

State Finance Commission Grant – Release of grant to Village Panchayats, Panchayat Unions and District Panchayats for the April, 2008 to January 2009.

Rural Development and Panchayat Raj (PR.I) Department

G.O.(Ms.) No.95

Dated 6.6.2008

Read:

1. G.O.Ms.No.199, Finance (FCIV) Department, dated 25.5.2007.
2. G.O.Ms.No.126, Rural Development and Panchayat Raj Department, dated 12.7.2007.
3. G.O.Ms.No.182, Rural Development and Panchayat Raj Department, dated 2.11.2007.
4. G.O.Ms.No.28, Rural Development and Panchayat Raj Department, dated 25.2.2008.
5. From the Director of Rural Development and Panchayat Raj, Chennai-15, Letter Rc.No.32563/2008/PRI.II-2, dated 24.5.2008.

ORDER:

In the Government Order first read above the Government have ordered to apportion the devolution grant for Rural Local Bodies among the Village Panchayats, Panchayat Unions and District Panchayats in the ratio of 60:32:8 respectively. Further, the Government have ordered to reserve 5% from out of 60% of Village Panchayats' share of State Finance Commission devolution towards Infrastructure Gap Filling fund. Out of the above Infrastructure Gap Filling fund, 50%, shall be allocated towards Anaithu Grama Anna Marumalarchi Thittam programme and out of the balance 50%, 25% of the amount shall be kept with Director of Rural Development and Panchayat Raj for providing basic amenities in the Districts and the rest shall be allocated to the Districts based on the population and the District Collectors shall utilize the funds for the purpose mentioned in the Government Order third read above.

2. The Hon'ble Minister for Rural Development and Local Administration while presenting the Rural Development and Local Administration Demand on 15th and 16th April, 2008, has announced that a minimum grant of Rs.30 lakhs will be provided to each Panchayat Union as a measure of equalization and the balance amount shall be distributed based on population, out of the funds allotted to the Panchayat Unions.

3. Based on the announcement the Director of Rural Development and Panchayat Raj has sent proposal in which he has stated that a sum of Rs.1,614.9346 crores has been provided in Budget Estimate 2008-2009 for Rural Local Bodies as State Finance Commission Grant. He has also stated that out of the Village Panchayats' share of devolution funds, a minimum grant of Rs.3 lakhs has to be provided to each Village Panchayat and the balance amount shall be distributed among the Village Panchayats based on population. Out of the Panchayat Unions' share of devolution, a minimum grant of Rs.30 lakhs has to be given to each Panchayat Union as a measure of equalisation and the balance amount be apportioned to the Panchayat Unions in proportion to population.

4. The Government have carefully examined the proposal of the Director of Rural Development and Panchayat Raj in the light of the orders issued in the Government Order first read above and Budget provision of Rs.161493.46 lakhs and decided that the State Finance Commission Grant shall be distributed as follows:

	Budget provision for the year 2008-2009	Rs.161493.46 lakhs
	Ratio of distribution between Village Panchayats, Panchayat Unions and District Panchayats	60:32:8
	i.e.	Rs.96896.08 : 51677.91: 12919.47 lakhs respectively.
(a)	<u>Village Panchayats:-</u>	
	60% of State Finance Commission Grants to Village Panchayats.	Rs.96896.08 lakhs
	Out of this 5% Infrastructure Gap Filling Fund.	Rs.8074.67 lakhs
	55% State Finance Commission Grants to Village Panchayats.	Rs.88821.41 lakhs
	Minimum Grant (Rs.3 lakhs x 12,618 Village Panchayats) from the share of State Finance Commission Grant to Village Panchayats.	Rs.37854 lakhs
	Balance State Finance Commission Grant to Village Panchayats. (14 instalments)	Rs.50967.41 lakhs
(b)	<u>Panchayat Unions:-</u>	
	32% of State Finance Commission Grant to Panchayat Unions.	Rs.51677.91 lakhs
	Minimum Grant (Rs.30 lakhs x 385 Panchayat Unions) from the share of State Finance Commission Grant to Panchayat Unions.	Rs.11550 lakhs
	Balance State Finance Commission Grant to Panchayat Unions. (14 instalments)	Rs.40127.91 lakhs
(c)	<u>District Panchayats:-</u>	
	8% of State Finance Commission Grants to District Panchayats. (14 instalments)	Rs.12919.47 lakhs

5. The Government sanction a minimum grant of Rs.3 lakhs at the rate of Rs.25,000/- per month to each Village Panchayat in 12 monthly instalments. The Government also sanction the State Finance Commission grant for 10 months from April 2008 to January 2009 to Rural Local Bodies on the basis of 2001 population as detailed below:

- i) Minimum grant to Village Panchayats from April 2008 to March 2009 (Rs.25,000 x 12 x 12,618) : Rs.37854 lakhs (Rupees thirty seven thousands eight hundred and fifty four lakhs only)
- ii) State Finance Commission devolution grant from April 2008 to January 2009
- District Panchayats (10 instalments) : Rs.9228.19 lakhs

(Rupees Nine thousands two hundred and twenty eight lakhs and nineteen thousands only)

Panchayat Unions (10 instalments) : Rs.28662.79 lakhs
(after deducting the minimum grant of Rs.30 lakhs to each Panchayat Union) (Rupees twenty eight thousands six hundred and sixty two lakhs and seventy nine thousands only)

Village Panchayats (10 instalments) : Rs.36405.29 lakhs
(after deducting minimum grant of Rs.3 lakhs to each Village Panchayat) (Rupees thirty six thousands four hundred and five lakhs and twenty nine thousands only)

6. (a) The Government have also decided and sanction a minimum grant of Rs.30 lakhs at the rate of Rs.2.5 lakhs per month to each Panchayat Union in 12 monthly instalments as a measure of equalization and the balance amount shall be distributed on the basis of 2001 population out of the funds allotted to the Panchayat Unions as detailed below:

32% of State Finance Commission Grant to Panchayat Union	Rs.51677.91 lakhs
Minimum Grant to Panchayat Unions from April 2008 to March 2009 (Rs.2,50,000 x 12 x 385 Panchayat Unions) from the share of State Finance Commission Grant to Panchayat Unions	Rs.11550 lakhs

7. Infrastructure Gap Filling Fund:

The Government have decided and sanction the amount from Infrastructure Gap Filling Fund as detailed below: -

5% infrastructure gap filling fund released now	Rs.8074.67 lakhs
Allocation for Anaithu Grama Anna Marumalarchi Thittam	Rs.3696.4 lakhs
Balance 50% infrastructure Gap Filling Fund	Rs.4378.273 lakhs
25% of balance amount to be retained by Director of Rural Development and Panchayat Raj for providing basic amenities in the Districts	Rs.1094.56 lakhs
75% of balance amount to be allocated to District Collectors based on population and the Collectors to utilize the funds for the purpose mentioned in the Government Order third read above.	Rs.3283.71 lakhs

8. The amount sanctioned in para 5 and 6 shall be debited to the following head of accounts:

3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions-196 Assistance to Zilla Parishads/District level Panchayats-I Non Plan – AA. Grants to District Panchayats as per the recommendation of SFC controlled by Director of Rural Development 09. Grants-in-aid-02-Grants for	Rs.9228.19 lakhs
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Capital Expenditure (DPC 3604-00-196-AA-0921)	
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 recommendation of SFC controlled by Director of Rural Development 09. Grants-in-aid-02-Grants for Capital Expenditure (DPC 3604-00-197-AA-0929)	Rs.28662.79 lakhs and Rs.11550.00 lakhs towards minimum grant.
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 recommendation of SFC controlled by Director of Rural Development 09. Grants-in-aid-02-Grants for Capital Expenditure (DPC 3604-00-198-AA-0927)	Rs.36405.29 lakhs and Rs.37854.00 lakhs towards minimum grant.
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions-198 Assistance to Gram Panchayats – AC-Infrastructure Gap Filling Fund for Rural Local Bodies 09. Grants-in-aid-02-Grants for Capital Expenditure (DPC 3604-00-198-AC-0923)	Rs.8074.67 lakhs

9. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 5, 6 and 7 above.

10. The Director of Rural Development and Panchayat Raj is also requested to make necessary adjustments / deductions for committed expenditure such as pension commitment excess devolution made to Rural Local Bodies from the devolution meant for the respective local bodies instead of respective tiers, while distributing the State Finance Commission devolution grant sanctioned above to the concerned rural Local Bodies following the orders issued in this regard by the Government after duly reconciling the amount to be deducted with concerned Local Bodies / Heads of Departments. The minimum grant to Village Panchayats will be used for payment of Electricity consumption and Water charges so that these services do not suffer.

11. The Pay and Accounts Officer / Treasury Officers concerned are requested to admit and honour the bills as and when presented by the Director of Rural Development and Panchayat Raj, if they are found otherwise in order.

12. This order issues with the concurrence of Finance Department vide its U.O. No.145/DS(B)/2008, dated 5.6.2008.

(By Order of the Governor)

K. ASHOK VARDHAN SHETTY,
SPECIAL COMMISSIONER AND
SECRETARY TO GOVERNMENT.