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ABSTRACT

Grants - State Finance Commission Grants for the year 2018-19 - Release of Rs.3245,42,07,857/- to Village Panchayats, Panchayat Unions and District Panchayats from April 2018 to January 2019 - Orders - Issued.

Rural Development and Panchayat Raj (PR-I) Department

G.O.(Ms) No.65

Dated: 09.05.2018.

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 10.04.2018.

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 2018-19 as stated below :-

- (i) The State Government have made a provision in the Budget Estimate for Rs.5901,88,15,000 for the year 2018-19 as detailed below:-

(Rs. In thousands)

Component	Fund Provided in B.E. 2018-19
District Panchayats (DPC 3604-00-196-AA-0921)	330,50,54,000
Panchayat Unions (DPC 3604-00-197-AA -0929)	1528,58,73,000
Village Panchayats (DPC 3604-00-198-AA-0927)	2272,22,44,000
Capital Grant Fund (DPC 3604-00-200-BP-0929)	1180,37,63,000
Pooled Fund Deficit (DPC 3604-00-200-BQ-0927)	590,18,81,000
Total	5901,88,15,000

(ii) **Village Panchayat - Minimum Grant & Population Grant:** As per the Fifth State Finance Commission recommendations, the Government have issued orders for the release of Minimum lumpsum Grant of Rs.7 lakh per Village Panchayat per annum. This amount will be deducted from the 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 5th State Finance Commission recommendations, the Government have issued orders and release of a lumpsum Grant Rs.40 lakh per annum per Panchayat Union. This amount will be deducted from the balance share of State Finance Commission devolution intended for Panchayat Unions as the first charge and distributed to all Panchayat Unions on monthly basis as per the above formula. The balance amount from out of the share of Panchayat union in the State Finance Commission devolution will be distributed on the horizontal sharing ratio as mentioned at para (ii) above as population grant.

(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 the sharing mechanism. ✓

(v) **Capital Grant Fund and Pooled Fund Deficit:** In respect of Capital Grant Fund and Pooled Fund for Deficit Rural Local Bodies, detailed proposals will be sent to the Government separately by the Director of Rural Development and Panchayat Raj.

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	2272,22,44,000 ✓
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 2018 to January 2019 - 10 months and Rs.50,000/- per month for February and March 2019 (2 months)	876,68,00,000 ✓

3	State Finance Commission Balance Grant to Village Panchayats based on population (14 installments) (Sl. No. 1-2)	1395,54,44,000
4	Out of the above 14 installments, 10 installments for the period from April 2018 to January 2019 to be released now	996,81,74,286
5	Balance 4 installments for the months of February and March 2019 to be released later based on Revised Estimate (Sl.No.3-4)	398,72,69,714
b) Panchayat Unions		
1	State Finance Commission Grant to Panchayat Unions	1528,58,73,000
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 2018 to January 2019 - 10 months and Rs.5,00,000/- per month for February and March 2019 (2 months)	154,00,00,000
3	State Finance Commission Balance Grant to Panchayat Unions based on population (Sl.No.1 - 2)	1374,58,73,000
4	Out of the above 14 installments, 10 installments for the period from April 2018 to January 2019 - (10 months) to be released now	981,84,80,714
5	Balance 4 installments for the months of February and March 2019 to be released later based on Revised Estimate (Sl.No.3-4)	392,73,92,286
c) District Panchayats		
1	State Finance Commission Grant to District Panchayats based on population	330,50,54,000
2	Out of the above 14 instalments, 10 instalments for the period from April 2018 to January 2019 to be released now	236,07,52,857
3	Balance 4 instalments for the months of February and March 2019 to be released later based on Revised Estimate (Sl.No.1-2)	94,43,01,143

4. The Director of Rural Development and Panchayat Raj has also requested the Government to issue orders sanctioning the minimum Grant of Rs.876,68,00,000/- (Eight hundred and seventy six crore and sixty eight lakh only at the rate of Rs.7.00 lakh per year) at the rate of 60,000/- per month from April 2018 to January 2019 (10 months) and Rs. 50,000/- per month for February and March 2019 (2 months) to each Village Panchayat and similarly, Rs.154,00,00,000/- (One hundred and fifty four crore only) at the rate of Rs.40.00 lakh per year at the rate of Rs.3,00,000/- per month from April 2018 to January 2019 (10 months) and Rs.5,00,000/- per month for February and March 2019 (2 months) to each Block Panchayat on monthly basis as per the recommendations of 5th State Finance Commission.

5. He has also requested that in respect of Village Panchayats the Population Grant for ten months for Rs.996,81,74,286/- (Nine hundred and ninety six crore and eight one lakh seventy four thousand two hundred and eighty six only) and ten months Population Grant to the Panchayat unions amounting to Rs.981,84,80,714/- (Rupees Nine hundred and eighty one crore eighty four lakh eighty thousand seven hundred and fourteen only) and ten months Population Grant to the District Panchayats amounting to Rs. 236,07,52,857/- (Rupees two hundred and thirty six crore seven lakh fifty two thousand eight hundred and fifty seven only) and totally Rs.2214,74,07,857/- towards the population grant for 10 months for the three tiers of Panchayats (i.e) from April 2018 to January 2019 may be sanctioned. Totally, an amount of Rs.3245,42,07,857/- (Rupees Three thousand two hundred and forty five crore forty two lakh and seven thousand eight hundred fifty seven only) for the minimum grant for three tier Panchayats for twelve months and population grant for three tier Panchayats for ten months may be sanctioned.

6. 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.

7. 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.3245,42,07,857/- (Rupees Three Thousand Two hundred and Forty Five crores Forty Two lakhs Seven thousand Eight Hundred and Fifty Seven only) as State Finance Commission Grant to Village Panchayats, Panchayat Unions and District Panchayats for the month of April 2018 to January 2019 out of total allocation of State Finance Commission Grant of Rs.5901,88,15,000/- for the year 2018-19 as follows:-

		(Amount in Rupees)
a)	Village Panchayats:- (Total allocation)	1986,36,84,000
1	State Finance Commission Grant to Village Panchayats	2272,22,44,000
2	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 2018 to January 2019 - 10 months and Rs.50,000/- per month for February and March 2019 (2 months)	876,68,00,000
3	Population Grant Out of the State Finance Commission grant of Rs.2272,22,44,000/- to Village Panchayats to be distributed in 14 instalments based on population, 10 instalments for the period from April 2018 to January 2019 released now (2272,22,44,000-876,68,00,000 =1395,54,44,000/14X10)=996,81,74,286	996,81,74,286
	Sub Total	1873,49,74,286

b)	Panchayat Unions: (Total allocation)	1528,58,73,000
1	<u>Minimum Grant</u> 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 2018 to January 2019 – 10 months and Rs.5,00,000/- per month for February and March 2019 (2 months).	154,00,00,000
2	<u>Population Grant</u> Out of the balance grant of Rs.1374,58,73,000/- to Panchayat Unions to be distributed in 14 instalments based on population, 10 instalments for the period from April 2018 to January 2019 released now (1528,58,73,000 -154,00,00,000 =1374,58,73,000/14x10)=981,84,80,714	981,84,80,714
	Sub Total	1135,84,80,714
c)	District Panchayats: (Total allocation)	330,50,54,000
	<u>Population Grant</u> Out of the State Finance Commission Grant of Rs.330,50,54,000/- to District Panchayats, to be distributed in 14 instalments based on population, 10 instalments for the period from April 2018 to January 2019 released now.	236,07,52,857
	Grand Total (a+b+c)	Rs.3245,42,07,857

8. The amount sanctioned in para 7 above shall be debited to the following respective Heads 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 SFC 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 996,81,74,286

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 Union as per the recommendation of SFC 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 12 months 154,00,00,000
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 SFC 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 981,84,80,714
Total	3245,42,07,857

9. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 7 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 2018 to January 2019 (10 months) and Rs.50,000/- per month for February and March 2019 (2 months) to each village panchayat and Rs.40 lakh per year at the rate of Rs.3.00 lakh per month from April 2018 to January 2019 (10 months) and Rs.5.00 lakh per month for February and March 2019 (2 months) per month to each Block Panchayats on monthly basis as per the recommendations of Fifth State Finance Commission.

10. 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.

11. This order issues with the concurrence of Finance Department vide its U.O.20070/RD/18, dated 02.05.2018.

(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 Special Personal Assistant to Hon'ble Minister (Municipal Administration
and Rural Development, Implementation of Special Programme) Chennai-9.
The Finance (RD/FC.IV/BGI / BG II /W&M) Department, Chennai-9.
The Senior Principal Private Secretary to the Additional Chief 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 //

P. Subasiri
Section Officer.

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