

11. STATE FINANCE COMMISSION

11.20 Release of funds to AGAMT from Reserve, Equalisation and Incentive funds under SFC grant

Rural Development and Panchayat Raj (C2) Department

G.O. (Ms) No. 49 Dated : 28.3.2007
Read :

1. G.O. (Ms) No.57 Rural Development dated 16.6.06.
2. G.O. (Ms) No.115 Rural Development dated 11.9.06.
3. G.O. (Ms) No.178 Rural Development dated 6.12.06.
4. G.O. (Ms) No.11 Rural Development dated 6.2.07.
5. Director of Rural Development and Panchayat Raj letter No.31595/06/PRI.III (4) dated 26.1.07.

ORDER

During the year 2006-07 a sum of Rs.1,22,476.22 lakhs is allocated in the Budget Estimate toWards State Finance Commission devolution and out of this allocation in the Government Orders first and fourth read above a sum of Rs.1,06,554.31 lakhs (87%) has been sanctioned as devolution grants in two instalments to Rural Local Bodies for the year 2006-07 and the balance 13% comes to Rs.15,921.91 lakhs towards Reserve, Equalisation and Incentive funds. Out of this amount in the Government order second read above, Rs.90.00 crores have been sanctioned toWards AGAMT. The balance available amount is Rs.6,921.91 lakhs.

2. In the letter fifth read above, the Director of Rural Development and Panchayat Raj has sent proposal to Government for sanction of a sum of Rs.6,921.91 lakhs towards Reserve Equalisation and Incentive Funds for the year 2006-07 as detailed below -

(Rs. in lakhs)

Category Fund	Allocation under SFC	Deducted from Reserve and Equalisation and sanctioned for AGAMT	Balance amount for which proposal being submitted for sanction.
(1)	(2)	(3)	(4)
I. Reserve Fund (2%)			
(i) Collector's Development fund 1%	1224.76	1224.76	Nil
(ii) Rain Water Harvesting 1%	1224.76	1224.76	Nil
Total	2449.52	2449.52	
II. Equalisation Fund (6%)			
(i) Village Panchayats (55%)	4041.71	3602.76	438.95
(ii) Panchayat Unions (45%)	3306.86	2947.72	359.14
Total	7348.57	6550.48	798.09

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III. Incentive Fund (5%)

Village Panchayats	6123.82	-	6123.82
Total amount for sanction	15921.91	9000.00	6921.91

3. The Government reschedule the allocation of Rs.90 crores already released from the 13% earmarked funds and allocate the balance funds as follows:

Rs. in Lakhs			
Category Fund	Allocation under State Finance Commission devolution	Released toWards AGAMT	Balance amount entitled for sanction
(1)	(2)	(3)	(4)

I. Reserve Fund (2%)

(i) Collector's Development fund 1%	1224.76	-	1224.76
(ii) Rain Water Harvesting 1%	1224.76	-	1224.76
Total	2449.52		2449.52

II. Equalisation Fund (6%)

(i) Village Panchayats (55%)	4041.71	2876.18	1165.53
(ii) Panchayat Unions (45%)	3306.86	-	3306.86
Total 7348.57	2876.18	2876.18	4472.39

III. Incentive Fund (5%)

Village Panchayats	6123.82	6123.82	-
Total amount for sanction	15921.91	9000.00	6921.91

4. The Government have carefully examined the proposal of the Director of Rural Development and Panchayat Raj in the light of orders issued in the G.O. 2nd read above and in order to augment funds for the new scheme viz. AGAMT the Government sanction a sum of Rs.6413.91 lakhs as follows -

I. Reserve fund

	Rs. in lakhs
a) Funds to 40 AGAMT additional Villages	800.00 (dovetailed from Reserve fund)
b) Collector's Development fund	1141.52

II. Equalisation Fund

(i) Village Panchayats	1165.53
(ii) Panchayat Unions	3306.86
Total	6413.91

5. The Director of Rural Development and Panchayat Raj is authorized to draw and apportion Reserve, Equalisation and Incentive Funds sanctioned in para 4 above to the District Collectors except Chennai. The following guidelines are prescribed for utilisation of Collector's Development Fund and Equalisation Fund:

I. Collector's Development Fund

- (a) 50% of the Reserve Fund shall be earmarked and placed at the disposal of the Collectors except Chennai to redress the grievances of the Public.
- (b) These funds shall be utilized by the Collectors to take up community infrastructure development works based on the priority needs.
- (c) Only capital works that result in new asset creation and is useful for the community at large shall be taken up.
- (d) Maintenance works shall be accorded least priority and can be taken up by the Collectors depending only on emergent needs.
- (e) The Share of the Districts may be decided based on the number of Village Panchayats in each district, inter-se distribution between Village Panchayats will be on the discretion of the Collectors based on the needs of Village Panchayats and the priority of works to be taken up. The Director of Rural Development will distribute the funds based on the number of Village Panchayats in the District.

II. Equalisation Fund

- (a) **Village Panchayats** : The identification of the needy Village Panchayats shall be decided by Director of Rural Development based on the annual per capita own Tax revenue (excluding the Assigned Reserve) of the previous year. The per capita limit may be fixed annually by the Director of Rural Development and Panchayat Raj. Equalisation fund allotted to Village Panchayats shall be utilized by the concerned Village Panchayats to meet the debt and non-debt dues including Electricity Consumption charges to Tamil Nadu Electricity Board and Water Supply Maintenance charges to TWAD Board.
- (b) **Panchayat Unions** : The identification of the needy Panchayat Unions shall be decided by the Director of Rural Development based on the annual receipt and expenditure of the previous year actuals showing deficit. This fund shall be released to the above deficit Panchayat Unions to meet out the cost of general administration and maintenance of Panchayat Unions' assets such as roads, school buildings etc.

6. The Reserve and Equalisation funds sanctioned above shall be debited to the following heads of account -

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Equalisation fund of Rs.3306.86 lakhs in respect of Panchayat Unions

"3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions 197-Assistance to Block Panchayats- Intermediate level Panchayats-I. Non Plan-AA.Grants to Panchayat Unions as per the recommendations of State Finance Commission controlled by the Director of Rural Development-09. Grants-in-aid-02. Grants for Capital Expenditure (DPC 3604-00-197-AA-0929)"

The funds for AGAMT Rs.800 lakhs, Collector's Development Fund of Rs.1141.52 lakhs and Equalisation fund of Rs.1165.53 lakhs in respect of Village Panchayats.

"3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions 198-Assistance to Gram Panchayats - I Non Plan-AA-Grants to Village Panchayats as per the recommendations of State Finance Commission controlled by the Director of Rural Development-09. Grants-in-aid-02. Grants for Capital Expenditure (DPC 3604-00-198-AA-0927)"

7. This order issues with the concurrence of Finance Department vide its U.O.No.15050/RD/2007-1, dated 23.3.2007).

(By order of the Governor)

K.ASHOK VARDHAN SHETTY
SECRETARY TO GOVERNMENT