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ABSTRACT

Rural Development and Panchayat Raj Department – Sixth State Finance Commission Grants for the year 2023-24 – Sanction of Rs.4829,79,00,000/- towards Minimum Grant for 12,525 Village Panchayats and 388 Panchayat Unions and Population Grant for all three tiers of Panchayats for 10 months from April 2023 to January 2024 - Orders – Issued.

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

G.O. (Ms) No.89

Dated: 26.06.2023

சோபகிருது, ஆணி 11

திருவள்ளூர் ஆண்டு 2054

Read:

1. G.O.(Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023.
2. G.O.(Ms) No.117, Rural Development and Panchayat Raj (PR-1(2)) Department, dated 28.10.2022.
3. From the Commissioner of Rural Development and Panchayat Raj Letter No.17942/2023/PRI 2-2, dated 23.05.2023.

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ORDER:

In the Government Order first read above, the Government have ordered that the vertical sharing ratio for devolution of State Finance Commission Grant to Rural and Urban Local Bodies will be 51:49 for the Sixth State Finance Commission award period from 2022-23 to 2026-27. 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 55:39:6 respectively. As per the Sixth SFC recommendations, the horizontal distribution of SFC devolution to Rural Local Bodies should be done on the basis of the following multiplier formula:-

- | | | |
|-----------------------|---|-----|
| a) Population | - | 65% |
| b) Area | - | 15% |
| c) SC / ST Population | - | 20% |

2. In the letter 3rd read above, the Commissioner of Rural Development and Panchayat Raj has stated that in Budget Estimate 2023-24 of Rural Development and Panchayat Raj Department, the following provisions have been

made under the heads of account pertaining to SFC Devolution Grant for Rural Local Bodies for the year 2023-24.

Component	Provision made in BE 2023-24 (In Rupees)
District Panchayats (DPC 3604-00-196-AA-30902)	394,71,58,000
Panchayat Unions (DPC 3604-00-197-AA -30902)	2565,65,24,000
Village Panchayats (DPC 3604-00-198-AA-30902)	3618,22,78,000
Total	6578,59,60,000

➤ **Village Panchayat - Minimum Grant & Population Grant:** As per the Sixth State Finance Commission recommendations, the Government have issued following orders for the release of Minimum Lump sum Grant of Rs.7.00 lakh for each Village Panchayat per annum. (Sl. No.100, para.7.81)

- The basic lumpsum grant should be divided between two shares for settling the charges due to the electricity and water supply in the ratio of 70:30. From each account, the charges should be settled in first instance. In case there is excess amount available in the account after settling the electricity or the water charges as the case may be, such amount should be transferred to the other account for electricity and water charges, respectively. (Sl. No.101, para.7.82)
- In case there are no dues pending for water charges or electricity charges in the Panchayat, then and then alone should the amount be transferred to the General Fund account. (Sl. No.102, para.7.83). The balance remaining amount out of the share of Village Panchayats under SFC devolution will be distributed on the weightage formula given by the 6th SFC. (Sl. No.103, para.7.84).
- Funds for payments to utilities are disbursed to a common Account No. II. This includes the dues payable for electricity bills and water charges. It is essential that the dues payable to these utilities are paid in time and no pendency is allowed, to ensure smooth functioning of these utilities there by improving their performance and their service delivery to the local bodies. Therefore, the funds devolved into Account Number II should be devolved into two separate accounts one each for electricity bills and for water charges. Initially, funds should be apportioned between these two accounts in the ratio of 70:30. If the pendency is nil in one of the accounts, the remaining funds be transferred to the other Account. If pendency is nil in that account as well, the funds could be transferred to the General Fund Account. (Sl. No.104, para.6.32)

As per the above recommendations, the minimum grant should be devolved to the Village Panchayats through Single Nodal Account for the current year and whitelisting of electricity service connections of the Village Panchayats and receipt of demand for each service connection to Single Nodal Account and payment for the same to Tamil Nadu Generation and Distribution Corporation (TANGEDCO),

bringing in the demand and payment of water charges to Tamil Nadu Water Supply and Drainage Board (TWAD) will be studied and incorporated in the Single Nodal Account in the due course of time within this financial year.

Hence, the Minimum grant may be released to Single Nodal Account within a category of minimum Grant and the same will be earmarked for Payment of current consumption charges to TANGEDCO and Water charges to TWAD Board and on completion of the dues up to the month and the reserve for another two months (for both TANGEDCO and TWAD) will be kept in the minimum grant head, and the remaining amount may be transferred to General fund of the concerned Village Panchayat.

- **Panchayat Union - Minimum Grant & Population Grant:** As per the Sixth SFC recommendations, the Government have issued orders and release of Minimum Lump sum Grant of Rs.40.00 lakh for each Panchayat Union. (Sl. No.98, para.7.77). The remaining amount, after deducting the minimum lump sum grant from the total devolution to Panchayat Unions, should be devolved to the Panchayat Unions with the weightage formula given by the 6th SFC. (Sl. No.99, para.7.78).
- **District Panchayat - Population Grant:** As per the Sixth SFC recommendations, the grants should be devolved to District Panchayats based on the weightage formula given by the 6th SFC. (Sl. No.97, para.7.75).
- **SFC Cell and Programme Management Units:** The Finance Department in its action taken report on SFC recommendations has insisted for strengthening the e-Governance initiatives and augmentation of Own Sources of Revenue. This initiative requires dedicated manpower and expert opinion. The above task requires technical manpower and other resources. Para 1 of II in page 3 in G.O.(Ms)No.60, Finance (SFC-MC) Department, dated 28.02.2023 (para 1.40) has stated that exclusive sections should be formed in Rural Development and Panchayat Raj Department to deal with the subjects relating to State Finance Commissions, and also at Directorate of Rural Development and Panchayat Raj. These sections, may be formed with retired officials from the Rural Development and Panchayat Raj Department, National Informatics Centre, outsourced manpower from the concerned authorized agencies to implement the SFC recommendations. Further, to implement the State Nodal Account for 1.3 Lakh Accounts maintained in Panchayats require huge IT support at various levels. The cost towards setting up of separate sections along with State Programme Management Unit and District/ Block Programme Management may be met out from interest accrued in the Single Nodal Account operated for SFC.

3. The Commissioner of Rural Development and Panchayat Raj has now send a proposal for the release of share of Devolution Grant to Village Panchayats, Panchayat Unions and District Panchayats in monthly installments for 10 months from April 2023 to January 2024 as detailed below:-

(In Rupees)

Total share of Devolution Grant under SFC to three tiers of Panchayats for the year 2023-24		6578,59,60,000
a)	Village Panchayats	
1	State Finance Commission Grant to Village Panchayats	3618,22,78,000
2	Minimum Grant: Minimum Grant of Rs.7,00,000/- per year x 12,525 Village Panchayats from the share of State Finance Commission Grant to Village Panchayats i.e., i) Rs.60,000/- per month from April 2023 to January 2024 (10 months) and ii) Rs.50,000/- per month for February and March 2024 (2 months)	876,75,00,000
3	Now, Amount to be released as Minimum Grant for the months of April 2023 to January 2024 (10 months). (Rs.60,000 x 12,525 VPs x 10 months)	751,50,00,000
4	Population Grant: State Finance Commission Devolution Grant to Village Panchayats (14 installments) i.e., Sl. No. 1-2	2741,47,78,000
5	Out of total amount which is entitled for 14 installments as in Sl.No.4, 10 installments for the period from April 2023 to January 2024 is to be released.	1958,19,84,286
6	Balance of 4 installments for the months of February and March 2024 to be released later, based on Budget Estimate i.e., Sl.No.4-5	783,27,93,714
7	Now, Amount to be released as Population Grant for the months from April 2023 to January 2024 (10 installments). (Sl.No.(4*10)/14)	1958,19,84,286
Total [Sl. No.3+7]		2709,69,84,286
b)	Panchayat Unions	
1	State Finance Commission Grant to Panchayat Unions	2565,65,24,000
2	Minimum Grant: Minimum Grant of Rs.40,00,000/- per year x 388 Panchayat Unions from the share of State Finance Commission to Panchayat Unions. i.e., i) Rs.3,00,000/- per month from April 2023 to January 2024 (10 months) & ii) Rs.5,00,000/- per month for February and March 2024 (2 months)	155,20,00,000

3	Now, Amount to be released as Minimum Grant for the months from April 2023 to January 2024 (10 months). (Rs.3,00,000 x 388 PUs x 10 months)	116,40,00,000
4	Population Grant: State Finance Commission Devolution Grant to Panchayat Unions i.e., Sl.No.1-2	2410,45,24,000
5	Out of the total amount which is entitled for 14 installments as in Sl.No.4, 10 installments for the period from April 2023 to January 2024 to be released.	1721,75,17,143
6	Balance of 4 installments for the months of February and March 2024 to be released later, based on Budget Estimate i.e., Sl.No.4-5	688,70,06,857
7	Now, Amount to be released as Population Grant for the months from April 2023 to January 2024 (10 installments). (Sl.No.(4*10)/14)	1721,75,17,143
Total [Sl. No.3+7]		1838,15,17,143
c) District Panchayats		
1	Population Grant: State Finance Commission Grant to District Panchayats based on population	394,71,58,000
2	Out of the total amount which is earmarked for 14 installments, 10 installments for the period from April 2023 to January 2024 is to be released.	281,93,98,571
3	Balance of 4 installments for the months of February and March 2024 to be released later, based on Budget Estimate i.e., Sl.No.1-2	112,77,59,429
4	Now, Amount to be released as Population Grant for the months from April 2023 to January 2024 (10 installments). (Sl.No.(1*10)/14)	281,93,98,571
Total		281,93,98,571
Grand Total		4829,79,00,000

4. The Commissioner of Rural Development and Panchayat Raj has therefore requested the Government to issue orders for the sanction total sum of Rs.4829,79,00,000/- (Rupees Four thousand eight hundred and twenty nine crore seventy nine lakh only) towards Minimum Grant for 12,525 Village Panchayats and 388 Panchayat Unions for 10 months from April 2023 to January 2024 and Population Grant for all three tiers of Panchayats for 10 months from April 2023 to January 2024.

5. Further, the Commissioner of Rural Development and Panchayat Raj has also requested to issue orders for the setup of SFC cell along with separate State Programme Management Unit and District/ Block Programme Management unit at the State level and district/ block level. He has also stated that the necessary manpower for the above units may be deployed on outsourcing basis with the help of National Informatics Centre/ TNeGA/ other Government department or Government aided institutions/ Authorized Departmental agencies. The cost towards these administrations of SPMU and DPMUs and necessary recurring admin expenditure towards panchayat modernization may be met out from the interest amount accrued in the State Nodal Account maintained in the Headquarters.

6. In the G.O. first read above, the modality of disbursement of State Finance Commission funds in instalments have been discussed under para 4(I)(9) under Finance Department, according to which the first ten instalments be released on fixed dates as per the Budget Estimates. The last four instalments be released once the Revised Estimates have been finalized. Initial release order be issued by the Finance Department at the beginning of the award period for release of monthly instalments.

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

- (i) A sum of Rs.4829,79,00,000 (Rupees Four thousand eight hundred and twenty nine crore seventy nine lakh only) is hereby sanctioned being share of Devolution Grant to Village Panchayats, Panchayat Unions and District Panchayats for 10 months from April 2023 to January 2024.
- (ii) The Commissioner of Rural Development and Panchayat Raj is authorized to draw the amount sanctioned in para 7(i) above in 10 instalments, i.e. on 20th of every month 1/10th of the sanctioned amount may be drawn and disbursed through SNA, directly to the Local Bodies. Suppose, if the 20th happens to be a holiday, the amount should be drawn in the subsequent working day for disbursement.
- (iii) However, for the financial year 2023-24, the Commissioner of Rural Development and Panchayat Raj is permitted to draw the first three months installments for the period from April 2023 to June 2023 in one lumpsum and the remaining in the manner ordered in para 7(ii) above.
- (iv) Permission is given to the setup of State Finance Commission cell along with separate State Programme Management Unit and District / Block Programme Management unit at the State level and district/ block level. The necessary manpower for the above units shall be deployed on outsourcing basis with the help of National Informatics Centre / TNeGA / other Government department or Government aided institutions/ Authorized Departmental agencies. The cost towards these administrations of SPMU and DPMUs and necessary recurring admin expenditure towards panchayat modernization shall be met out from the interest amount accrued in the State Nodal Account maintained in the Headquarters.

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

Heads of Account	Sanctioned amount
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 198 Assistance to Gram Panchayats - State's Expenditure - AA. Grants to Village Panchayats as per the recommendations of SFC controlled by Director of Rural Development - 309 Grants-in-aid-02-Grants for Capital Expenditure (DPC 3604-00-198-AA-30902)	Minimum Grant for 10 months Rs.751,50,00,000/-
	Population Grant for 10 months Rs.1958,19,84,286/-
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 Panchayat Unions as per the recommendation of SFC controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for Capital Expenditure (DPC 3604-00-197-AA -30902)	Minimum Grant for 10 months Rs.116,40,00,000/-
	Population Grant for 10 months Rs.1721,75,17,143/-
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 District Panchayats as per the recommendation of SFC controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for Capital Expenditure (DPC 3604-00-196-AA-30902)	Population Grant for 10months Rs.281,93,98,571/-
Total	Rs. 4829,79,00,000/-

9. The Commissioner of Rural Development and Panchayat Raj is authorized to draw the amount sanctioned in para 7 above from the above mentioned Heads of Account 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.

10. This order issues with the concurrence of the Finance Department vide its U.O. No.22248/Fin(RD)/2023, dated 22.06.2023.

(By Order of the Governor)

P. SENTHILKUMAR,
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/SFC-MC/W&M-I) Department, Chennai-9.
The 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.
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Stamitha
26/6/23
Section Officer
26/6/23