



## ABSTRACT

Grants – Assigned Revenue to Rural Local Bodies – Assigned Revenue Pooled at State Level for the year 2011-2012 – Release of Rs.532,42,50,515/- – Sanction - Orders – Issued.

### **Rural Development and Panchayat Raj (PR.1) Department**

**G.O. (Ms) No.97**

**Dated 01.12.2011**

திருவள்ளூர் ஆண்டு 2042 கார்த்திகை 15

Read:

1. G.O.Ms.No.168, Rural Development and Panchayat Raj Department, dated 4.10.2007.
2. G.O.Ms.No.191, Rural Development and Panchayat Raj Department, dated 22.11.2007.
3. G.O.Ms.No.70, Rural Development and Panchayat Raj Department, dated 23.07.2009.
4. G.O. (Ms.) No. 71, Rural Development and Panchayat Raj Department, dated 14.07.2010.
5. From the Commissioner of Rural Development and Panchayat Raj, Letter Rc.No.30037/2011/ PR-I.II-3, dated 21.7.2011.

\* \* \*

### ORDER:

In the Order first read above, the Government had issued orders for pooling of the Assigned Revenues due to Rural Local Bodies from the proceeds of Local Cess, Local Cess Surcharge, Surcharge on Stamp Duty and Entertainment Tax (except Social Forestry receipts and income from Mines and Minerals) at the State Level and apportioning the same to the Rural Local Bodies. The levy of Local Cess and Local Cess Surcharge has been dispensed with by Government since 2009-2010. In the order second read above a fund known as "Fund for Priority Schemes in Rural Areas" has been constituted and orders for its utilization of the said fund has also been issued.

2. In the Order fourth read above, the Government had sanctioned a sum of Rs.236,38,91,608/- as assigned revenue due to Rural Local Bodies from the proceeds of Surcharge on Stamp Duty and Entertainment Tax for the year 2010-2011.

3. The Commissioner of Rural Development and Panchayat Raj in his letter fifth read above has stated that to calculate the amount of Assigned Revenues, the procedure as prescribed in the orders first and fourth read above may be followed. In the order first read above, the Government have ordered that the difference between tentative allocation and the actual collection may be adjusted in the succeeding financial year. As was done for the years 2007-08, 2008-09, 2009-10 and 2010-11, the



apportionment of Assigned Revenues to Rural Local Bodies and contribution to the fund may be done based on the actual amount due to the Rural Local Bodies in 2010-11. Also the additional / shortfall in collection during 2010-11 viz-a-viz the components of pooled Assigned Revenues as ordered in the order first read above be adjusted accordingly in 2011-12. Therefore, the tentative allocation for the year 2011-12 shall be the actual collection made in the year 2010-11, after making necessary adjustments.

4. The Commissioner of Rural Development and Panchayat Raj has also stated that the actual collection details for 2010-11 were called for from the Inspector General of Registration and the Commissioner of Commercial Taxes and they have furnished the actual collection of Surcharge on Stamp Duty and Entertainment Tax for the year 2010-11 as below:

Surcharge on Stamp Duty	Rs. 412,46,13,806/-
Entertainment Tax	Rs. 3,57,88,595/-
Total	Rs. 416,04,02,401/-

**Surcharge on Stamp Duty:**

In respect of Surcharge on Stamp Duty, Rs.296,44,38,561/- was taken as tentative allocation for the year 2010-11 whereas the Inspector General of Registration has reported that the actual collection is Rs.412,46,13,806/- (Rupees Four hundred and twelve crores Forty six lakhs Thirteen thousand and Eight hundred and Six only) for the year 2010-11. As per the orders first read above, the difference in actual collection and tentative allocation for the year 2010-11 shall be deducted/additionally claimed from the allocation for the year 2011-12. As such, Rs.116,01,75,245/- (Rs.412,46,13,806/- minus Rs.296,44,38,561/-) has to be additionally claimed from the actual collection of Rs.412,46,13,806/- for the year 2010-11. Hence, the allocation under **Surcharge on Stamp Duty for the year 2011-12 will be Rs.528,47,89,051/-** (Rs. 412,46,13,806/- + Rs.116,01,75,245/-)

**Entertainment Tax:**

For the year 2010-11, tentative allocation in respect of Entertainment Tax was Rs. 3,21,15,726/-. Now the Commissioner of Commercial Tax, Chennai has reported that the actual collection of Entertainment tax for the year 2010-11 is Rs.3,57,88,595/-. As such, Rs.36,72,869/- (Rs.3,57,88,595/- minus Rs.3,21,15,726/-) has to be additionally claimed from the actual collection of Rs.3,57,88,595/- for the year 2010-11. Hence, the allocation under Entertainment Tax for the year 2011-12 will be Rs.3,94,61,464/- (Rs.36,72,869/- + Rs.3,57,88,595/-)

5. Thus Pooled Assigned Revenue to be released to the Rural Local Bodies for the year 2011-12 is as follows:

Surcharge on Stamp Duty	Rs. 528,47,89,051/-
Entertainment Tax	Rs. 3,94,61,464/-
Total	Rs. 532,42,50,515/-



6. Further, the Commissioner of Rural Development and Panchayat Raj has stated that during 2010-11, one-third of the total revenue was assigned to the Rural Local Bodies from out of the amount pooled in respect of Rural Local Bodies at state level and balance two-third was credited to the Fund for Priority Schemes in Rural areas. For the year 2011-12, this allocation may be revised by making two-third of the total revenue be assigned to the Rural Local Bodies and the balance one-third allocation be apportioned to the Fund for Priority Schemes in Rural areas.

7. The Commissioner of Rural Development and Panchayat Raj has also stated that from the year 2007-08 to 2010-11, the funds are apportioned to Village Panchayats, Panchayat Unions and District Panchayats in the ratio of 60:32:8 based on the same line for release of State Finance Commission Grant. It is considered that the amount allocated to District Panchayats under State Finance Commission Grant itself is enough. The District Panchayats select works using State Finance Commission Grant amount in rural areas after keeping a minimum of Rs.15 lakhs or 10% of the Grant whichever is less for administrative charges. The District Panchayats are also getting 8% of the Pooled Assigned Revenue for which the District Panchayats are not actually entitled. The Assigned Revenue actually belongs to the Village Panchayats and Panchayat Unions only. Hence, the allocation of funds under Pooled Assigned Revenue be apportioned to Village Panchayats and Panchayat Unions in the ratio of 67:33 respectively. The Commissioner of Rural Development and Panchayat Raj has further stated that the reports have been received from all the Districts to the effect that no amount has been drawn under Surcharge on Stamp Duty and Entertainment Tax during the year 2010-11 at District level. The Commissioner of Rural Development and Panchayat Raj has requested that necessary orders be issued by the Government to release the Pooled Assigned Revenue of Rs.532,42,50,515/- (Rupees five hundred and thirty two crores forty two lakhs fifty thousand five hundred and fifteen only) due to Rural Local Bodies for the year 2011-12 from the proceeds of Surcharge on Stamp Duty and Entertainment Tax at State level.

8. The Commissioner of Rural Development and Panchayat Raj has also requested that the two-third of the Assigned Revenues be released to the Rural Local Bodies based on the rural population as per 2001 census on quarterly basis. The balance one-third of the pooled amount be credited to Scheme Component Fund for implementing specific development schemes in the Rural Local Bodies on half yearly basis as per the guidelines to be issued by the Government along with the sanction order.

Amount to be released to the Rural Local Bodies based on the rural population as per 2001 census (Two-third of Rs.532,42,50,515)	Rs.354,95,00,343/-
Amount to be retained by Commissioner of Rural Development and Panchayat Raj for Scheme Component. (One-third of Rs.532,42,50,515)	Rs.177,47,50,172/-
<b>Total</b>	<b>Rs.532,42,50,515/-</b>



9. The Government after careful examination of the proposal of Commissioner of Rural Development and Panchayat Raj accept the proposal and accordingly, sanction and release a sum of Rs.532,42,50,515/- (Rupees Five hundred and thirty two crores forty two lakhs fifty thousand five hundred and fifteen only) being the assigned revenue due to Rural Local Bodies from the proceeds of Surcharge on Stamp Duty and Entertainment Tax for the year 2011-2012.

10. The Government also order the following:

- (i) The assigned revenues due to the Rural Local Bodies from the proceeds of the Surcharge on Stamp Duty and Entertainment Tax shall continue to be pooled out at the State level.
- (ii) Two-third of the total revenue to be assigned to the Rural Local Bodies from out of the amount pooled at State level shall be apportioned to Village Panchayats and Panchayat Unions in the ratio 67:33. The actual amount due to the respective Village Panchayats and Panchayat Unions from out of the share allocated to each tier shall be in proportion to the rural population of the Local Body as per 2001 Census. This amount shall be released to the rural Local Bodies by the Commissioner/Director of Rural Development and Panchayat Raj on a quarterly basis.
- (iii) Out of the balance 1/3 of the pooled amount Rs.100 crores is earmarked for Tamil Nadu Village Habitation Improvement Scheme (THAI) and the remaining amount shall be credited to the Fund for the Priority Schemes in Rural Areas on half yearly basis.
- (iv) The quantum of the pooled amount shall tentatively be fixed on the basis of the collection of taxes during the previous year for making necessary budgetary allocation.
- (v) The apportionment of assigned revenue to Rural Local Bodies and contribution to the fund shall initially be done to the level of tentative allocation for the pooled amount in the budget and finally adjusted in the next financial year after determining the entitlement of the Rural Local Bodies.
- (vi) The system of adjustment of assigned revenues from the Entertainment Tax and Surcharge on Stamp Duty to Local Bodies directly from the revenue receipt heads by the Commercial Taxes Department and Registration Department respectively shall be restricted only to Urban Local Bodies.
- (vii) The amount sanctioned in para 9 above shall be released to Rural Local Bodies and to be credited to the "Fund for the Priority Schemes in Rural Areas" (ordered in G.O.Ms.No.191, Rural Development and Panchayat Raj Department, dated 22.11.2007) and for Tamil Nadu Village Habitation Improvement Scheme (THAI) is indicated as below:



Out of total Pooled Assigned Revenue, 2/3 amount to be released to the Rural Local Bodies based on the rural population as per 2001 census (Two-third of Rs. 532,42,50,515/- )	Rs. 354,95,00,343/-
Out of total Pooled Assigned Revenue, 1/3 amount to be retained by Commissioner of Rural Development and Panchayat Raj for Scheme Component, now earmarked for THAI scheme. (One-third of Rs.532,42,50,515/- – i.e., Rs.177,47,50,172/- )	Rs.100,00,00,000/-
Remaining amount to be retained by Commissioner of Rural Development and Panchayat Raj for Scheme Component for regular use i.e., fund for priority schemes in rural areas. (Rs.177,47,50,172 – Rs.100,00,00,000)	Rs. 77,47,50,172/-
<b>Total</b>	<b>Rs.532,42,50,515/-</b>

11. The amount sanctioned in para 9 above shall be debited to the following Heads of Account under Demand 42 of Rural Development and Panchayat Raj:-

a) Amount to be released to the Rural Local Bodies based on the rural population as per 2001 Census (two-third of the allocation).

(i) Stamp Duty – Rs.352,31,92,700/- (Rupees three hundred fifty two crores thirty one lakhs ninety two thousand and seven hundred only)

3604 00 Compensation and Assignment to Local Bodies and Panchayat Raj Institutions – 102 - Stamp Duty – I. Non-Plan – AA. Assignment under Global Sharing of Assigned Revenue to Rural Local Bodies - Stamp Duty - 09 Grants-in-Aid – 09. Others (DPC 3604 00 102 AA 0991)

(ii) Entertainment Tax – Rs.2,63,07,643/- (Rupees two crores sixty three lakhs seven thousand six hundred and forty three only)

3604 00 Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 103 Entertainment Tax – I. Non-Plan – AD Assignment under Global Sharing of Assigned Revenue to Rural Local Bodies – Entertainment Tax - 09. Grants-in-Aid – 09 Others (DPC 3604 00 103 AD 0993).

b) Amount to be credited to the “Fund for Priority Schemes in Rural Areas” by Commissioner/Director of Rural Development and Panchayat Raj for Fund for Priority Schemes in Rural Areas (1/3 Third)

(i) Stamp Duty – Rs.176,15,96,351/- (Rupees one hundred seventy six crores fifteen lakhs ninety six thousand three hundred and fifty one only)

3604 00 Compensation and Assignment to Local Bodies and Panchayat Raj Institutions – 102 Stamp Duty – I. Non-Plan – AB. Contribution on behalf of Rural Local Bodies to the Fund for Priority Schemes in Rural Areas - Stamp Duty - 10 Contributions – 01 Contribution to Specific Fund (DPC 3604 00 102 AB 1014)



- (ii) Entertainment Tax – Rs.1,31,53,821/- (Rupees one crore thirty one lakhs fifty three thousand eight hundred and twenty one only)

3604 00 Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 103 Entertainment Tax – I. Non-Plan – AE Contribution on behalf of Rural Local Bodies to the Fund for Priority Schemes in Rural Areas - Entertainment Tax - 10 Contributions – 01 Contribution to Specific Fund (DPC 3604 00 103 AE 1016)

12. The Government authorize the Commissioner of Rural Development and Panchayat Raj to draw and disburse the amount sanctioned in para 9 above and utilize the same as ordered in para 10 above for implementation of specific development scheme in rural areas. He is also authorized to allocate Rs.100 crores earmarked to THAI Scheme and utilize the same as per the guidelines of the scheme.

13. The guidelines for sanctioning expenditure under the Fund for Priority Schemes in Rural Areas and list of items disallowed under the Fund for Priority Schemes in Rural Areas as approved in the earlier orders read in the Government Order second and third read above are annexed to this order and it shall be scrupulously followed while implementing the schemes.

14. The additional funds of Rs.273,12,68,515/- over and above the Revised Budget Estimate 2011-2012 will be provided in RE / FMA 2011-2012. However, this expenditure shall be brought to the notice of the Legislature by specific inclusion in the Supplementary Estimates 2011-2012. Pending provision of such funds in RE / FMA 2011-2012, the Commissioner / Director of Rural Development and Panchayat Raj is authorized to incur the expenditures sanctioned in para 9 above and also requested to include this expenditure while sending the RE / FMA 2011-2012 proposals to Government without fail. The Commissioner / Director of Rural Development and Panchayat Raj is also requested to send necessary draft explanatory notes to Government in Finance (BG.I) Department for inclusion of the expenditure in the Supplementary Estimates 2011-2012.

15. This order issues with the concurrence of Finance Department vide its U.O. No.215/JS(PM)/2011, dated 30.11.2011 and Additional Sanction Ledger No.1001 (one thousand and one).

(BY ORDER OF THE GOVERNOR)

N.S.PALANIAPPAN,  
Principal Secretary to Government.

To  
The Commissioner of Rural Development and Panchayat Raj, Chennai-15.  
The Commissioner of Commercial Taxes, Chennai-5.  
The Inspector General of Registration, Chennai-28.  
The Special Commissioner and Commissioner of Treasuries and Accounts,  
Chennai-15.  
All District Collectors (except Chennai)  
The Pay and Accounts Officer, Chennai-35.  
The Principal Accountant General (Audit), Chennai-6/18.

7

The Accountant General (A&E), Chennai-18.

The Rural Development and Panchayat Raj (SGS.1/B&C) Department, Chennai-9.

Copy to:

The Director of Rural Development and Panchayat Raj (Training), Chennai-15.

The Director, State Institute of Rural Development, Maraimalai Nagar,  
Kancheepuram District.

The Finance (RD/B.G.I & II/Resources-I) Department, Chennai-9.

// Forwarded / By Order //



Section Officer.



**ANNEXURE - I**

**GUIDELINES FOR SANCTIONING EXPENDITURE UNDER THE FUND FOR PRIORITY SCHEMES IN RURAL AREAS**

(i)	Objective of the Fund:	The Fund shall be utilized for executing works towards creation of basic infrastructure in rural areas.
(ii)	Sanctioning Authority:	A Committee comprising the Principal Secretary to Government, Rural Development and Panchayat Raj Department, the Commissioner / Director of Rural Development and Panchayat Raj and the Superintending Engineer (Rural Development) shall scrutinize the proposals forwarded by District Collectors and accord approval for expenditure under the Fund. The Commissioner of Rural Development and Panchayat Raj shall issue sanction order based on the approval of the Committee subject to availability of adequate budget provision to meet the expenditure initially under Revenue Account.
(iii)	Details of work admissible under the Fund:	Any type of work except those shown in Annexure-II.
(iv)	Proposals for schemes:	The District Collectors shall forward proposals along with detailed estimates for works and a certificate to the effect that sufficient land is available to execute work.
(v)	Executing Agency:	The execution of work shall be entrusted to the District Collectors. The District Collectors may execute the works through District Rural Development Agency (DRDA), Block Development Officers and Village Panchayat concerned as deemed fit.
(vi)	Executing Agencies not allowed:	No work shall be entrusted to line departments such as Public Works, Highways and Minor Ports, Agricultural Engineering and Tamil Nadu Water Supply and Drainage (TWAD) Board for execution. However, the installation of street lights may be entrusted to the Tamil Nadu Electricity Board (TNEB).
(vii)	Implementation of special schemes:	The above Committee may also formulate certain schemes and allocate funds to Districts for implementation. In such cases, the District Collectors shall accord administrative sanction as per guidelines of such schemes.



(viii)	Award of works:	The Tender procedures and Procurement guidelines applicable to Government Departments shall be followed while awarding works.
(ix)	Drawal and release of funds:	The Commissioner of Rural Development and Panchayat Raj shall be authorized to draw and release the funds to District Collectors.
(x)	Modification in the guidelines:	The Principal Secretary to Government, Rural Development and Panchayat Raj shall modify any of the above guidelines in consultation with the Commissioner / Director of Rural Development and Panchayat Raj based on exigencies that may arise from time to time.

N.S.PALANIAPPAN,  
Principal Secretary to Government.

// TRUE COPY //

  
SECTION OFFICER.

dm



**ANNEXURE - II**

**LIST OF EXPENDITURE ITEMS DISALLOWED UNDER THE FUND FOR PRIORITY SCHEMES IN RURAL AREAS**

1	Construction of office and residential buildings for the Central and State Governments, their departments, Government Agencies/Organizations, and Public Sector Undertakings other than the office buildings of Panchayat Raj Institutions and officers providing technical support to Panchayat Raj Institutions;
2	Construction of office and residential buildings for private, co-operative and commercial organizations;
3	All works involving commercial establishments/units;
4	All maintenance, repairs and renovation works of any type
5	All renovation and repair works except heritage and archaeological monuments and buildings with specific permission available from Archaeological Survey of India (ASI);
6	Payment of grants, loans and contribution to any Central and State/Union Territory relief funds;
7	Creation of assets in the name of any person;
8	Purchase of all movable items except equipments for Panchayat Raj Institutions and vehicles for Panchayat Union Chairpersons, Block Development Officers, Assistant Director (Panchayats) and Assistant Director (Audit), Executive Engineers (RD) and Assistant Executive Engineer (RD) for supervision and monitoring of works of Panchayat Raj Institutions.
9	Acquisition of land or payment of compensation for land acquired;
10	Reimbursement of expenditure on completed or partly completed works;
11	Any revenue or recurring expenditure;
12	Execution of work within the places of religious worship and on land belonging to or owned by any religious faith/group;
13	Construction of monuments, memorials, statues, idols, arch gates/welcome gates; and
14	De-silting of ponds, tanks, channels and rivers

N.S.PALANIAPPAN,  
Principal Secretary to Government.

// TRUE COPY //

  
SECTION OFFICER.

