



ABSTRACT

Rural Development and Panchayat Raj Department – Committed liability of Rs.719.276 crore for the year 2016-17 to be deducted from the State Finance Commission Devolution Grant for the year 2017-18 – One time exemption from para ix of G.O.(Ms)No.84, Finance (FC-IV) Department dated 31.03.2017 – Permission Accorded – Orders - Issued.

Rural Development and Panchayat Raj (PR-1) Department

G.O. (Ms.) No.104

Dated: 20.09.2017

Read:

- 1) G.O.(Ms)No.84, Finance (Finance Commission-IV) Department, dated 31.03.2017.
- 2) From the Director of Rural Development and Panchayat Raj letter No.21521/2017/PRI 2.2, dated 02.06.2017.

ORDER:

The Director of Rural Development and Panchayat Raj in his letter second read above has stated that the Hon'ble Chief Minister of Tamil Nadu on the Floor of the Assembly under rule 110 announced the flagship schemes like Tamil Nadu Rural Roads Improvement scheme (TNRRIS), Tamil Nadu Habitation Improvement Scheme (THAI), Solid Waste Management, Light Emitting Diode (LED) conversion etc., by dovetailing State Finance Commission Grants with other Grants and Funds. Accordingly, Government of Tamil Nadu have ordered the implementation of various Rural Development Schemes for the year 2016-17 by converging funds from various sources.

2. The Director of Rural Development and Panchayat Raj has further stated that as per the Government Order read above the committed liability in respect of previous years viz, 2014-15, 2015-16 and 2016-17, a total amount of Rs.2277.066 crore had to be deducted from State Finance Commission Devolution Grant for the year 2016-17 and released for the implementation of various schemes. Out of this, only Rs.1557.78 crore was deducted from State Finance Commission Devolution Grant and released to the respective schemes by Director of Rural Development and Panchayat Raj in the year 2016-17 itself. The balance amount could not be deducted from the devolution grant within the financial year due to various reasons as given below:

- i) There were certain administrative reasons which consequently delayed in issuing of Government Orders, guidelines and orders. Apart from that, new components were included in the schemes which needed field study and issue of detailed guidelines, which led to delay in issue of

Government Order and deduction of funds for the schemes from devolutionary grants. Hence, the deduction could not be done in all the 12 months of Financial Year 2016-17.

- ii) Moreover, it was planned to deduct Rs.2259.116 crore from the State Finance Commission Devolution Grant of 2016-17 for the schemes implemented during 2014-15 to 2016-17. But the actual deduction was only Rs.1557.78 crore, leaving a balance of Rs.719.276 crore which needs to be deducted during current year's State Finance Commission Devolution Grant of 2017-18.
- iii) Apart from that, for the year 2016-17, the Budget Estimate for devolution grant was Rs.4806.88 crore, which was subsequently reduced to Rs.4361.09 crore in Revised Estimate. However the actual release was only Rs.4227.29 crore leaving a gap of Rs.579.59 crore.

3. The Director of Rural Development and Panchayat Raj has added that the Government has accepted the recommendation of 5th State Finance Commission and issued orders in the Government Order 1st read above wherein the devolution formula has been changed both horizontally and vertically. Funds are now being released to Rural Local Bodies based on the changed vertical and horizontal formula. There is a need to pay the outstanding committed liability of Rs.719.276 crore for the year 2016-17 which needs to be deducted from the State Finance Commission Devolution Grant of 2017-18.

4. He has given the outstanding committed liability of Rs.719.276 crore for the following schemes from State Finance Commission Devolutionary Grant:-

(Rs. in crore)

Sl. No.	Name of the Scheme	Total Allocation	Amount deducted during 2016-17	Balance to be deducted
1	BPRIS 14-15	25.00	25.00	0.00
2	RRMS 14-15	21.82	21.82	0.00
3	PMGSY 12-13	70.00	70.00	0.00
4	TNRRIS 15-16	330.00	330.00	0.00
5	CSIDS 15-16	20.00	20.00	0.00
6	LED 15-16	67.00	67.00	0.00
7	RO Plant 15-16	7.00	7.00	0.00
8	Pension 15-16	120.00	120.00	0.00
9	TWAD Board 16-17	125.81	125.81	0.00
10	Family Benefit Fund	0.50	0.50	0.00
11	PMGSY 15-16	4.03	4.03	0.00
12	RIRD Training – Admin Fund 16-17	0.79	0.79	0.00
13	Amma Park 16-17	50.00	50.00	0.00
14	Amma Gym 16-17	25.00	25.00	0.00
15	TNRRIS 16-17	800.00	470.00	330.00
16	THAI Scheme 16-17	341.39	142.24	199.15
17	Solid Waste Management 16-17	50.00	16.64	33.36
18	CSIDS 16-17	100.00	33.36	66.64

19	LED 16-17	100.00	28.60	71.40
20	Maintenance of Road 16-17	0.776	0.00	0.776
21	CWSS to 57 Rural Habitations in Periyakulam Union in Theni District	17.950	0.00	17.950
	Total	2277.066	1557.790	719.276

5. The Director of Rural Development and Panchayat Raj has also stated that the Government has sanctioned an amount of Rs.5159.39 crore as State Finance Commission Grant in the Budget Estimate for the year 2017-18 and the same has to be released to Rural Local Bodies as per the recommendation of 5th State Finance Commission as detailed below:-

		(Rs. in crore)	
Sl. No.	Details	Amount Sanctioned	
1	Total Budget Estimate for the year 2017-18		Rs.5159.39
2	Capital Grant Fund		Rs.1031.88
3	Pooled fund for deficit Rural Local Bodies		Rs.515.94
4	Devolution to Rural Local Bodies		Rs.3611.57
	a) Population Grant	Rs. 2580.89	
	b) Minimum Grant	Rs. 1030.68	
	Grand Total		Rs.5159.39

An amount of Rs 719.276 crore is to be deducted towards the committed liability for earlier years from Population Grant and released to the respective schemes. Further in para ix of the Government Order 1st read above, the Government have ordered that since the Capital Grant Fund and Pooled Fund for Deficit Rural Local Bodies provide the necessary tools to address equity and flexibility concerns and to meet important requirements that may not be prioritized by individual Rural Local Bodies, the practice of deducting funds from the Devolution intended for Rural Local Bodies must be scrupulously avoided. The Director of Rural Development and Panchayat Raj has further stated that the works which have been taken up under various schemes are under advanced stages of completion and there is an urgent need to release the earmarked funds to the respective Schemes.

6. The Director of Rural Development and Panchayat Raj has therefore requested the Government to authorize him to deduct the committed liability amounts to Rs.719.276 crore for the year 2016-17 from the State Finance Commission Devolution Grant to be released to the Rural Local Bodies on a monthly basis during the year 2017-18, as an one time exemption from para ix of the Government Order 1st read above.

7. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj decided to accept it and accordingly authorize the Director of Rural Development and Panchayat Raj to deduct the committed liability amount of Rs.719.276 crore (Rupees Seven Hundred and Nineteen crore Twenty Seven Lakh Sixty Thousand only) for the year 2016-17, from the 5th State Finance Commission Devolution Grant to be released to the Rural Local Bodies on a monthly basis during the year 2017-18, as an one time exemption from

Para ix of the Government Order (Ms) No.84, Finance (FC-IV) Department, dated 31.03.2017 with the following conditions:-

- i. The award of permission to have an one time exemption should not be taken as a precedent for any further exemption and all the recommendations of 5th State Finance Commission be strictly adhered to without any deviations.
- ii. The Financial commitments be made realistically taking into consideration not only the Budget Estimate 2017-18 figures but also the Revised Estimate 2017-18 figures and any claim over Revised Estimate 2017-18 be scrupulously avoided.
- iii. This deduction shall be within the Devolution Grant meant for 2017-18, and not as an additionality.

8. This order issue with the concurrence of Finance Department vide its U.O.No.47391/Fin(RD), dated 20.09.2017.

(By Order of the Governor)

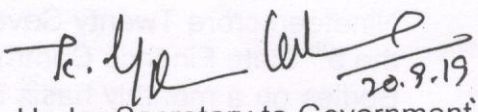
HANS RAJ VERMA,
Additional Chief Secretary to Government.

To
The Director of Rural Development and Panchayat Raj,
Chennai – 15.
All District Collectors.
All District Treasury Officers.
The Director of Treasuries and Accounts, Chennai-35.
The Director of Local Fund Audit, Chennai -35.
The Pay and Account Officer (South) Chennai 35

Copy to:

The Hon'ble Chief Minister's Office, Chennai-9.
The Hon'ble Deputy Chief Minister's Office, Chennai-9.
The Special Personal Assistant to Hon'ble Minister, (MA & RD, Impn. Spl. Prog.),
Chennai-9
The Principal Private Secretary to Additional Chief Secretary to
Government, Rural Development and Panchayat Raj
Department, Chennai-9
The Finance (RD/FC.II/W&M.I) BG.I/BG.II) Department, Chennai -9
Rural Development and Panchayat Raj (B&C/OP II/ SGS-II / SGS-III)
Department, Chennai-9
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20.9.19 1/2
Under Secretary to Government.
20/9/17