



ABSTRACT

Grants – State Finance Commission Grants for the year 2016-17 – Release of Rs.3645,40,32,143/- to Village Panchayats, Panchayat Unions and District Panchayats from the month of April 2016 to January 2017 – Orders – Issued.

Rural Development and Panchayat Raj (PR-I) Department

G.O.(Ms) No.63

Dated: 06.06.2016.

Read:

- 1 G.O.Ms.No.194, Finance (FC-IV) Department, dated 10.06.2013.
- 2 From the Director of Rural Development and Panchayat Raj letter No 24930/ 2016/PRI 2-2, dated 06.05.2016.

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ORDER:

In the Government order first read above as per the recommendations of Fourth State Finance Commission, the Government have ordered that the vertical sharing ratio for devolution of State Finance Commission Grant to rural and urban local bodies will be continued as 58:42. The Government have also ordered to apportion the devolution grant of the rural local bodies among the Village Panchayats, Panchayat Unions and District Panchayats in the ratio of 60:32:8.

2. The Director of Rural Development and Panchayat Raj in his letter second read above has sent necessary proposals for the release of State Finance Commission Grant to rural local bodies for the year 2016-17 and stated as follows:-

i. The State Government have made a provision in the Budget Estimate for Rs.5340,98,28,000 Crore for the year 2016-17 as detailed below:-

Component	(Rs. In thousands)
	Provided in B.E.
District Panchayats (DPC 3604-00-196-AA-0921)	427,27,86

Panchayat Unions (DPC 3604-00-197-AA -0929)	1709,11,45
Village Panchayats (DPC 3604-00-198-AA-0927)	2670,49,14
Infrastructure Gap Filling Fund (DPC 3604-00-198-AC-0923)	534,09,83
Total	5340,98,28

ii. Village Panchayat - Minimum Grant & Population Grant: As per the Fourth State Finance Commission recommendations, the Government have ordered that the Minimum lumpsum Grant to Village Panchayats will be increased from Rs.3 lakh to Rs.5 lakh per Village Panchayat per year. This amount will be deducted from the balance share of State Finance Commission devolution intended for Village Panchayats as the first charge and distributed to all Village Panchayats on monthly basis. The balance amount from out of the share of Village Panchayats in the State Finance Commission devolution will be distributed on the horizontal sharing ratio as below:-

a)	Total population (2011 Census)	60%
b)	SC/ST population	20%
c)	Area	20%

iii. Panchayat Union - Minimum Grant & Population Grant: As per the Fourth State Finance Commission recommendations, the Government have ordered that the minimum grant of Rs.30 lakh per Panchayat Union per year will be continued for the award period and the balance amount entitled for Panchayat Union will be distributed based on Census 2011 population.

iv. District Panchayat - Population Grant: As per the Fourth State Finance Commission recommendations, the amount entitled for District Panchayat will be distributed based on Census 2011 population.

v. Infrastructure Gap Filling Fund: The Government have earmarked a sum of Rs.534,09,83,000/- in the Budget Estimate for Infrastructure Gap Filling Fund for the year 2016-17. The Director of Rural Development and Panchayat Raj has stated that a detailed proposal with guidelines for the utilisation of the Infrastructure Gap Filling Fund at District level and at State level will be sent to Government separately.

3. The Director of Rural Development and Panchayat Raj has requested the Government to issue orders for release of the share of devolution grant to Village Panchayats, Panchayat Unions and District Panchayats in monthly instalments as detailed below:-

	Provision for the year as per Budget Estimate 2016-17	Amount (in rupees)
	Village Panchayat	3204,58,97,000
	Panchayat Union	1709,11,45,000
	District Panchayat	427,27,86,000
	Total	5340,98,28,000

a)	Village Panchayats:-	
1	State Finance Commission Grant to Village Panchayats	3204,58,97,000
2	10% Infrastructure Gap Filling Fund on the rural Local Body allocation	534,09,83,000
3	State Finance Commission Balance Grant to Village Panchayats (Sl. No. 1-2)	2670,49,14,000
4	Minimum Grant (Rs.5,00,000/- per year x 12,524) from the share of State Finance Commission Grant to Village Panchayats (Rs.40,000/- per month from April 2016 to January 2017 - 10 months and Rs.50,000/- per month for February and March 2017 (2 months)	626,20,00,000
5	State Finance Commission Balance Grant to Village Panchayats based on population (14 installments) (Sl.No. 3-4)	2044,29,14,000
6	Out of the above 14 installments, 10 installments for the period from April 2016 to January 2017 to be released now	1460,20,81,429
7	Balance 4 installments for the months of February and March 2017 to be released later based on Revised Estimate (5-6)	584,08,32,571

b)	Panchayat Unions:	Amount (in rupees)
1	State Finance Commission Grant to Panchayat Unions	1709,11,45,000
2	Minimum Grant (Rs.2,50,000/- x 385 Panchayat Unions x 12 months) from the share of State Finance Commission Balance Grant to Panchayat Unions.	115,50,00,000
3	State Finance Commission Balance Grant to Panchayat Unions based on population (1-2) (14 instalment)	1593,61,45,000
4	Out of the above 14 installments, 10 installments for the period from April 2016 to January 2017 to be released now	1138,29,60,714
5	Balance 4 installments for the months of February and March 2017 to be released later based on Revised Estimate (3-4)	455,31,84,286

c)	District Panchayats:	
1	State Finance Commission Grant to District Panchayats based on population (14 instalments)	427,27,86,000
2	Out of the above 14 instalments, 10 instalments for the period from April 2016 to January 2017 to be released now	305,19,90,000
3	Balance 4 instalments for the months of February and March 2017 to be released later based on Revised Estimate (1-2)	122,07,96,000

4. The Director of Rural Development and Panchayat Raj has also requested the Government to issue orders sanctioning the minimum grant of Rs.5 lakh per year at the rate of Rs.40,000/- per month from April 2016 to January 2017 (10 months) and Rs.50,000/- per month for February and March 2017 (2 months) to each Village Panchayat and Rs.30 lakh per year at the rate of Rs.2.50 lakh per month to each Panchayat Union in 12 monthly instalment as per the 4th State Finance Commission recommendation. The amount now required towards the minimum grant and population grant for Village Panchayats and Panchayat Union and population grant for District Panchayats from April 2016 to January 2017 are as below:-

(Amount in Rupees)

a. Village Panchayats	Minimum Grant	626,20,00,000
	Population Grant	1460,20,81,429
b. Panchayat Unions	Minimum Grant	115,50,00,000
	Population Grant	1138,29,60,714
c. District Panchayats	Population Grant	305,19,90,000
	Total	3645,40,32,143

5. The Director of Rural Development and Panchayat Raj has also requested the Government to issue orders authorizing him to draw and disburse the amount to the three tier of Panchayat Raj Institutions and also to make necessary adjustments / deductions for committed expenditure such as pension commitment etc.

6. 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 decided to release a sum of **Rs.3645,40,32,143/- (Rupees Three thousand six hundred and forty five crores forty lakhs thirty two thousand and one hundred forty three only)** as State Finance Commission Grant to Village Panchayats, Panchayat Unions and District Panchayats from the months of April 2016 to January 2017 out of total allocation of State Finance Commission Grant of Rs.5340,98,28,000/- for the year 2016-17 as follows:-

(Amount in Rupees)

a)	Village Panchayats: (Total allocation)	3204,58,97,006
1	10% Infrastructure Gap Filling Fund on the rural Local Body allocation (Orders will be issued separately)	534,09,83,000
2	State Finance Commission Balance Grant to Village Panchayats (a -1)	2670,49,14,000
3	<u>Minimum Grant</u> Minimum Grant (Rs.5,00,000/- per year x 12,524) from the share of State Finance Commission Grant to Village Panchayats (Rs.40,000/- per month from April 2016 to January 2017 (10 months) and Rs.50,000/- per month for February and March 2017 - 2 months)	626,20,00,000

4	<u>Population Grant</u> Out of the balance grant of Rs.2044,29,14,000/- to Village Panchayats to be distributed in 14 instalments based on population, 10 instalments for the period from April 2016 to January 2017 released now (2670,49,14,000-626,20,00,000 =2044,29,14,000/14X10)	1460,20,81,429
	Sub Total	2086,40,81,429
b)	Panchayat Unions: (Total allocation)	1709,11,45,000
1	<u>Minimum Grant</u> Minimum Grant (Rs.2,50,000/- x 385 Panchayat Unions x 12 months) from the share of State Finance Commission Grant to Panchayat Unions.	115,50,00,000
2	<u>Population Grant</u> Out of the balance grant of Rs.1593,61,45,000/- to Panchayat Unions to be distributed in 14 instalments based on population, 10 instalments for the period from April 2016 to January 2017 released now (1709,11,45,000-115,50,00,000 =1593,61,45,000/14x10)	1138,29,60,714
	Sub Total	1253,79,60,714
c)	District Panchayats: (Total allocation)	427,27,86,000
	<u>Population Grant</u> Out of the State Finance Commission Grant of Rs.427,27,86,000/- to District Panchayats, to be distributed in 14 instalments based on population, 10 instalments for the period from April 2016 to January 2017 released now.	305,19,90,000
	Grand Total (a+b+c)	Rs.3645,40,32,143/-

7. The amount sanctioned in para 6 above shall be debited to the following head of account:

(Amount in Rupees)

a. <u>Village Panchayats:</u> 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 State Finance Commission controlled by Director of Rural Development- 09. Grants-in-aid-02 Grants for Creation of Capital Assets. (DPC 3604-00-198-AA-0927)	Minimum Grant 626,20,00,000/- Population Grant 1460,20,81,429/-
b. <u>Panchayat Unions:</u> 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 Union as per the recommendation of State Finance Commission controlled by Director of Rural Development-09. Grants-in-aid-02-Grants for Creation of Capital Assets. (DPC 3604-00-197-AA -0929)	Minimum Grant 115,50,00,000/- Population Grant 1138,29,60,714/-
c. <u>District Panchayats:</u> 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 Panchayat as per the recommendation of State Finance Commission controlled by Director of Rural Development-09. Grants-in-aid-02-Grants for Creation of Capital Assets. (DPC 3604-00-196-AA-0921)	Population Grant 305,19,90,000/-
Total	3645,40,32,143

8. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 6 above as per the recommendations of the Fourth State Finance Commission issued in the Government order first read above. The Director of Rural Development and Panchayat Raj is authorised to disburse the minimum grant of Rs.5.00 lakh per year at the rate of Rs.40,000/- per month from April 2016 to January 2017 (10 months) and Rs.50,000/- per month for February and March 2017 (2 months) to each village panchayat and Rs.30 lakh per year at the rate of Rs.2.50 lakh per month to each Panchayat Union in 12 monthly instalments. The minimum grant sanctioned to Village Panchayats shall be used for payment of Electricity consumption and Water charges so that these services do not suffer.

9. The Pay and Accounts Officer / Treasure 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.

10. This order is issued with the concurrence of Finance Department vide its U.O. No.29187/RD/2016, dated 20.05.2016.

(By Order of the Governor)

Gagandeep Singh Bedi,
Secretary to Government.

To

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

The Additional Chief Secretary / Commissioner of Rural Development
and Panchayat Raj (Training), Chennai-15.

All District Collectors (Except Chennai)

The Chairman, Tamil Nadu Electricity Board, Chennai-2.

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

All Project Directors, District Rural Development Agencies.

The Pay and Accounts Officer (South), Chennai-35.

The Principal Accountant General (G&SSA) / (A&E) / (E&RSA), Chennai – 18.

The Principal Accountant General, Chennai – 9.

The Pay and Accounts Officer, Madurai.

All District Treasury Officers.

Copy to:

The Finance (RD/FC.IV/BGI / BG II W&M) Department, Chennai-9.

The Principal Personal Secretary to the Secretary to Government,
Rural Development and Panchayat Raj Department, Chennai-9.

The Rural Development and Panchayat Raj (B&C / SGS.1/SGS.2/
SGS.3/SGS.4 / PR.3/OP.II) Department, Chennai-9.

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// Forwarded by Order //

V. Shobani
Section Officer. 6/8/16
6/6/2016