



ABSTRACT

Grants – State Finance Commission Grants for the year 2017-18 – Release of Rs.2874,17,92,142/- to Village Panchayats, Panchayat Unions and District Panchayats from April 2017 to January 2018 – Orders – Issued.

Rural Development and Panchayat Raj (PR-I) Department

G.O.(Ms) No.56

Dated:26.05.2017.

Read:

- 1 G.O.Ms.No.84, Finance (FC-IV) Department, dated 31.03.2017.
- 2 From the Director of Rural Development and Panchayat Raj Department letter No.21521/2017/PRI 2.2, dated 12.04.2017.

* * * * *

ORDER:

In the Government order first read above, as per the recommendations of Fifth 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 shall be in the ratio of 56:44. 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 55:37:8.

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 2017-18 as stated below :-

- (i) The State Government have made a provision in the Budget Estimate for Rs.5159,39,85,000 for the year 2017-18 as detailed below:-

(Rs. In thousands)	
Component	Fund Provided in B.E. 2017-18
District Panchayats (DPC 3604-00-196-AA-0921)	288,92,63,000
Panchayat Unions (DPC 3604-00-197-AA-0929)	1,336,28,42,000
Village Panchayats (DPC 3604-00-198-AA-0927)	1,986,36,84,000

Capital Grant Fund	1031,87,97,000
Pooled Fund Deficit	515,93,99,000
Total	5159,39,85,000

- (ii) **Village Panchayat - Minimum Grant & Population Grant:** As per the Fifth State Finance Commission recommendations, the Government have ordered increasing the Minimum lumpsum Grant to Village Panchayats from Rs.5 lakh to Rs.7 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 mentioned below:-

a)	Total population (2011 Census)	60%
b)	SC/ST population	15%
c)	Area	15%
d)	Per capita consumption expenditure distance	10%

- (iii) **Panchayat Union - Minimum Grant & Population Grant:** As per the Fifth State Finance Commission recommendations, the Government have issued orders increasing the minimum lumpsum grant from Rs.30 lakh to Rs.40 Lakh per Panchayat Union per year. This amount will be deducted from the balance share of State Finance devolution intended for Panchayat Unions as the first charge and distributed to all Panchayat Unions on monthly basis as per the formula.
- (iv) **District Panchayat - Population Grant:** As per the Fifth State Finance Commission recommendations, the amount entitled for District Panchayat will be distributed on the basis of above formula.
- (v) **Capital Grant Fund and Pooled Fund Deficit:** In respect of Capital Grant Fund and Pooled Fund Deficit detailed proposals will be sent to Government separately by the DRD&PR.

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:-

a)	Village Panchayats:-	(In Rupees)
1	State Finance Commission Grant to Village Panchayats	1986,36,84,000

2	Minimum Grant (Rs.7,00,000/- per year x 12,524) from the share of State Finance Commission Grant to Village Panchayats (Rs.60,000/- per month from April 2017 to January 2018 - 10 months and Rs.50,000/- per month for February and March 2018 (2 months)	876,68,00,000
3	State Finance Commission Balance Grant to Village Panchayats based on population (14 installments) (Sl. No. 1-2)	1109,68,84,000
4	Out of the above 14 installments, 10 installments for the period from April 2017 to January 2018 to be released now	792,63,45,714
5	Balance 4 installments for the months of February and March 2018 to be released later based on Revised Estimate (3-4)	317,05,38,286
b)	Panchayat Unions:	
1	State Finance Commission Grant to Panchayat Unions	1336,28,42,000
2	Minimum Grant (Rs.40,00,000/- per year x 385) from the share of State Finance Commission Balance Grant to Panchayat Unions. (Rs.3,00,000/- April 2017 to January 2018 - 10 months and Rs.5,00,000/- per month for February and March 2018 (2 months)	154,00,00,000
3	State Finance Commission Balance Grant to Panchayat Unions based on population (1-2)	1182,28,42,000
4	Out of the above 14 installments, 10 installments for the period from April 2017 to January 2018 - (10 months) to be released now	844,48,87,143
5	Balance 4 installments for the months of February and March 2018 to be released later based on Revised Estimate (3-4)	337,79,54,857
c)	District Panchayats:	
1	State Finance Commission Grant to District Panchayats based on population	288,92,63,000

2	Out of the above 14 instalments, 10 instalments for the period from April 2017 to January 2018 to be released now	206,37,59,285
3	Balance 4 instalments for the months of February and March 2018 to be released later based on Revised Estimate (1-2)	82,55,03,715

4. The Director of Rural Development and Panchayat Raj has also requested the Government to issue orders sanctioning the minimum grant of Rs.7 lakh per year at the rate of Rs.60,000/- per month from April 2017 to January 2018 (10 months) and Rs.50,000/- per month for February and March 2018 (2 months) to each Village Panchayat and similarly, Rs.40 lakh per year at the rate of Rs.3,00,000/- per month from April 2017 to January 2018 (10 months) and Rs.5,00,000/- per month for February and March 2018 (2 months) to each Block Panchayats on monthly basis as per the recommendations of 5th State Finance Commission towards the Minimum Grant for the financial year (April 2017-Mar 2018) and Population Grant for Village Panchayats, Panchayat Unions and District Panchayats from April 2017 to January 2018 are as below:-

(Amount in Rupees)

a. Village Panchayats	Minimum Grant	876,68,00,000
	Population Grant	792,63,45,714
b. Panchayat Unions	Minimum Grant	154,00,00,000
	Population Grant	844,48,87,143
c. District Panchayats	Population Grant	206,37,59,285
	Total	2874,17,92,142

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 tiers of Panchayat Raj Institutions and also to make necessary adjustments/deductions for committed expenditure such as pension commitment.

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. 2874,17,92,142/- (Rupees Two Thousand Eight hundred and Seventy Four crores Seventeen lakhs Ninety two thousand and One Hundred Forty Two only)** as State Finance Commission Grant to Village Panchayats, Panchayat Unions and District Panchayats for the month of April 2017 to January 2018 out of total allocation of State Finance Commission Grant of Rs.5159,39,85,000/- for the year 2017-18 as follows:-

(Amount in Rupees)

a)	Village Panchayats:- (Total allocation)	1986,36,84,000
1.	Minimum Grant Minimum Grant (Rs.7,00,000/- per year x 12,524) from the share of State Finance Commission Grant to Village Panchayats (Rs.60,000/- per month from April 2017 to January 2018 - 10 months and Rs.50,000/- per month for February and March 2018 (2 months)	876,68,00,000
2.	Population Grant Out of the State Finance Commission grant of Rs.1986,36,84,000/- to Village Panchayats to be distributed in 14 instalments based on population, 10 instalments for the period from April 2017 to January 2018 released now (1986,36,84,000-876,68,00,000 =1109,68,84,000/14X10)=792,63,45,714	792,63,45,714
	Sub Total	1669,31,45,714
b)	Panchayat Unions: (Total allocation)	1336,28,42,000
1	Minimum Grant Minimum Grant (Rs.40,00,000/- per year x 385) from the share of State Finance Commission Balance Grant to Panchayat Unions. (Rs.3,00,000/- April 2017 to January 2018 – 10 months and Rs.5,00,000/- per month for February and March 2018 (2 months).	154,00,00,000
2	Population Grant Out of the balance grant of Rs.1182,28,42,000/- to Panchayat Unions to be distributed in 14 instalments based on population, 10 instalments for the period from April 2017 to January 2018 released now (1336,28,42,000 -154,00,00,000 =1182,28,42,000/14x10)=844,48,87,143	844,48,87,143
	Sub Total	998,48,87,143
c)	District Panchayats: (Total allocation)	288,92,63,000
	Population Grant Out of the State Finance Commission Grant of Rs.288,92,63,000/- to District Panchayats, to be distributed in 14 instalments based on population, 10 instalments for the period from April 2017 to January 2018 released now.	206,37,59,285
	Grand Total (a+b+c)	Rs.2874,17,92,142

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

(in Rupees)

3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 198 Assistance to Gram Panchayats State's Expenditure - 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 for 12 months 876,68,00,000/-
	Population Grant for 10 months 792,63,45,714/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 197 Assistance to Block Panchayats/Intermediate level Panchayats – State's Expenditure - AA. Grants to Panchayat Unions 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 for 10 months 154,00,00,000/-
	Population Grant for 10 months 844,48,87,143/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions-196 Assistance to Zilla Parishads/District level Panchayats- State's Expenditure - AA. Grants to District 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 3604-00-196-AA-0921)	Population Grant for 10 months 206,37,59,285/-
	206,37,59,285/-
Total	2874,17,92,142/-

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 Fifth 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.7.00 lakh per year at the rate of Rs.60,000/- per month from April 2017 to January 2018 (10 months) and Rs.50,000/- per month for February and March 2018 (2 months) to each village panchayat and Rs.40 lakh per year at the rate of Rs.3.00 lakh per month from April

2017 to January 2018 (10 months) and Rs.5.00 lakh per month for February and March 2018 (2 months) per month to each Block Panchayats on monthly basis as per the recommendations of Fifth State Finance Commission.

9. 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.

10. This order issues with the concurrence of Finance Department vide its U.O.No.24851/RD/17, dated 19.05.2017.

By Order of the Governor)

HANS RAJ VERMA,
Additional Chief 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.

Stock File / Spare Copy.

// Forwarded by Order //


Section Officer.
4mm
26/5/17