January, 2019**, Government in PR & DW Department have been pleased to formulate the revised detailed procedure for disbursement of **Performance Grant** recommended by the 14th Finance Commission from 2017-18 to 2019-20 to the Gram Panchayats of the State for incentivizing better performance. The Grant shall be utilized by the Gram Panchayats to support and strengthen their primary functions to enable the GP to augment their resources for better governance.

INTRODUCTION:

The 14th Finance Commission have mandated to recommended measures needed to augment the consolidated funds of the State to supplement the resources of the Gram Panchayats based on the recommendation of the 4th State Finance Commission. The constitutional mandate to strengthen the Gram Panchayats as institution of Local Self Government is not only limited to the functions for providing basic civic services but also to keep them within the ambit of accountability and responsibility to utilize public money placed with them.

OBJECTIVE OF THE GRANT:

The primary objective of the Performance Grant is to recognize and to incentivize the Gram Panchayats to adopt citizen centric governance and service deliveries so as to improve the quality of life in their respective areas and the Performance Grant equally aims at the following aspects which would enable and empower the Gram Panchayats in achieving the primary objective.

1. Sustained improvement in Gram Panchayats to raise Own Source of Revenues.
2. Making available reliable data on Gram Panchayats including receipt and expenditure through audited accounts.

1. MANDATORY ELIGIBILITY CRITERIA TO ACCESS PERFORMANCE GRANT:

With view to inculcate a performance driven culture in Gram Panchayats, the 14th Finance Commission have recommended a set of simple and very basic conditions as follows:—

1. Gram Panchayats must submit audited accounts that related to year not earlier than two years preceding the year in which, the Gram Panchayats seeks to claim the performance grant. For example, to avail the grants in the financial year 2017-18, the Gram Panchayats have to prepare and submit audited accounts for the financial year 2015-16 and so on.
2. The Gram Panchayats must show an increase in its own revenue in Financial Year 2015-16 over the preceding FY 2014-15 as reflected in the audited accounts for claim of Performance Grants for 2017-18 and so on.
3. The Performance Grant sanctioned to the GP shall be maximum cap of 5 times of the FFC Basic Grant allocation for FY 2017-18 and so on.

2. EVALUATION CRITERIA TO ACCESS PERFORMANCE GRANT:

1. The Gram Panchayat should complete the Audit for the FY 2015-16 and so on.
2. Gram Panchayats having growth in own source of revenue in the current year (2015-16) and also the growth rate of 10% or more than the previous year (2014-15) and so on. The OSR amount should not be less than Rs. 5,000/-.

3. DISTRIBUTION OF PERFORMANCE GRANT TO GP:

PG distribution to GPs based on their percentage of increase in OSR shall be divided into 3 categories for availing the Performance Grant for the FY 2017-18 are as follows:

Sl. No	Gradation and Score	Performance Amount
1	A – >50% And Above	23,52,096
2	B – >25% to <=50%	15,68,064
3	C – 10% to <=25%	7,84,032

The key underpinnings of Performance Grant is to enhance the efficiency and effectiveness of the Gram Panchayats in the delivery of basic civic services and thus this funds are to be viewed as incentive to drive better service delivery. In this process the Gram Panchayats will be able to become self-sustaining and bring about an inclusiveness into their service delivery systems to pave the path for good governance.

Since the 14th Finance Commission recommended the State Government to formulate State specific guidelines to enable the Gram Panchayats for availing Performance Grant, all the aspects attended in creation and maintenance of capital assets, costless development, transparency and accountability etc., have been taken into consideration and a software “Panchayat Performance Grant Management System” has been devised which can feed the data from Panchayat level and upload in the website. These data shall be approved at the Block level, Zilla level and State level to rank the Gram Panchayats and their position at each level so that, the

good performing panchayats can avail the Performance Grant earmarked by the 14th Finance Commission in each year i.e., from **2017-18 to 2019-20**.

The trust based approach adopted by 14th Finance Commission, underlines the understanding that the local bodies will discharge their statutory functions with all due care. The preparation and audit of accounts will provide necessary transparency and accountability in this regard which will enable the Gram Panchayats to strengthen the confidence of the public on these institutions and the institution of local self Government can successfully fulfill the mandates entrusted by the Constitution. The correctness of data's uploaded at GP level should be ensured by the Block and ZP authorities.

ORDER

Ordered that this notification be published in the Extraordinary issue of the *Odisha Gazette*.

By Order of the Governor

D. K. SINGH

Principal Secretary to Government