

No. F 7(1) FCD/2010
Ministry of Finance
Department of Expenditure
Finance Commission Division

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New Delhi the dated 3rd August, 2010.

To
The Chief Secretary,
Government of
(*All State Governments*)

Subject: Implementation of recommendation of Thirteenth Finance Commission- issue of guidelines – utilisation of grant-in-aid for Elementary Education recommended by Thirteenth Finance Commission.

Sir,

The recommendation of Thirteenth Finance Commission for the award period 2010-15 include, inter-alia, release of grant-in-aid to State Governments as an Elementary Education. The first tranche of the grant has been released on the 30th June, 2010 as provided for in the report of the Thirteenth Finance Commission. This was released pending issue of guidelines on the above grant and State Government were advised to utilise the first instalment for the year 2010-11 in conformity with the recommendations of the Commission contained in paras 12.14 to 12.23 of the report of FC-XIII (Vol. I).

I am enclosing herewith a copy of the guidelines for release and utilization of grant-in-aid for Elementary Education recommended by Thirteenth Finance Commission for information and necessary action.

Yours faithfully,

Encl.: As above

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Copy with a copy of the guidelines to:-
Principal Secretary (Finance), Government of
(*All State Governments*)

Guidelines for release and utilisation of grant-in-aid for Elementary Education recommended by Thirteenth Finance Commission (FC-XIII)

FC-XIII was required to make recommendations on the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India, and the sum to be paid to the States which are in need of assistance by way of grant-in-aid. FC-XIII has recommended, inter-alia, a grant for elementary education to all States, which aggregates to Rs. 24,068 crore for its award period, 2010-15. This recommendation has been accepted along with the conditions stipulated by FC-XIII. The State-wise and year-wise allocation of this grant may be seen at Annex 12.1, page 53, report of FC-XIII, vol.2(Attachment).

2. The objective of the elementary education grant is to provide financial assistance to States to cover the difference between the targeted State share of 50% by the terminal year of the Eleventh Plan under Sarva Shiksha Abhiyan (SSA), and the contribution required to be made by each State in 2008-09, i.e. 35%. Thus FC-XIII has recommended a grant of 15% of the estimated SSA expenditure of each state other than North-Eastern states. In respect of North-Eastern states, the FC-XIII has recommended the difference between the average amount contributed by each state in the years 2007-08 and 2008-09 and the amount they need to contribute on the basis of a 10 percent share, subject to a minimum of Rs.5 crore per year. In recommending grant for all states, FC-XIII has focused on recurrent items of expenditure, and excluding the requirements of civil works.

3. This grant will be an additionality to the current expenditure of the States for elementary education. Therefore, the expenditure (plan + non-plan) under elementary education, i.e. major head-2202, sub-major head-01, exclusive of grants recommended, should grow by at least 8%, annually, during 2010-15. Expenditure booked under major head: 2202 – 01 in the Finance Accounts, net of grant releases in that year, will therefore, determine a State's eligibility for the grant. Hence, in compliance of this stipulation, Ministry of Finance will make any necessary adjustment in the grant amount when a State's Finance Accounts become available.

4. Expenditure figures in Finance Accounts under major head: 2202 and sub major head-01 will be treated as actual expenditure incurred in that year on elementary education, which will be relied upon for netting grant released in that year.

5. Conditions for release of grants:

- i) The annual allocation of the grant will be released in one instalment in the month of June during the award period.
- ii) The State Government should budget and spend the grant on elementary education under major head-2202, sub-major head-01-Elementay Education.

- iii) Payment of arrears on account of the award of the 6th Pay Commission will be deducted from the expenditure on elementary education i.e. major head 2202, sub major head 01- Elementary Education, paid in 2009-10 (or at any time during 2010-15), while calculating the 8% annual growth during 2010-15. The Finance Secretary of the State will certify the amount of arrears so paid and booked in the abovementioned head.
- iv) The grant for the year 2010-11 will be released unconditionally.
- v) Subsequent instalments will be released if Budget Estimates (BE)/Revised Estimates (RE)/ Actuals under Major Head-2202, sub-major head-01-Elementary Education, net of FC-XIII grants released in respective years, meet the following requirement:
- a. For 2011-12: 2011-12 (BE) should be at least 8% more than 2010-11 (RE).
 - b. For 2012-13: 2012-13 (BE) should be at least 8% more than 2011-12 (RE), and 2010-11(Actual) should be at least 8% more than 2009-10 (Actual).
 - c. For 2013-14: 2013-14 (BE) should be at least 8% more than the 2012-13 (RE), and 2011-12(Actual) should be at least 8% more than 2010-11 (Actual).
 - d. For 2014-15: 2014-15 (BE) should be at least be 8% more than 2013-14 (RE), and 2012-13(Actual) should be at least 8 % more than 2011-12 (Actual).
- vi) When Finance Accounts for 2013-14 and 2014-15 become available, expenditure booked under the major head: 2202-01, net of grants released in 2013-14 and in 2014-15, should be at least 8% more than that of in 2012-13 and in 2013-14, net grant released in these years respectively. In case the increase is less than 8% in 2013-14 or 2014-15, direct recoveries from State government would be effected for the grant released in 2013-14 or 2014-15, as the case may be.
- vii) The grant released in a particular year should be utilised in that year.
- viii) The State Government will provide a utilisation certificate every year by first week of June indicating the budget provision, items of expenditure on plan and non-plan side, unutilised amount etc. for the grant received in the preceding year. This utilisation certificate will need to be countersigned by the State's Finance Secretary.

6. Ministry of Finance (Department of Expenditure) will release grant for which budget provision will be made in the Demand for Grants number 35.

7. These guidelines may be read in the context of paras 12.14 to 12.23 of the report of FC-XIII, vol.1.

Monitoring agency at State levels

8. Appropriate utilisation of the grant shall be monitored by the State Executive Committee, Sarva Shiksha Abhiyan headed by the Chief Secretary. This committee shall monitor both physical and financial targets and ensure adherence to the specific conditions

in respect of this grant. The State Executive Committee shall meet at least once in every half year. Minutes of this committee's meetings shall be provided to the Department of Expenditure (Finance Commission Division), Ministry of Finance, and Ministry of Human Resources Development, Department of School Education, Government of India.

Monitoring agency at the Union Government level

9. At the National level, review will be undertaken by the Secretary, SE&L in a special meeting of the Project Approved Board (PAB) for SSA to which a representative of the Ministry of Finance will also be invited. The Committee shall meet at least once in a year.

Audit by the Controller and Auditor General:

10. The Comptroller and Auditor General of India would be expected to audit the release and use of the grant-in-aid within the specified time and for the purposes mentioned by the FC-XIII. GOI may take appropriate decision about withholding grants to a State, if the CAG reports that the State allowed the grant to be used for purposes other than the ones for which it was provided.

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Dated 3-08-2010

Grant-in-aid for Elementary Education (Major Head 2202-Sub Major Head-01)

(Rs. Crore)

State	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Andhra Pradesh	170	179	188	198	207	942
Arunachal Pradesh	4	4	5	5	6	24
Assam	31	40	49	59	59	238
Bihar	585	699	818	946	970	4018
Chhattisgarh	136	154	173	194	200	857
Goa	2	2	2	2	3	11
Gujarat	72	85	98	113	115	483
Haryana	40	43	46	49	51	229
Himachal Pradesh	20	21	23	24	25	113
Jammu & Kashmir	80	85	90	95	99	449
Jharkhand	223	266	311	359	369	1528
Karnataka	104	119	135	152	157	667
Kerala	25	27	28	29	31	140
Madhya Pradesh	320	384	452	523	537	2216
Maharashtra	131	140	149	159	165	744
Manipur	3	3	3	3	3	15
Meghalaya	9	10	10	11	12	52
Mizoram	1	1	1	1	1	5
Nagaland	1	1	1	2	2	7
Orissa	170	187	204	223	232	1016
Punjab	36	41	45	50	52	224
Rajasthan	287	320	356	394	409	1766
Sikkim	1	1	1	1	1	5
Tamil Nadu	111	126	141	158	164	700
Tripura	4	4	5	5	5	23
Uttar Pradesh	723	871	1027	1192	1227	5040
Uttarakhand	31	35	40	45	46	197
West Bengal	355	416	480	548	560	2359
All States	3675	4264	4881	5540	5708	24068