



ABSTRACT

Fifth State Finance Commission Grant – Capital Grant Fund – Release of Rs.590,18,81,500/- as first instalment for the year 2018-19 - Sanction – Orders - Issued.

Rural Development and Panchayat Raj (PR-1) Department

G.O.(Ms) No.69

Dated: 30.05.2018.

Read:

1. G.O. No 84, Finance (Finance Commission –IV) Department, Dated: 31.03.2017.
2. From the Director of Rural Development and Panchayat Raj, letter No.29365/2017/PRI 2.2, dated 17.04.2018.

* * * * *

ORDER:

In the Government order first read above, as per the recommendations of Fifth State Finance Commission, Government have decided to continue the devolution of 10% of the net State's Own Tax Revenue (SOTR) to Local Bodies from 2017-18 to 2021-22 and 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 vertical sharing ratio among the tiers of Rural Local Bodies shall be 8:37:55 for District Panchayats, Panchayat Unions and Village Panchayats respectively. Further the horizontal distribution of the State Finance Commission devolution to Rural Local Bodies under Fifth State Finance Commission on the basis of the following formula:-

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

2. The Director of Rural Development and Panchayat Raj in the letter read above has stated that in the G.O. first read above, the Fifth State Finance Commission has established a Capital Grant Fund as detailed below:

- i. Capital Grant Fund shall be established to replace the Infrastructure Gap Filling Fund (IGFF) and 20% of the aggregate devolution intended for Rural Local Bodies shall be paid into this fund.
- ii. Out of this fund, 20% should be reserved for taking up projects which are deemed to be of importance at the State level. These works should be identified and approved by a Committee comprising the Secretary to Government, Rural Development and Panchayat Raj Department, Director of Rural Development and Panchayat Raj, a representative of the Finance Department and Member Secretary, State Planning Commission.

- iii. The Balance 80% of the funds should be distributed district wise based on the formula adopted for horizontal distribution amongst District Panchayats. The allocation of the funds project wise should be decided by the District Planning Committee based on detailed guidelines issued by the Rural Development and Panchayat Raj Department in consultation with Finance and Planning & Development Departments.

3. The Director of Rural Development and Panchayat Raj has stated that the Government have allotted a sum of Rs.1180,37,63,000/- in the Budget Estimate for the year 2018-19 under Capital Grant Fund. Of which i.e. Rs.236,07,52,600/- (Rupees Two hundred and thirty six crore seven lakh fifty two thousand and six hundred only) being 20% of the Capital Grant Fund shall be allocated for taking up important projects at the State level and 80% of the amount i.e. Rs.944,30,10,400/- (Rupees Nine hundred and forty four crore thirty lakh and ten thousand and four hundred only) should be distributed to the districts. The projects should be decided as per the detailed guidelines issued in G.O. (Ms.) No.108, Rural Development and Panchayat Raj (PR.1) Department, dated:21.09.2017.

4. The Director of Rural Development and Panchayat Raj has added that the Government have also ordered that the following items be accorded priority in sanction from the Capital Grant Fund for Rural Local Bodies:

- Improvement of 2500 km of local body roads to ODR standards shall be taken up as a priority by Panchayat Unions through the enhanced Infrastructure Gap Filling Fund/Capital Grant Fund, with an allocation of Rs.100 crore per year for this purpose.
- An amount of Rs.25 crores spread over the first two years of the Award period be set apart from the Capital Grant Fund to install bulk meters for all Rural Local Bodies bulk consumers to accurately measure the actual quantity of water supplied under the Combined Water Supply Scheme.
- An amount of Rs.309 crores be set apart for revamping of old Combined Water Supply Schemes which are not functioning to full capacity to provide additional water supply to rural areas.

5. The Director of Rural Development and Panchayat Raj has therefore requested the Government to issue orders authorizing him to draw and disburse the Capital Grant Fund of Rs.1180,37,63,000/- as detailed below for the year 2018-19 in two equal instalment on half early basis.

Category	Amount (in Rs.)
20%- State component of Capital Grant Fund	236,07,52,600
80% - District component of Capital Grant Fund	944,30,10,400
Total	1180,37,63,000

6. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj have decided to accept and issue the following orders:

- (i) Sanction is accorded for a sum of Rs. 1180,37,63,000/- for the year 2018-19 and to release a sum of Rs.590,18,81,500/- (Rupees Five Hundred and ninety Crore Eighteen Lakhs Eighty one Thousand and Five Hundred Only) as 1st instalment of Capital Grant Fund under Fifth State Finance Commission Grant.
- (ii) Permission is accorded to earmark a sum of Rs.100 crore for improvement of Local Body roads to ODR Standard for the year 2018-19 from 80% component of Capital Grant Fund 2018-19.
- (iii) Permission is accorded to release a sum of Rs.12.50 crore to Tamil Nadu Water Supply and Drainage Board for installation of Bulk meters for the year 2018-19 from 80% component of Capital Grant Fund 2018-19.
- (iv) Permission is accorded to release a sum of Rs.61.80 crore to Tamil Nadu Water Supply and Drainage Board for revamping of old Combined Water Supply Scheme for the year 2018-19 from the 80% component of Capital Grant Fund 2018-19.

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

3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 200 – Other Miscellaneous Compensations and Assignments – State's Expenditure – BP Capital Grant Fund for Rural Local Bodies – 09 Grants in Aid – 02-Grants for Creation of Capital Assets

(DPC 3604-00-200-BP-0929)

8. The Director of Rural Development and Panchayat Raj is hereby authorized to draw and disburse the amount sanctioned in para 6 above and the same shall be utilized in conformity with the guidelines issued in G.O.(Ms) No.108, Rural Development and Panchayat Raj Department, dated 21.09.2017. He is also requested to furnish necessary utilization certificate towards the utilization of funds sanctioned in para 6 above at the appropriate time to Government.

9. This order issues with the concurrence of Finance Department vide its U.O.No.22573/RD.18, dated 16.05.2018.

(By Order of the Governor)

HANS RAJ VERMA
Additional Chief Secretary to Government.

To

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

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 Special Personal Assistant to Hon'ble Minister, (MA & RD, Impn. Spl. Prog.),
Chennai-9

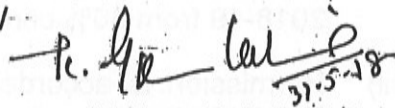
The Senior Principal Private Secretary to Additional Chief Secretary to Government,
Rural Development and Panchayat Raj Department, Chennai-9.

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

The Rural Development and Panchayat Raj (B&C/OP.II/ SGS-II / SGS-III)
Department, Chennai-9.

Stock File / Spare Copy.

// Forwarded by Order //



(K.Gowri lakshmi)

Under Secretary to Government.