

**12.10 Release of funds to rural Local Bodies for the year 2006-07**

Rural Development and Panchayat Raj (C2) Department

G.O. (Ms) No. 23

Dated : 28.2.2007

Read :

- 1) From the Ministry of Finance, Department of Expenditure (Finance Commission Division), Government of India, Guidelines for release and utilisation of Twelfth Finance Commission Grants.
- 2) G.O. (Ms) No. 157, Rural Development Department, Dated :30.10.2006.
- 3) From the Director of Rural Development and Panchayat Raj, Letter No.47292/2006/PRI.II-3, Dated :19.1.2007 and 19.2.2007.
- 4) G.O. (Ms) No. 19/ R.D.&PR(C2) Department, Dated :26.2.2007.

**ORDER**

In the reference first read above, the Government of India have issued the guidelines for release and utilization of Twelfth Finance Commission grants and the State's share of allocation of such grant is Rs.870 crores for the years from 2005-06 to 2009-2010. Accordingly, Rs.174.00 crores is allotted to Rural Local Bodies, every year.

2) In the G.O. second read above, Ist instalment of Twelfth Finance Commission grant of Rs.87.00 crores has been released to Rural Local Bodies for the year 2006-2007 as detailed below -

- |                        |         |                 |
|------------------------|---------|-----------------|
| (i) Village Panchayats | - (80%) | Rs.69.60 crores |
| (ii) Panchayat Unions  | - (20%) | Rs.17.40 crores |

3) In the G.O. fourth read above, orders were issued to release the entire Twelfth Finance Commission grants for Rural Local Bodies to Village Panchayats alone instead of giving to Village Panchayats and Panchayat Unions in the ratio of 80:20. Further, it was also ordered that the grants should be spent for O&M cost of water supply, street lighting and sanitation and distributed among Village Panchayats based on population alone.

4) The Director of Rural Development and Panchayat Raj in his letter third read above has sent proposal to Government for the release of second instalment of Rs.87.00 crores. He has also stated that the first instalment of Twelfth Finance Commission grant of Rs.87.00 crores has been released to Rural Local Bodies. He has also stated that the second instalment of Rs.87.00 crores has to be now released by the Government.

5) The Government have examined the above proposal of the Director of Rural Development and Panchayat Raj carefully with reference to the orders issued in the reference fourth read above. The Government accordingly sanction the 2<sup>nd</sup> instalment of Twelfth Finance Commission grant of a sum of Rs.87.00 crores ( Rupees Eighty Seven Crores only ) for the year 2006-07, to the Village Panchayats alone, anticipating its receipt from Government of India.

6) The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 5 above to all the Village Panchayats as per the 2001 Census population. The Director of Rural Development and Panchayat Raj is also requested to direct the Village Panchayats to utilize the grant entirely for the O&M costs of water supply, street lighting and sanitation as ordered in the G.O. fourth read above and to furnish the Utilisation Certificate for the amount sanctioned above ,to the Government early.

7) The expenditure sanctioned in para 5 above shall be debited to the following head of account -

## 12. CENTRAL FINANCE COMMISSIONS

Village Panchayats – 100%	Amount
"3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 197 Assistance to Block Panchayats / Intermediate Level Panchayats – Tenth Five year plan schemes – II – State Plan JD – Grants to Village Panchayats as per the recommendation of the Twelfth Finance Commission – 09 Grants – in – aid-01. Grant for Current Expenditure." ( DPC No.3604-00-197-JD-0915)	Rs.87.00 crores

8) Necessary additional funds will be provided in RE/FMA 2006-07 by reappropriation of such funds from the head of account 3604-00-197-JC-09-01 Grants for Current Expenditure (DPC No.3604-00-197-JC-0917). Pending reappropriation of funds in the FMA 2006-07, the DRD is authorized to draw and incur the additional expenditure . The Director of Rural Development and Panchayat Raj is also directed to include this expenditure while sending proposals for FMA 2006-07 without fail.

9) This order issues with the concurrence of Finance Department vide its U.O.No.10831/FC.IV/2007-01, dated 28.2.2007 and ASL No.1676.

(By order of the Governor)

**K.ASHOK VARDHAN SHETTY**  
SECRETARY TO GOVERNMENT