



### **ABSTRACT**

Fifth State Finance Commission Recommendation – Release of Rs.39.2250 crore for the year 2018-19 as first instalment against a sum of Rs.78.45 crore provided in Budget Estimate for the year 2018-19 out of cumulative arrear of Rs.156.90 crore - Sanctioned – Orders – Issued.

### **Rural Development and Panchayat Raj (PR-1) Department**

**G.O.(Ms) No.73**

**Dated: 31.05.2018.**

**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 letter No 21521/ 2017/PRI 2-2, dated 16.04.2018.

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### **ORDER:**

The Fifth State Finance Commission in para 10.14 recommended that the cumulative arrears of Rs.156.90 crore for Rural Local Bodies and Rs.395.11 crore for Urban Local Bodies be added to the divisible pool in the first year of the award period, i.e., 2017-18 and released to the respective local bodies as per the devolution scheme recommended.

2. In the Government order first read above, as per the recommendations of Fifth State Finance Commission, the Government have ordered that the release of a sum of Rs.156.90 crore (One hundred and fifty six crore and ninety lakh only) towards cumulative arrears for Rural Local Bodies be made in three equal instalments commencing from 2017-18.

3. The Director of Rural Development and Panchayat Raj in his letter second read above has stated that the Government has informed that the first instalment of Rs.52.30 crore for the year 2017-18 will be released subject to finalizing the Revised Estimate 2017-18. But no fund provision has been made in Revised Estimate 2017-18. Now the Government has provided a sum of Rs.78.45 crore in Budget Estimate 2018-19 out of arrear amount pertaining to Fourth State Finance Commission. The Government have allocated an arrear amount of Rs.6,27,60,000/- to District Panchayats, Rs.25,10,40,000/- to Panchayat Unions and Rs.47,07,00,000/- to Village Panchayats based on the Fourth State Finance Commission vertical sharing formula to the Village Panchayats, Panchayat Unions and District Panchayats in the ratio of 60:32:8 respectively. Horizontal distribution among each tier of Rural Local Bodies will be on the basis of the following Fourth State Finance Commission horizontal distribution formula:

- a. Population as per 2011 census : 60%  
 b. Area : 20%  
 c. Scheduled Castes /  
 Scheduled Tribes population : 20%

4. The Director of Rural Development and Panchayat Raj has requested the Government to issue orders for sanctioning of Rs.78.45 crore as first instalment, out of cumulative arrear of Rs.156.90 crore for the year 2018-19 and also requested to authorize him to draw and disburse the amount to the three tier of Panchayats as per the 4<sup>th</sup> State Finance Commission formula adopted for the release of State Finance Commission Grant.

5. The Government have carefully examined the proposal of the Director of Rural Development and Panchayat Raj and decided to release a sum of Rs.39.2250 crore as first instalment, from out of the cumulative arrear of Rs.78.45 crore sanctioned for the year 2018-19 and the balance would be released during the release of second instalment of State Finance Commission Devolution Grant to three tiers of Rural Local Bodies as per the 4<sup>th</sup> State Finance Commission formula adopted for the release of State Finance Commission Grant as follows:-

(Amount in Rupees)

Village Panchayats	23,53,50,000
Panchayat Unions	12,55,20,000
District Panchayats	3,13,80,000
Total	39,22,50,000

6. The amount sanctioned in para 5 above shall be debited to the following head of account:-

(Amount in Rupees)

3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 198 – Assistance to Grama Panchayats – State's Expenditure – AD – State Finance Commission Devolution Arrears to Village Panchayats – Controlled by Director of Rural Development 09 – Grants in Aid 02 – Grants for Creation of Capital Assets. (DPC 3604-00-198-AD-0921)	23,53,50,000
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 197 - Assistance to Block Panchayats/ Intermediate level Panchayats – State's Expenditure – AB – State Finance Commission Devolution Arrears to Panchayat Unions – Controlled by Director of Rural Development 09 – Grants in Aid 02 – Grants for Creation of Capital Assets. (DPC 3604-00-197-AB-0927)	12,55,20,000

3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 196 – Assistance to Zilla Parishads/ District level Panchayats – State's Expenditure – AC – State Finance Commission Devolution Arrears to District Panchayats – Controlled by Director of Rural Development 09 – Grants in Aid 02 – Grants for Creation of Capital Assets. (DPC 3604-00-196-AC-0927)	3,13,80,000
Total	39,22,50,000

7. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount of Rs.39.2250 crore as first instalment towards cumulative arrears of Fourth State Finance Commission for the year 2018-19 sanctioned in para 5 above to the three tiers of Rural Local Bodies as per the Fourth State Finance Commission formula adopted for the release of State Finance Commission Grant.

8: This order issues with the concurrence of Finance Department vide its U.O. No.22555/RD/2018, dated 24.05.2018.

(By Order of the Governor)

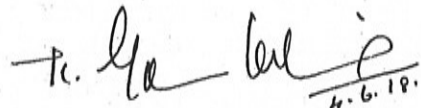
HANS RAJ VERMA,  
Additional Chief Secretary to Government.

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

// Forwarded by Order //

  
4.6.18.

(K. Gowri lakshmi)  
Under Secretary to Government.



