

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

Block No.XI, 5th Floor,
CGO Complex, Lodhi Road,
New Delhi, Dated: the 22nd November, 2010

To

✓ The Principal Secretaries (Finance)
Government of
(All states)

Dear Sir / Madam,

The Thirteenth Finance Commission (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. The objective of the elementary education grant is to provide financial assistance to the State to part finance its matching share of expenditure on Sarva Shiksha Abhiyan (SSA).

2. The first instalment of the grant has already been released on 30.06.2010 to States. While releasing grant, States were advised that pending issue of guidelines on the above grant, State Governments were to utilize the instalment for 2010-11 in conformity with the recommendations of the FC-XIII contained in para 12.14 to 12.23 of the report of FC-XIII. The guidelines, since issued, cover this release as well. MoF issued guidelines vide letter dated letter F.7(1)/FCD/2010 dated 03-08-2010, which are also available on MoF website : <http://www.finmin.nic.in/TFC/guidelines.asp>.

3. The grant for elementary education is 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: 2201 – 01 in the Finance Accounts, net of grant releases in that year will therefore determine a State's eligibility for the grant. Payment of arrears on account of the award of the 6th Pay Commission will not be counted as expenditure on elementary education (paid in 2009-10 or at any time during 2010-15) while calculating the 8% annual growth during 2010-15. Certification from the Finance Secretary of the State will be required in this regard. In compliance of this stipulation, Ministry of Finance will make any necessary adjustment in the grant amount when the States' Finance Accounts become available [para 3&5 (vi) of guidelines].

4. This letter is being written as a reiteration of the instructions already issued as well as a reminder to make the required provisions in the next year's budget.

Yours faithfully,

Alok Chandra
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Copy to: Chief Secretaries, Government of