



## ABSTRACT

Rural Development and Panchayat Raj Department – State Finance Commission Grants for the year 2022-23 – Sanction and release a sum of Rs.751,99,77,857/- towards Minimum Grant for Village Panchayats, Panchayat Unions and Population Grant for all three tiers of Panchayats for two months of September 2022 and October 2022 - Orders – Issued.

### Rural Development and Panchayat Raj (PR-I(2)) Department

G.O. (Ms) No.119

Dated: 01.11.2022

சுபகிருது, ஐப்பசி - 15

திருவள்ளூர் ஆண்டு 2053

Read:

- 1 G.O. (Ms) No.84, Finance (FC-IV) Department, dated 31.03.2017.
- 2 G.O. (Ms) No.30, Rural Development and Panchayat Raj (PR-I(2)) Department, dated 17.03.2022.
- 3 G.O. (Ms) No.85, Rural Development and Panchayat Raj (PR-I(2)) Department, dated 14.07.2022.
- 4 G.O. (Ms) No.95, Rural Development and Panchayat Raj (PR-I(2)) Department, dated 22.08.2022.
- 5 From the Commissioner of Rural Development and Panchayat Raj Letter No.25804/2022/PRI 2-2, dated 07.10.2022.

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### ORDER:

In the Government Order 1<sup>st</sup> read above, as per the recommendations of Fifth State Finance Commission, the Government have decided to continue the devolution of 10% of the net State's Own Tax Revenue (SoTR) to Local Bodies. Based on 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 will be 56:44 for the Fifth State Finance Commission Award period from 2017-18 to 2021-22.

2. The Government have also ordered to apportion the Devolution Grant of Rural Local Bodies among the Village Panchayats, Panchayat Unions and District Panchayats in the ratio of 55:37:8 and stated that the funds of Rural Local Bodies under Fifth State Finance Commission will be distributed as follows:-

i)	Capital Grant Fund	20%
ii)	Pooled Fund for Deficit Rural Local Bodies	10%
iii)	Devolution Grant	70%

(P.T.O)

3. As per the Fifth SFC recommendations, the horizontal distribution of SFC devolution to Rural Local Bodies should be done on the basis of following formula:

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

4. In the letter 5<sup>th</sup> read above, the Commissioner of Rural Development and Panchayat Raj has stated that in Budget Estimate 2022-23, the following provisions have made under the head of accounts pertaining to SFC Devolution Grant for Rural Local Bodies for the year 2022-23 vide Budget Estimate for the year 2022-23, Demand No.42 of Rural Development and Panchayat Raj Department:-

Component	Provision made in BE 2022-23 ( In Rupees)
District Panchayats (DPC 3604-00-196-AA-30902)	406,46,99,000
Panchayat Unions (DPC 3604-00-197-AA -30902)	1879,92,36,000
Village Panchayats (DPC 3604-00-198-AA-30902)	2794,48,10,000
<b>Total</b>	<b>5080,87,45,000</b>

- (i) **Village Panchayat - Minimum Grant & Population Grant:** As per the Fifth State Finance Commission recommendations, the Government have issued orders for the release of Minimum Lump sum Grant of Rs.7.00 lakh per Village Panchayat per annum and this amount will be deducted from the share of State Finance Commission devolution earmarked for Village Panchayats as the first charge and distributed to all Village Panchayats on monthly basis. The balance remaining amount out of the share of Village Panchayats under SFC devolution will be distributed on the horizontal sharing ratio as mentioned in para 3 above.
- (ii) **Panchayat Union - Minimum Grant & Population Grant:** As per the Fifth SFC recommendations, the Government have issued orders and release of Minimum Lump sum Grant of Rs.40.00 lakh per annum per Panchayat Union and this amount will be deducted from the share of State Finance Commission devolution grant earmarked for Panchayat Unions as first charge and distributed to all Panchayat Unions on monthly basis. The balance remaining amount out of the share of Panchayat Unions under SFC devolution will be distributed on the horizontal sharing ratio as mentioned in para 3 above.
- (iii) **District Panchayat - Population Grant:** As per the Fifth SFC recommendations, the amount earmarked for District Panchayats will be distributed on the basis of sharing mechanism as mentioned in para 3 above.

5. In the Government Orders 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> read above, the Government have issued orders for Minimum Grant and Population Grant for all the three tiers of Panchayats for the months from January 2022 to August 2022 under the State Finance Commission.

6. The Commissioner of Rural Development and Panchayat Raj has now sent a proposal for the release of share of Devolution Grant to Village Panchayats, Panchayat Unions and District Panchayats in monthly installments for the months of **September and October 2022** as detailed below:-

**(In Rupees)**

<b>Total share of Devolution Grant under SFC to three tiers of Panchayats for the year 2022-23</b>		<b>5080,87,45,000</b>
<b>a)</b>	<b>Village Panchayats</b>	
1	State Finance Commission Grant to Village Panchayats	2,794,48,10,000
2	<b>Minimum Grant:</b> Minimum Grant of Rs.7,00,000/- per year x 12,525 V.Pts. from the share of State Finance Commission Grant to Village Panchayats i.e., i) Rs.60,000/- per month from April 2022 to January 2023 (10 months) and ii) Rs.50,000/- per month for February and March 2023 (2 months)	876,75,00,000
3	Already, amount released as Minimum Grant upto the month of August 2022 (5 months) (Rs.60,000 x 12,525 VPs x 5 months)	375,75,00,000
4	Remaining Amount to be released as Minimum Grant for the months from September 2022 to March 2023 (7 months). (Sl.No.2-3)	501,00,00,000
5	<b>Now, Amount to be released as Minimum Grant for the months of September and October 2022 (2 months).</b> <b>(Rs.60,000 x 12,525 VPs x 2 months)</b>	<b>150,30,00,000</b>
6	<b>Population Grant:</b> State Finance Commission Devolution Grant to Village Panchayats based on population (14 installments) i.e., (Sl. No. 1-2)	1,917,73,10,000
7	Out of total amount which is entitled for 14 installments as in Sl.No.6, 10 installments for the period from April 2022 to January 2023 is to be released.	1,369,80,78,571
8	Balance of 4 installments for the months of February and March 2023 to be released later, based on Budget Estimate i.e., (Sl.No.6-7)	547,92,31,429
9	Already, Amount released as Population Grant for the months from upto the month of August 2022 (5 months).	684,90,39,285

10	Remaining Amount to be released as Population Grant for the months from September 2022 to January 2023. (Sl.No.7-9)	684,90,39,286
11	<b>Now, Amount to be released as Population Grant for the months of September and October 2022 (2 installments).</b> ((Sl.No.7)x2)/10)	273,96,15,714
<b>Total</b> [150,30,00,000+273,96,15,714]		<b>424,26,15,714/-</b>
<b>b)</b>	<b>Panchayat Unions</b>	
1	State Finance Commission Grant to Panchayat Unions	1,879,92,36,000
2	<b>Minimum Grant:</b> Minimum Grant of Rs.40,00,000/- per year x 388 Pt. Unions from the share of State Finance Commission to Panchayat Unions. i.e., (i) Rs.3,00,000/- per month for April 2022 to January 2023 (10 months) (ii) Rs.5,00,000/- per month for February and March 2023 (2 months)	155,20,00,000
3	Amount released as Minimum Grant upto the month of August 2022 (5 months)	58,20,00,000
4	Remaining Amount to be released as Minimum Grant for the months from September 2022 to March 2023 (7 months) (Sl.No.2-3)	97,00,00,000
5	<b>Now, Amount to be released as Minimum Grant for the months of September and October 2022 (2 months).</b> <b>(Rs.3,00,000 x 388 PUs x 2 months)</b>	<b>23,28,00,000</b>
6	<b>Population Grant:</b> State Finance Commission Devolution Grant to Panchayat Unions based on population i.e., (Sl.No.1-2)	1,724,72,36,000
7	Out of the total amount which is entitled for 14 installments as in Sl.No.6, 10 installments for the period from April 2022 to January 2023 is to be released.	1,231,94,54,286
8	Balance of 4 installments for the months of February and March 2023 to be released later, based on Budget Estimate i.e., (Sl.No.6-7)	492,77,81,714
9	Amount released as Population Grant upto the month of August 2022 (5 months)	615,97,27,143

10	Remaining Amount to be released as Population Grant for the months from September 2022 to January 2023 (5 installments). (Sl.No.7-9)	615,97,27,143
11	<b>Now, Amount to be released as Population Grant for the months of September and October 2022 (2 installments). ((Sl.No.7)x2)/10)</b>	<b>246,38,90,857</b>
<b>Total</b> <b>[23,28,00,000+246,38,90,857]</b>		<b>269,66,90,857/-</b>
<b>c) District Panchayats</b>		
1	<b>Population Grant:</b> State Finance Commission Grant to District Panchayats based on population	406,46,99,000
2	Out of the total amount which is earmarked for 14 installments, 10 installments for the period from April 2022 to January 2023 is to be released.	290,33,56,428
3	Balance of 4 installments for the months of February and March 2023 to be released later, based on Budget Estimate 22-23 i.e., (Sl.No.1-2)	116,13,42,572
4	Amount released as Population Grant upto the month of August 2022 (5 months)	145,16,78,214
5	Remaining Amount to be released as Population Grant for the months from September 2022 to January 2023 (Sl.No.2-4)	145,16,78,214
6	<b>Now, Amount to be released as Population Grant for the months of September and October 2022 (2 installments). ((Sl.No.2)x2)/10)</b>	<b>58,06,71,286</b>
<b>Total</b>		<b>58,06,71,286/-</b>
<b>Grant Total</b>		<b>751,99,77,857/-</b>

7. The Commissioner of Rural Development and Panchayat Raj has therefore requested the Government to issue orders for the sanction and release a total sum of Rs.751,99,77,857/- (Rupees Seven hundred and fifty one crore ninety nine lakh seventy seven thousand eight hundred and fifty seven only) as detailed at para 6 above towards Minimum Grant for 12,525 Village Panchayats and 388 Panchayat Unions for two months of September 2022 and October 2022 and Population Grant for all the three tiers of Panchayats for two months of September 2022 and October 2022.

8. The Government after careful examination of the proposal of the Commissioner of Rural Development and Panchayat Raj hereby accord sanction for the release of share of Devolution Grant to Village Panchayats, Panchayat Unions and District Panchayats of a sum of Rs.751,99,77,857/- (Rupees Seven hundred and fifty one crore ninety nine lakh seventy seven thousand eight hundred and fifty seven only) for the months of September 2022 and October 2022 out of total allocation of State Finance Commission Grant of Rs.5,080,87,45,000/- for the year 2022-23.

9. The amount sanctioned in para 8 above shall be debited to the following respective Heads of Accounts:-

Head of Account	Sanction of amount requested
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 198 Assistance to Gram Panchayats - State's Expenditure - AA. Grants to <b>Village Panchayats</b> as per the recommendation of State Finance Commission controlled by Director of Rural Development - 309 Grants-in-aid-02 - Grants for creation of Capital Assets <b>(IFHRMS - DPC 3604-00-198-AA-30902)</b>	Minimum Grant for 2 months <b>Rs.150,30,00,000/-</b>
	Population Grant for 2 months <b>Rs. 273,96,15,714/-</b>
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 <b>Panchayat Unions</b> as per the recommendation of State Finance Commission controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for creation of Capital Assets <b>(IFHRMS - 3604-00-197-AA-30902)</b>	Minimum Grant for 2 months <b>Rs.23,28,00,000/-</b>
	Population Grant for 2 months <b>Rs.246,38,90,857 /-</b>
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 <b>District Panchayats</b> as per the recommendation of State Finance Commission controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for creation of Capital Assets <b>(IFHRMS - 3604-00-196-AA-30902)</b>	Population Grant for 2 months <b>Rs.58,06,71,286/-</b>
<b>Total</b>	<b>Rs. 751,99,77,857/-</b>

10. The Commissioner of Rural Development and Panchayat Raj is authorized to draw the amount sanctioned in para 8 above from the above mentioned Head of Accounts and to disburse the same to the three tiers of Panchayat Raj Institutions after making necessary deductions for committed expenditure such as Pension Contribution and other deductions specifically authorised by the Government Orders.

11. This order issues with the concurrence of Finance Department vide its U.O. No.46510/Fin(RD)/2022, dated 31.10.2022.

(By Order of the Governor)

**P. AMUDHA,**  
**Principal Secretary to Government.**

To  
The Commissioner of Rural Development and Panchayat Raj, Chennai-15.

The Additional Chief Secretary / Director General,  
Rural Development and Panchayat Raj (Training), Chennai-15.  
All District Collectors (Except Chennai)  
The Commissioner, State Institute of Rural Development, Maraimalai Nagar,  
Chengalpattu District.  
All Project Directors, District Rural Development Agency.  
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 (Rural Development), Chennai-9.  
The Finance (RD/FC.IV/BGI/BG II/W&M) Department, Chennai-9.  
The Principal Private Secretary to the Principal 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.

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Under Secretary to Government

