



Grants for Rural Local Bodies in Uttarakhand | Uttarakhand | 19 Feb 2025

Why in News?

The Union Government has released [the Fifteenth Finance Commission \(XV FC\) Grants](#) for **Rural Local Bodies** in **Punjab, Uttarakhand, and Chhattisgarh** during the **Financial Year 2024-25**.

- These grants strengthen **grassroots democracy** by supporting [Panchayati Raj Institutions \(PRIs\)](#) and [Rural Local Bodies \(RLBs\)](#).

Key Points

- **XV FC Grants:**
 - The government has released the 1st installment of **Untied Grants** for FY 2024-25, amounting to Rs. 93.9643 crore **for Uttarakhand**.
 - The government has released the 1st installment of Untied Grants amounting to Rs 225.1707 crore for Rural Local Bodies in **Punjab**.
 - The government has disbursed the 2nd installment of Untied Grants for FY 2024-25 amounting to Rs 237.1393 crore **for Chhattisgarh**.
- **Process of Grant Allocation:**
 - **The Ministry of Panchayati Raj** and [the Ministry of Jal Shakti \(Department of Drinking Water and Sanitation\)](#) recommend XV FC Grants for Rural Local Bodies.
 - The Ministry of Finance releases these grants in two installments per financial year.
- **Utilization of XV FC Grants:**
 - **Untied Grants:**
 - PRIs and RLBs can **utilize these grants for location-specific felt needs under the 29 subjects** listed in [the Eleventh Schedule of the Constitution](#).
 - These funds **cannot be used for salaries and establishment costs**.
 - **Tied Grants:**
 - These funds must be **used for basic services**, including:
 - Sanitation and maintenance of [Open Defecation-Free \(ODF\) status](#), including [waste management](#) and fecal sludge treatment.
 - Drinking water supply, [rainwater harvesting](#), and [water recycling](#).

Finance Commission

- It 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 arrangement and present requirements.
- Under **Article 280** of the Constitution, the President of India is required to constitute a [Finance Commission](#) at an interval of five years or earlier.
- The **1st FC** was set up in 1951 and there have been fifteen so far.
- The **15th FC headed by N.K. Singh** was constituted by the President of India on 27th November 2017, against the backdrop of the abolition of [the Planning Commission](#) and the introduction of [the Goods and Services Tax \(GST\)](#).
- In November 2019, the Union Cabinet approved the **15th FC** to submit its first report for the first **fiscal year 2020-21** and to extend its tenure to provide for the presentation of the final report covering Financial Years 2021-22 to 2025-26 by 30th October, 2020.

