



# Finance Commission Grants

## Why in News?

The Central Government has distributed **Fifteenth Finance Commission** grants to **Rural Local Bodies (RLBs)/Panchayati Raj Institutions (PRIs)** in five states (Arunachal Pradesh, Gujarat, Madhya Pradesh, Nagaland and Punjab) during the financial year 2024-25.

## Key Points

- **About the grant:**
  - These grants are provided in two installments every financial year and are released by the Ministry of Finance based on the recommendations of **the Ministry of Panchayati Raj and the Ministry of Jal Shakti (Department of Drinking Water and Sanitation)**.
  - As the first installment, Madhya Pradesh has been allocated a non-linked grant of **Rs 651.7794 crore**.
- **Use of Grants:**
  - **Unrestricted Grants:** These grants enable local self-government institutions (RLBs/PRIs) to meet location-specific requirements under **29 subjects listed in the Eleventh Schedule of the Constitution**, except salaries and establishment costs.
  - **Tied Grants:** These funds must be used for the following purposes:
    - Maintaining **sanitation and ODF (open defecation free) status, which includes household waste management, human excreta and faecal sludge treatment.**
    - Drinking water supply, rain water harvesting and water recycling.

## Panchayati Raj Institutions

- The **73rd Constitutional Amendment Act, 1992** granted constitutional status to Panchayati Raj Institutions and established a uniform structure (three tiers of PRIs), elections, reservation of seats for **Scheduled Castes, Scheduled Tribes and women** and a system of transfer of funds and functions and officers of the PRIs.
- Panchayats operate at three levels: **Gram Sabha** (village or group of small villages), **Panchayat Samitis** (block councils) and **Zilla Parishad** (at the district level).