



ABSTRACT

Rural Development and Panchayat Raj Department – 6th State Finance Commission Grant – Revise the sanction of Operations, Maintenance and Deficit Grant Fund for the year 2022-23 and Release the sum of Rs.414,68,04,000/- as Second installment as per the Sixth State Finance Commission Recommendation - Orders - Issued.

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

G.O. (Ms) No.39

Dated: 25.03.2023

சுபகிருது, பங்குனி 11

திருவள்ளூர் ஆண்டு 2054

Read:

1. G.O. (Ms) No.126, Rural Development and Panchayat Raj (PR-1) Department, dated 24.11.2022.
2. From the Commissioner of Rural Development and Panchayat Raj Letter No.55903/2022/PRI 2-2, dated 27.12.2022.
3. Government letter No.18663/PR-1/2022-1, Rural Development and Panchayat Raj Department, dated 13.02.2023.
4. G.O. (Ms) No.14, Rural Development and Panchayat Raj (CGS-4) Department, dated: 20.02.2023.
5. From the Commissioner of Rural Development and Panchayat Raj Letter No.55903/2022/PRI 2-2, dated 02.03.2023.

* * * * *

ORDER:

In the Government Order 1st read above, the Government have accorded sanction for a sum of Rs.725,83,92,000/- towards Pooled Fund for Deficit Rural Local Bodies Grant for the year 2022-23 and release the first installment for a sum of Rs.362,91,96,000/- being the 50% of total grant under Pooled Fund for Deficit Rural Local Bodies for the year 2022-23.

2. In the letter 2nd read above, the Commissioner of Rural Development and Panchayat Raj has requested the Government to sanction and to release the second installment of Rs.362,91,96,000/- as being the remaining 50% of total Grant under Pooled Fund for Deficit Rural Local Bodies for the year 2022-23.

3. In the letter 3rd read above, the Commissioner of Rural Development and Panchayat Raj has been requested to send the revised proposal to Government based on the Sixth State Finance Commission Recommendation for release the second installment under the Pooled Fund for Deficit Rural Local Bodies for the year 2022-23.

4. In the Government Order 4th read above, the Government have accorded sanction for a sum of Rs.5,00,00,000/- to Sanitary Workers Welfare Board under the Operations, Maintenance and Deficit Grant Fund for the year 2022-23 out of the Sixth State Finance Commission Grant.

5. In the letter 5th read above, the Commissioner of Rural Development and Panchayat Raj has stated that in G.O.(Ms) No.126, Rural Development and Panchayat Raj Department, dated 24.11.2022, the Government issued an order by sanctioning an amount of Rs.725,83,92,000/- under Pooled fund for Deficit Rural Local Bodies for the year 2022-23 and ordered for release of Rs.362,91,96,000/- as first installment by following the recommendations of Fifth State Finance Commission. Accordingly, as per the orders of Government fund was drawn by the department and portion of the grant has been released to the concerned as detailed below:-

Table-1

Sl. No	Category of the Grant	Fund received from Government		Fund Released to RLBs / agencies	
		Allocation (in Rs.)	Fund released as 1 st Installment (in Rs.)	Funds released to	Amount (in Rs.)
1	40% for Deficit Rural Local Bodies	290,33,56,800	145,16,78,400	Deficit Rural Local Bodies	280,00,00,000
2	20% vested with Director of Rural Development and Panchayat Raj	145,16,78,400	72,58,39,200	Nil	Nil
3	20% vested with District Collectors	145,16,78,400	72,58,39,200	Nil	Nil
4	20% for TWAD to meet Deficit on CWSSs.	145,16,78,400	72,58,39,200	TWAD Board	72,58,39,200
Total		725,83,92,000	362,91,96,000		352,58,39,200

*An amount of Rs.10,33,56,800/- is available with the directorate.

The Sixth State Finance Commission constituted by the Government has submitted its recommendations with reference to funds, functions and functionaries of Local Bodies. Based on which, the Government has accepted majority of the recommendations. In Continuation of this, the Government has issued a letter dated 13.02.2023, by intimating component wise Revised allocation for the year 2022-23 under Sixth State Finance Commission after duly considering the grant sanctioned under the Fifth State Finance Commission.

The Government has stated that "as per the 6th State Finance Commission (SFC) Recommendations, the Pooled Fund for Deficit Rural Local Bodies, has been changed vastly. As far as its impact on the Budget is concerned, the following

provisions have been made in the RE 2022-23 under the new heads of accounts ". Further the Government has intimated the following new head of accounts with proportionate fund allocation against them in the following table:-

Table-2

Heads of Account	(Rs. in thousands) RE 2022-23
3604 00 200 BY Operations, Maintenance Deficit Grant Fund (OMDGF)-TWAD	100,00,00
3604 00 200 BZ Operations, Maintenance Deficit Grant Fund (OMDGF) - Rural Regional Training Institute	60,00
3604 00 200 CA Operations, Maintenance Deficit Grant Fund (OMDGF) - Deficit Fund for RLBs	280,00,00
3604 00 200 CB Operations, Maintenance Deficit Grant Fund (OMDGF) - TANGEDCO	200,00,00
3604 00 200 CC Operations, Maintenance Deficit Grant Fund (OMDGF) - Advance Library Cess	28,00,00
3604 00 200 CD Operations, Maintenance Deficit Grant Fund (OMDGF)-Sanitary Workers Welfare Board	5,00,00
3604 00 200 CE Operations, Maintenance Deficit Grant Fund (OMDGF)- Peri-Urban Panchayats	69,00,00
3604 00 200 CF Operations, Maintenance Deficit Grant Fund (OMDGF)-Hill Area Panchayats	30,00,00
3604 00 200 CG Operations, Maintenance Gap Fund (OMGF) - Schools	60,00,00
3604 00 200 CH Operations, Maintenance Gap Fund (OMGF) - Reward for Forests Rights Act	10,00,00
Total - Deficit Funding	782,60,00

6. He has also stated that as per the Government letter 3rd read above, a sum of Rs.362,91,96,000/- has been sanctioned and released in Government Order 1st read above. Pending finalisation of 6th State Finance Commission Recommendations, the amount was released in one-lumpsum, but intended for the release mentioned against as such. Hence, after adjusting those releases under 3604 00 200 BQ, balance has been distributed across the heads grouped under Deficit Funding. Considering the award period of 2022-23 represented now by the RE 2022-23 provisions, the provisions already made under 3604 00 200 BQ to the tune of Rs.725,83,92,000/- in BE 2022-23 is nullified in RE 2022-23 and also requested to issue necessary transfer entries to the effect to adjust the future releases in tune with the spirit of the 6th State Finance Commission

recommendations. Accordingly, the adjustment modality contemplated by the Government is mentioned as detailed below:-

Table-3

(Rs. in thousands)

Heads of Account	Total Provisions made in RE 2022-23	Existing Head of A/c	Amount released so far out of the provisions under existing head	Balance Amount to be released
3604 00 200 BY OMDGF - TWAD	100,00,00	3604 00 200 BQ Pooled Fund Deficit	20,00,00	80,00,00
3604 00 200 BZ OMDGF - Rural Regional Training Institute	60,00		60,00	
3604 00 200 CA OMDGF - Deficit Fund for RLBs	280,00,00		280,00,00	
3604 00 200 CB OMDGF - TANGEDCO	200,00,00		20,00,00	180,00,00
3604 00 200 CC OMDGF - Advance Library Cess	28,00,00		28,00,00	
3604 00 200 CD OMDGF - Sanitary Workers Welfare Board	5,00,00		5,00,00	
3604 00 200 CE OMDGF - Peri-Urban Panchayats	69,00,00		10,00,00	59,00,00
3604 00 200 CF OMDGF - Hill Area Panchayats	30,00,00		10,00,00	20,00,00
3604 00 200 CG OMDGF - Schools	60,00,00		22,91,96	37,08,04
3604 00 200 CH OMDGF - Reward for Forests Rights Act	10,00,00		10,00,00	
3604 00 200 BQ Pooled Fund Deficit - RLBs	Nil		Nil	
Total – Deficit Funding	782,60,00			362,91,96

In this regard, as mentioned in Table 1 of the above in this proposal, the fund released by the Government has been distributed and an amount of Rs.10,33,56,800/- is available with the Directorate of Rural Development and Panchayat Raj.

In the Government Order 4th read above, the Government have accorded sanction for a sum of Rs.5 Crore to Sanitary Workers Welfare Board under Operations, Maintenance and Deficit Grant Fund for the year 2022-23 out of the Sixth State Finance Commission Grant. Further, the Commissioner of Rural Development and Panchayat Raj has drawn and disbursed the amount to Sanitary Workers Welfare Board the Commissioner of Rural Development and Panchayat Raj Proceedings dated 23.02.2023.

7. Hence, the Commissioner of Rural Development and Panchayat Raj has requested the Government to issue orders to draw and disburse the amount as per the table below:-

(Amount in. Rs)

Heads of Account	Total Provisions made in RE 2022-23	Existing Head of A/c	Amount released so far out of the provisions under existing head	Balance Amount to be released
3604 00 200 BY OMDGF -TWAD	100,00,00,000	3604 00 200 BQ Pooled Fund Deficit	72,58,39,200	27,41,60,800
3604 00 200 BZ OMDGF - Rural Regional Training Institute	60,00,000		0	60,00,000
3604 00 200 CA OMDGF - Deficit Fund for RLBs	280,00,00,000		280,00,00,000	0
3604 00 200 CB OMDGF - TANGEDCO	200,00,00,000		0	200,00,00,000
3604 00 200 CC OMDGF - Advance Library Cess	28,00,00,000		0	28,00,00,000
3604 00 200 CD OMDGF-Sanitary Workers Welfare Board	5,00,00,000		5,00,00,000	0
3604 00 200 CE OMDGF - Peri-Urban Panchayats	69,00,00,000		0	69,00,00,000
3604 00 200 CF OMDGF -Hill Area Panchayats	30,00,00,000		0	30,00,00,000
3604 00 200 CG OMDGF - Schools	60,00,00,000		10,33,56,800*	49,66,43,200
3604 00 200 CH OMDGF - Reward for Forests Rights Act	10,00,00,000		0	10,00,00,000
3604 00 200 BQ Pooled Fund Deficit - RLBs	0			0
Total – Deficit Funding	782,60,00,000			367,91,96,000

*to be released to the concerned section.

In terms of release of Grant under **Operations, Maintenance and Deficit Grant Fund (OMDGF) to the Tamil Nadu Water Drainage Board**, the Sixth State Finance Commission in its recommendation has stated that

“Para.7.44.a : Rs.100 Crore should be allocated to TWAD Board in the first year with an annual increase of Rs.10 Crore over the previous year allocation for the next four year making the total allocation of Rs.600 Crore during the entire award period. This Fund should be spent for meeting the water charge requirements of those

weaker local bodies which are not able to pay annual charges from their existing resources. The grant can be made directly to the board.”

Hence, it is state that out of the allocated amount of Rs.100 Crore to Tamil Nadu Water Drainage Board, Rs.72,58,39,200/- was already released to the TWAD Board and the remaining amount of Rs.27,41,60,800/- may be released directly to the TWAD Board. As per the recommendations of the Sixth State Finance Commission, this amount of Rs.100 crore may be utilised for long pending dues of TWAD Board Water charges to be paid by the Village Panchayats. The list of Village panchayat wise dues to settle it as one time measure will be communicated to TWAD Board. The TWAD board is hereby ordered to settle the bills out of this Rs.100 Crore for the list communicated by the Commissioner of Rural Development and Panchayat Raj.

In terms of release of Grant under **Operations, Maintenance and Deficit Grant Fund (OMDGF) to the TANGEDCO**, the Sixth State Finance Commission in its recommendation has stated that

“Para 7.44.d: Rs.200 Crore should be allocated in the first year with an annual increment of Rs.20 Crore over the previous year allocation for meeting the electricity bill requirements of those local bodies which are not able to pay the electricity charges with their existing resources. This amount can be directly given to TANGEDCO after due verification of the pending bills and certification by the local bodies”.

Hence, the allocated amount of Rs.200 Crore may be directly settled to TANGEDCO and the list of service connection wise pending dues pertaining to Village Panchayats will be communicated to the TANGEDCO in due course of time and the amount should be adjusted to service connections communicated by the Commissioner of Rural Development and Panchayat Raj. This direct transfer of fund will be done for this year's grant only, from the next year onwards the amount will be paid by the concerned Village Panchayats through State Nodal Account (SNA).

In terms of release of Grant under **Operations, Maintenance and Deficit Grant Fund (OMDGF) to the Advance Library Cess**, the Sixth State Finance Commission in its recommendation has stated that

“Para 7.44.e:Huge arrears of library cess have accumulated over the years. Collecting this amount from a large number of local bodies causes administrative issues as well. Hence this Commission recommends that Rs.28 crore should be allocated to the Department of Public Libraries in the first year as advance payment of library cess collection with an annual increase of Rs.2.8 crore over the previous year allocation for the next four years. Having collected the advance library cess from the local body devolution subsequently the local bodies can retain the actual library cess collected at their level”.

Hence, an amount of Rs.28 Crore may be settled to Directorate of Libraries in respect of Advance Library cess and the corresponding local bodies will collect and appropriate them in their general fund proportionate to the settled amount. In this regard, the Commissioner, Rural Development and Panchayat Raj will issue detailed communication to districts in due course to settle the library cess and issues thereunder.

In terms of release of Grant under **Operations, Maintenance and Deficit Grant Fund (OMDGF) to Regional Institute of Rural Development and Panchayat Raj**, the Sixth State Finance Commission in its recommendation has stated that

“7.44.b:Rs.60 lakh should be allocated annually to rural regional training institutes for capacity building of officials working for Rural Local Bodies and the public representatives”

Hence an amount of Rs.60 Lakh may be transferred to Director General, Training of Rural Development and Panchayat Raj to undertake capacity building of officials working for Rural Local Bodies and the public representatives.

In respect of Periurban panchayats and Hill area Panchayats, the allocated amount of Rs.69 Crore and Rs.30 Crore respectively may be transferred to the State Nodal Account under the Concerned Village Panchayats limit for execution and implementation of the scheme. In this regard, separate guidelines will be issued in due course for the above two schemes.

8. The Commissioner of Rural Development and Panchayat Raj has also requested the Government to authorize the Commissioner of Rural Development and Panchayat Raj to draw the amount of Rs.414,68,04,000/- (Rupees Four Hundred and Fourteen Crore sixty eight lakh and four thousand only) towards Operations, Maintenance and Deficit Grant Fund for the year 2022-23.

9. The Commissioner of Rural Development and Panchayat Raj has further requested the Government to issue orders on the following:-

- i. To revise the sanction of Operations, Maintenance and Deficit Grant Fund for the year 2022-23 and release the amount of Rs.414,68,04,000/- as second instalment as per the Sixth State Finance Commission recommendations.
- ii. To draw and disburse an amount of Rs.27,41,60,800/- to TWAD directly and it should be utilised for settlement of Water charges and the earlier release of Rs.72,58,39,200/- should also be utilized for settlement of Water charges on behalf of Village Panchayats as per the list communicated by the Commissioner of Rural Development and Panchayat Raj.
- iii. To draw and disburse an amount of Rs.200,00,00,000/- to TANGEDCO directly and it should be utilised for settlement of Current consumption charges on behalf of Village Panchayats as per the list communicated by the Commissioner of Rural Development and Panchayat Raj.
- iv. To draw and disburse an amount Rs.60 Lakh may be transferred to Director General, Training of Rural Development and Panchayat Raj to undertake capacity building of officials working for Rural Local Bodies and the public representatives.
- v. To draw and disburse an amount of Rs.28 Crore in respect of Advance Library cess and it may be settled to Directorate of Libraries.
- vi. To release an amount of Rs.49,66,43,200/- to the section concerned in the Commissionerate of Rural Development and Panchayat Raj to undertake School infrastructure works.

- vii. To sanction and release Rs.10 Crore towards reward for Forest Rights Act implementation and the fund initially given to Commissioner, Rural Development and Panchayat Raj and after finalization of the hamlets at the District level it may be given to District Collectors for implementation.
- viii. To sanction and transfer of Peri-Urban Panchayats and Hill area Panchayats, the allocated amount of Rs.69 Crore and Rs.30 Crore respectively may be transferred to the State Nodal Account under the Concerned Village Panchayats limit for execution and implementation of the scheme.
- ix. To empower the Principal Secretary to Government Rural Development and Panchayat Raj to modify these guidelines wherever necessary in consultation with the Director of Rural Development and Panchayat Raj.

10. The Government after careful examination of the proposal of the Commissioner of Rural Development and Panchayat Raj have decided to accept the same and issue orders as follows:-

- a) Sanction is accorded to revise the sanction of Operations, Maintenance and Deficit Grant Fund for the year 2022-23 and to release a sum of **Rs.414,68,04,000/- (Rupees Four Hundred and Fourteen Crore sixty eight lakh and four thousand only)** as second instalment as per the 6th State Finance Commission recommendation.
- b) Permission is given to draw and disburse an amount of Rs.27,41,60,800/- to TWAD directly and it should be utilised for settlement of Water charges and the earlier release of Rs.72,58,39,200/- should also be utilized for settlement of Water charges on behalf of Village Panchayats as per the list communicated by the Commissioner of Rural Development and Panchayat Raj.
- c) Permission is given to draw and disburse an amount of Rs.200,00,00,000/- to TANGEDCO directly and it should be utilised for settlement of Current consumption charges on behalf of Village Panchayats as per the list communicated by the Commissioner of Rural Development and Panchayat Raj.
- d) Permission is given to draw and disburse an amount Rs.60,00,000/- and it should be transferred to Director General, Training of Rural Development and Panchayat Raj to undertake capacity building of officials working for Rural Local Bodies and the public representatives.
- e) Permission is given to draw and disburse an amount of Rs.28,00,00,000/- in respect of Advance Library cess and it should be settled to Directorate of Libraries.
- f) An amount of Rs.49,66,43,200/- is released to the section concerned in the Commissionerate of Rural Development and Panchayat Raj to undertake School infrastructure works.
- g) Sanction is accorded to release of Rs.10,00,00,000/- towards reward for Forests Rights Act implementation and the fund is initially given to Commissioner, Rural Development and Panchayat Raj and after finalization of the hamlets at the District level. It should be given to District Collectors for implementation.

- h) Sanction is accorded to transfer of Peri-Urban Panchayats and Hill area Panchayats, the allocated amount of Rs.69 Crore and Rs.30 Crore respectively should be transferred to the State Nodal Account under the Concerned Village Panchayats limit for execution and implementation of the scheme.

11. The expenditure sanctioned in para '10' above shall be debited under the following heads of account:-

Heads of Account	Sanction and release of amount requested (In Rs.)
3604 00 200 BY OMDGF -TWAD	27,41,60,800
3604 00 200 BZ OMDGF - Rural Regional Training Institute	60,00,000
3604 00 200 CB OMDGF - TANGEDCO	200,00,00,000
3604 00 200 CC OMDGF - Advance Library Cess	28,00,00,000
3604 00 200 CE OMDGF - Peri-Urban Panchayats	69,00,00,000
3604 00 200 CF OMDGF -Hill Area Panchayats	30,00,00,000
3604 00 200 CG OMDGF - Schools	49,66,43,200
3604 00 200 CH OMDGF - Reward for Forests Rights Act	10,00,00,000
Total	414,68,04,000

12. The Principal Secretary to Government, Rural Development and Panchayat Raj has empowered to modify the guidelines wherever necessary in consultation with the Director of Rural Development and Panchayat Raj.

13. The utilization of funds under the Operations, Maintenance and Deficit Grant Fund shall be adopted for the year 2022-23.

14. This order issues with the concurrence of Finance Department vide its U.O.No.31/ADS(PW)/2023, dated 25.03.2023.

(By Order of the Governor)

P. AMUDHA,
Principal Secretary to Government.

To

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

All District Collectors,

Managing Director, Tamil Nadu Water Supply and Drainage Board,
Chennai –620001.

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.

The Director, Directorate of Public Libraries, Chennai-2.

The Chairman cum Managing Director, TANGEDCO, Chennai-2.

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.
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25/3/2023

Under Secretary to Government