

## ABSTRACT

Rural Development and Panchayat Raj Department - Fifth State Finance Commission – Capital Grant Fund – Allocation of Rs.1,229,84,75,000/- as Capital Grant Fund (20%) of State Finance Commission Devolution Grant – Release of Rs.424,00,43,200/- as second Instalment for the year 2021-22 - Orders – Issued.

### Rural Development and Panchayat Raj (PR-1(2)) Department

G.O. (Ms) No.26

Dated: 11.03.2022.

பிலவ, மாசி 27

திருவள்ளூர் ஆண்டு 2053

Read:

1. G.O. (Ms) No 84, Finance (FC-IV) Department, Dated: 31.03.2017.
2. G.O. (Ms) No.108, Rural Development and Panchayat Raj (PR-1) Department, dated 21.09.2017.
3. G.O. (Ms) No.6, Rural Development and Panchayat Raj (PR-1) Department, dated 13.01.2022.
4. From the Director of Rural Development and Panchayat Raj letter No.21292/2021/PRI 2-2, dated 27.01.2022.

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### ORDER:-

In the Government Order first 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 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. It has also been 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 and 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%

2. In the above said Government Order, the Government has established a Capital Grant Fund with following criteria:-

- 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 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.

3. In the Government Order 2<sup>nd</sup> read above the Government have approved the Guidelines for the utilization of funds released under Capital Grant Fund under 5<sup>th</sup> State Finance Commission.

4. In the Government Order 3<sup>rd</sup> read above, the Government have Sanction is accorded for a sum of Rs.1,157,84,75,000/- (Rupees One thousand one hundred and fifty seven crore eighty four lakh and seventy five thousand only) as Capital Grant Fund under 5<sup>th</sup> State Finance Commission Devolution Grant and release the first installment of Rs.665,42,96,000/- (Rupees Six hundred and sixty five crore forty two lakh and ninety six thousand only) being the first installment of total grant under Capital Grant Fund for the year 2021-22.

5. In the letter 4<sup>th</sup> read above, the Director of Rural Development and Panchayat Raj has requested the Government to issue orders for the sanction and release of Rs.492,41,79,000/- (Rupees Four hundred and ninety two crore forty one lakh and seventy nine thousand only) being the second installment under Capital Grant Fund for the year 2021-22 as mentioned below:-

(in Rupees)

Category	Revised Budget Estimate for the year 2021-22	Amount already released as 1 <sup>st</sup> installment	Amount now requested as 2 <sup>nd</sup> instalment
20%- Capital Grant Fund	231,56,95,000	133,08,59,200	98,48,35,800
80% - Capital Grant Fund	926,27,80,000	532,34,36,800	393,93,43,200
<b>Total</b>	<b>1157,84,75,000</b>	<b>665,42,96,000</b>	<b>492,41,79,000</b>

6. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj and accord sanction for a sum of Rs.1,229,84,75,000/- (Rupees One thousand two hundred and twenty nine crore eighty four lakh and seventy five thousand only) as Capital Grant Fund under 5<sup>th</sup> State Finance Commission Devolution Grant and release the second installment of Rs.424,00,43,200/- (Rupees Four hundred and twenty four crore forty three thousand and two hundred only) being the 20% of total grant under Capital Grant Fund for the year 2021-22.

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

Head of account	Amount in Rs.
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)	Rs.424,00,43,200/-

8. The Director of Rural Development and Panchayat Raj is hereby authorized to draw and disburse the amount sanctioned in para 7 above being the second instalment for the year 2021-22.

9. The guidelines issued in G.O. (Ms) No.108, Rural Development and Panchayat Raj (PR-1) Department, dated 21.09.2017 shall be followed for utilizing the fund under Capital Grant Fund for the year 2021-22.

10. This order issues with the concurrence of Finance Department vide its U.O. No.7153/Fin(RD)/2022, dated 09.03.2022.

(By Order of the Governor)

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

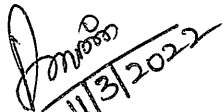
To

- ✓ 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 (Rural Development), Chennai-9.  
The Principal Private Secretary to Principal 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 //

  
11/3/2022  
Section officer

  
11/3/22

