



ABSTRACT

Fifth State Finance Commission – Capital Grant Fund – Allocation of Capital Grant Fund (20%) of State Finance Commission Devolution Grant – Release of Rs.328,68,03,500/- as First Instalment for the year 2019-20 - Regarding.

Rural Development and Panchayat Raj (PR-1) Department

G.O. (Ms) No.73

Dated: 20.06.2019.

விகாரி, ஆணி 5

திருவள்ளூர் ஆண்டு 2050

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.18048/2019/PRI 2-2. dated 10.04.2019.

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 Government have also ordered that the vertical sharing ratio among the three tiers of Rural Local Bodies shall be 8:37:55 for District Panchayats, Panchayat Unions and Village Panchayats respectively vide G.O. No.84, Finance (Finance Commission–IV) Department, Dated: 31.03.2017.

2. As per the recommendations of Fifth State Finance Commission, the Government have ordered that the horizontal distribution of the State Finance Commission devolution to Rural Local Bodies should be done 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%

3. The Director of Rural Development and Panchayat Raj had further 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.

(P.T.O)

- ii. Out of this fund, 20% should be reserved for taking up projects which are deemed to be of importance at State level. These works should be identified and approved by a Committee comprising the Secretary to Government, Rural Development and Panchayat Raj Department, the 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.

4. The Director of Rural Development and Panchayat Raj has also stated that in Budget Estimate for the year 2019-20, an amount of Rs.1,314,72,14,000/- (Rupees One thousand three hundred and fourteen crore seventy two lakh and fourteen thousand only) is provided under the Head of Account 3604-00-200-BP-30902 pertaining to Capital Grant Fund for the year 2019-20. Of which Rs.262,94,42,800/- (Rupees Two hundred and sixty two crore ninety four lakh forty two thousand and eight hundred only) being 20% (State Component) of total Capital Grant Fund shall be allocated for taking up of important projects at State level and Rs.1,051,77,71,200/- (Rupees One thousand and fifty one crore seventy seven lakh seventy one thousand and two hundred only) being 80% (District Component) of total amount should be distributed to 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.

5. In G.O. No.84, Finance (Finance Commission-IV) Department, dated 31.03.2017 the Government have also ordered that the following items shall be accorded priority in sanction from the Capital Grant Fund for Rural Local Bodies:

- a. 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 Filing Fund/Capital Grant Fund, with an allocation of Rs.100 crore per year for this purpose. Based on this, an amount of Rs.200 crore has been released for the years 2017-18 and 2018-19.
- b. An amount of Rs.25 crore 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 Schemes (CWSS). The entire amount of Rs.25 Crore has been released to Tamil Nadu Water Supply and Drainage Board (TWAD) during 2017-18 and 2018-19 @ Rs.12.50 Crore.
- c. An amount of Rs.309.00 crore be set apart for revamping of old Combined Water Supply Schemes (CWSSs) which are not functioning to full capacity to provide additional water supply to rural areas. An amount of Rs.123.60 crore has been released to Tamil Nadu Water Supply and Drainage Board (TWAD) during the year 2017-18 and 2018-19 @ Rs.61.80 crore per year, towards revamping of old Combined Water Supply Schemes (CWSS).

(Contd..)

6. The Director of Rural Development and Panchayat Raj has requested the Government to issue orders authorising him to draw and disburse the Capital Grant Fund of Rs.1,314,72,14,000/- (Rupees One thousand three hundred and fourteen crore seventy two lakh and fourteen thousand only) as detailed below for the year 2019-20 in two equal instalments on half yearly basis.

(in Rupees)

Category	Total allocation for the year 2019-20 (in Rupees)	Release of 1 st instalment (in Rupees)
20%- State Component of Capital Grant Fund	262,94,42,800	131,47,21,400
80% - District Component of Capital Grant Fund	1,051,77,71,200	525,88,85,600
Total	1,314,72,14,000	657,36,07,000

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

i) sanction is accorded for a sum of Rs.1,314,72,14,000/- for the year 2019-20 in four instalments based on the Quarterly Control Appropriation norms (QCA) and release a sum of Rs.328,68,03,500/- (Rupees Three hundred and Twenty eight crore Sixty eight lakh Three thousand and Five hundred only) as First Instalment of Capital Grant Fund under Fifth State Finance Commission Grant. The break up details are as follows:-

Category	Release of 1 st instalment
20%- State Component of Capital Grant Fund	Rs.65,73,60,700
80% - District Component of Capital Grant Fund	Rs.262,94,42,800
Total	Rs.328,68,03,500

ii) permission is accorded to earmark an amount of Rs.100 Crore for the improvement of local body roads to ODR standards for the year 2019-20 from 80% component of Capital Grant Fund 2019-20.

iii) permission is accorded to release an amount of Rs.61.80 crore to Tamil Nadu Water Supply and Drainage Board (TWAD) Board for revamping of old Combined Water Supply Schemes (CWSS) which are not functioning to full capacity to provide additional water supply to rural areas from the 80% Capital Grant Fund (CGF) for the year 2019-20.

(Contd..)

8. The expenditure sanctioned in para 7 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 – 309 Grants in Aid – 02 – Grants for Creation of Capital Assets.

(DPC 3604-00-200-BP-30902)

9. The Director of Rural Development and Panchayat Raj is hereby authorized to draw and disburse the amount sanctioned in para 7 above through Public Financial Management System (PFMS) 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 7 above at the appropriate time to Government.

10. This order issues with the concurrence of Finance Department vide its U.O. No.19994/RD/2019, dated 27.05.2019.

(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 Accounts Officer (South) Chennai- 35

Copy to:

The Special Personal Assistant to Hon'ble Minister (Municipal Administration, Rural Development and Implementation of Special Programme), 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
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// Forwarded by Order //


(K.Gowri lakshmi) 20.6.19.

Under Secretary to Government.

19
20/06/19