



## ABSTRACT

Rural Development and Panchayat Raj Department – Sixth State Finance Commission Grants for the year 2023-24 – Sanction and release a sum of Rs.5061,22,37,857/- towards Minimum Grant for 12,525 Village Panchayats and 388 Panchayat Unions and Population Grant for all three tiers of Panchayats for ten months from April 2024 to January 2025 - Orders – Issued.

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

G.O. (Ms) No.95

Dated: 29.05.2024

குரோதி, வைகாசி - 16

திருவள்ளூர் ஆண்டு 2055

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 G.O. (Ms) No.53, Rural Development and Panchayat Raj (PR-1(2)) Department, dated 12.03.2024.
- 4 Budget Estimate for the year 2024-25 under Rural Development and Panchayat Raj Department.
- 5 From the Director of Rural Development and Panchayat Raj Letter No.31879/2024/PRI 1-3, dated 16.05.2024.

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### ORDER:

In the Government Order 1<sup>st</sup> 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.

2. In Government Order 3<sup>rd</sup> cited, the Government accord sanction for total sum of Rs.1387,80,14,000/- towards Minimum Grant for 12,525 Village Panchayats and 388 Panchayat Unions and Population Grant for all three tiers of Panchayats for two months of February 2024 and March 2024.

(P.T.O)

3. In the letter 5<sup>th</sup> read above, the Director of Rural Development and Panchayat Raj in letter dated 16.05.2024 has stated that as per the Sixth State Finance Commission recommendations, the horizontal distribution of SFC devolution to Rural Local Bodies should be done on the basis of multiplier formula given by the sixth State Finance Commission. In Budget Estimate 2024-25, the following provisions have been made under the head of accounts pertaining to State Finance Commission Devolution Grant for Rural Local Bodies for the year 2024-25 in the Budget Estimate for the year 2024-25:-

Component	Provision made in BE 2024-25 (In Rupees)
District Panchayats (DPC 3604-00-196-AA-30902)	414,15,62,000
Panchayat Unions (DPC 3604-00-197-AA -30902)	2692,01,53,000
Village Panchayats (DPC 3604-00-198-AA-30902)	3796,43,18,000
<b>Total</b>	<b>6902,60,33,000</b>

#### 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. (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. (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. (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 as mentioned in SFC. (103. para.7.84).
- Funds for payments to utilities are disbursed to a common Account No.II/ component B is TNPASS. 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 No.II/

component B is TNPASS 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. (104. para.6.32)

Hence, the Minimum grant may be released to Single Nodal Account / TNPASS 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 Lumpsum Grant of Rs.40.00 lakh for each Panchayat Union. (98.para.7.77). The remaining amount, after deducting the minimum lumpsum grant from the total devolution to Panchayat Unions, should be devolved to the Panchayat Unions with the weightage formula as mentioned in SFC. (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 as mentioned in SFC (97.para.7.75).

**SFC Cell and Programme Management Units:** The Finance Department in its Action Taken report on SFC recommendations vide G.O. (Ms) No.60, Finance (SFC-MC) Department, dated 28.02.2023 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 of 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 State Finance Commission.

4. The Director of Rural Development and Panchayat Raj has requested the Government to issue orders for the release of share of Devolution Grant to Village Panchayats, Panchayat Unions and District Panchayats for ten months from April 2024 to January 2025 as detailed below:-

		(In Rupees)
<b>Total share of Devolution Grant under SFC to three tiers of Panchayats for the year 2024-25</b>		<b>6902,60,33 ,000</b>
<b>a)</b>	<b>Village Panchayats</b>	
1.	State Finance Commission Grant to Village Panchayats	3796,43,18,000
2.	<b>Minimum Grant:</b>  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 2024 to January 2025 (10 months) and  ii) Rs.50,000/- per month for February and March 2025 (2 months)	876,75,00,000
3.	Now, Amount to be released as Minimum Grant for the months of April 2024 to January 2025 (10 months). (Rs.60,000 x 12,525 VPs x 10 months)	751,50,00,000
4.	<b>Population Grant:</b>  State Finance Commission Devolution Grant to Village Panchayats (14 installments) i.e., Sl. No. 1-2	2919,68,18,000
5.	Out of total amount which is entitled for 14 installments as in Sl. No.4, 10 installments for the period from April 2024 to January 2025 is released.	2085,48,70,000
6.	Balance of 4 installments for the months of February and March 2025 to be released later, based on Budget Estimate i.e., Sl. No.4-5	834,19,48,000
7.	<b>Now, Amount to be released as Population Grant for the months from April 2024 to January 2025 (10 installments). (Sl. No.(4*10)/14)</b>	<b>2085,48,70,000</b>
8.	<b>Total grant amount requested for VP (3+7)</b>	<b>2836,98,70,000</b>
<b>b)</b>	<b>Panchayat Unions</b>	
1.	State Finance Commission Grant to Panchayat Unions	2692,01,53,000

2	<b>Minimum Grant:</b> 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 2024 to January 2025 (10 months) & ii) Rs.5,00,000/- per month for February and March 2025 (2 months)	155,20,00,000
3.	<b>Now, Amount to be released as Minimum Grant for the months from April 2024 to January 2025 (10 months). (Rs.3,00,000 x 388 PUs x 10 months)</b>	116,40,00,000
4.	<b>Population Grant:</b> State Finance Commission Devolution Grant to Panchayat Unions i.e., Sl.No.1-2	2536,81,53,000
5.	Out of the total amount which is entitled for 14 installments as in Sl.No.4, 10 installments for the period from April 2024 to January 2025 to be released.	1812,01,09,286
6.	Balance of 4 installments for the months of February and March 2025 to be released, based on Budget Estimate i.e., Sl.No.4-5	724,80,43,714
7.	<b>Now, Amount to be released as Population Grant for the months from April 2024 to January 2025 (10 installments). (Sl. No.(4*10)/14)</b>	1812,01,09,286
8.	<b>Total grant amount requested for BP (3+7)</b>	1928,41,09,286
c)	<b>District Panchayats</b>	
1.	<b>Population Grant:</b> State Finance Commission Grant to District Panchayats based on population	414,15,62,000
2.	Out of the total amount which is earmarked for 14 installments, 10 installments for the period from April 2024 to January 2025 is to be released.	295,82,58,571
3.	Balance of 4 installments for the months of February and March 2025 to be released, based on Budget Estimate i.e., Sl.No.1-2	118,33,03,429
4.	<b>Now, Amount to be released as population Grant for the months from April 2024 to January 2025 (10 installments). (Sl. No.(1*10)/14)</b>	295,82,58,571
	<b>Sanction requested for the total amount for 10 months (a7+b7+c4) + (a3+b3)</b>	5061,22,37,857
	<b>Monthly release requested</b>	506,12,23,785

5. The Director of Rural Development and Panchayat Raj has requested the Government to issue orders for the sanction total sum of Rs.5061,22,37,857/- (Rupees Five thousand sixty one crore twenty two lakh thirty seven thousand eight hundred and fifty seven only) 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 2024 to January 2025.

6. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj have decided to accept the same and to accord sanction and release a total sum of Rs.5061,22,37,857/- (Rupees Five thousand sixty one crore twenty two lakh thirty seven thousand eight hundred and fifty seven only) 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 2024 to January 2025.

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

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 recommendations of SFC controlled by Director of Rural Development - 309 Grants-in-aid-02-Grants for Capital Expenditure <b>(DPC 3604-00-198-AA-30902)</b>	Minimum Grant for 10 months <b>Rs.751,50,00,000/-</b>
	Population Grant for 10 months <b>Rs.2085,48,70,000/-</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 SFC controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for Capital Expenditure <b>(DPC 3604-00-197-AA -30902)</b>	Minimum Grant for 10 months <b>Rs.116,40,00,000/-</b>
	Population Grant for 10 months <b>Rs.1812,01,09,286/-</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 SFC controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for Capital Expenditure <b>(DPC 3604-00-196-AA-30902)</b>	Population Grant for 10 months <b>Rs.295,82,58,571/-</b>
	<b>Total</b> <b>Rs.5061,22,37,857/-</b>

8. The Director of Rural Development and Panchayat Raj is authorized to draw the amount sanctioned in para '6' above from the above mentioned Head of Accounts on monthly basis and to release the fund to State Nodal Account created vide G.O. (Ms) No.117, Rural Development and Panchayat Raj (PR-1(2)) Department Dated: 28.10.2022 and to implement as per the Guidelines mentioned in the Government Order.

9. This order issues with the concurrence of the Finance Department vide its U.O. No.2144/Fin(RD)/2024, dated 29.05.2024.

(By Order of the Governor)

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

To

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

The Commissioner of Rural Development and Panchayat Raj (Training),  
Chennai-15.

All District Collectors (Except Chennai)

The Director, 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 Senior Private Secretary to the Principal Secretary to Government,  
Rural Development and Panchayat Raj Department, Chennai-9.

The Finance (RD/FC.IV) Department, Chennai-9.

The Rural Development and Panchayat Raj (B&C/SGS.1/SGS.2/  
SGS.3/PR.3/OP.II) Department, Chennai-9.

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// Forwarded by Order //

*S. V. Viji*  
30-05-24  
Section Officer  
*20/5*  
30-5-2024