



### ABSTRACT

Fourteenth Finance Commission Grant - Sanction of General Basic Grant of Rs.758.06 crore (50%) towards the basic grant recommended by the Fourteenth Finance Commission for the year 2017-18 as first instalment – Issue of guidelines for the implementation of Fourteenth Finance Commission Grant for the year 2017-18 - Orders – Issued.

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

G.O. (Ms.) No.107

Dated: 21.09.2017

Read:

- 1) From the Director of Rural Development and Panchayat Raj, Letter Roc. 26942/2017/ PRI 2-1, dated 23.05.2017.
- 2) Government of India, Ministry of Finance, Department of Expenditure, Release order No.F.13(40)FFC/FCD/2017-18, dated 11.09.2017 (LB Release No.15/2017-18).

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### ORDER:

The Director of Rural Development and Panchayat Raj in his letter first read above has stated that the Ministry of Panchayat Raj, Government of India has informed that a sum of Rs.1516.12 crore has been allocated as Fourteenth Finance Commission General Basic Grant for the year 2017-18. Hence, he has requested the Government to release the Basic Grant to the tune of Rs.758.06 crore (50%) towards the first instalment of Basic Grant recommended by the Fourteenth Finance Commission for the year 2017-18. The Director of Rural Development and Panchayat Raj has also requested to issue necessary guidelines for implementation of Fourteenth Finance Commission Grant for the year 2017-18.

2. In the light of the release of 1<sup>st</sup> instalment General Basic Grant by Government of India in the release order 2<sup>nd</sup> read above, the Government have examined the proposal of the Director of Rural Development and Panchayat Raj carefully and accord sanction for the release of Rs.758.06 crore (Rupees Seven hundred fifty eight crore and six lakh only) (50%) as first instalment Basic Grant recommended by the Fourteenth Finance Commission for the year 2017-18. The Guidelines for the utilization of the funds released under Fourteenth Finance Commission Basic Grant shall be as per annexure to this order.

3. The expenditure sanctioned in para 2 shall be debited under the following head of account:-

“3604-00- Compensation and Assignments to Local Bodies and Panchayat Raj Insitutions-198 - Assistance to Gram Panchayats – State’s Expenditure - JA Grants to Village Panchayats as per the recommendation of 14<sup>th</sup> Finance Commission-09. Grants-in-Aid-01. Grants for Current Expenditure. (DPC 3604-00- 198-JA-0919)”

4. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 2 above to all the Village Panchayats and the Grant shall be utilized in conformity with the guidelines annexed to this order. He is also requested to furnish necessary utilization certificate towards the utilization of funds sanctioned in para 2 above in the appropriate form for forwarding the same to Government of India.

5. This order issues with the concurrence of Finance Department vide its U.O.No.48376/Fin(RD), dated 21.09.2017.

(By Order of the Governor)

HANS RAJ VERMA,  
Additional Chief Secretary to Government.

To

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

The Additional Chief Secretary / Commissioner of Rural Development and Panchayat Raj (Training), Chennai – 15.

All District Collector.

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 Senior Personal Assistant to Hon'ble Minister,

MA, RD, and Spl. Implementation Programme, Chennai-9

The Principal Private Secretary, Additional Chief Secretary to Government,

Rural Development and Panchayat Raj Department, Chennai-9

The Director, Finance Commission Division, Ministry of Finance, Department of Expenditure, CGO Complex, Lodhi Road, New Delhi 110003.

The Secretary to Government of India, Ministry of Panchayat Raj, New Delhi.

The Municipal Administration and Water Supply Department, Chennai-9

The Revenue Department, Chennai-9.

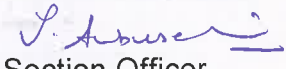
The Commercial Taxes and Registration Department, Chennai-9.

The Finance (RD/FC.II/W&M.I/ BG.I/BG.II) Department, Chennai -9

All sections in Rural Development and Panchayat Raj Department, Chennai-9.

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// Forwarded by Order //

  
Section Officer.

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21/9/17

**Annexure to G.O.(Ms) No.107, Rural Development and Panchayat Raj (PR.1)  
Department, dated 21.09.2017.**

**Guidelines for the implementation of  
14<sup>th</sup> Finance Commission Basic and Performance Grants**

**1. Introduction:**

Government of India has earmarked an amount of Rs.8777.43 crore as Central Finance Commission grant to the State for the years 2015-16 to 2019-20 as per the recommendations of 14<sup>th</sup> Finance Commission as detailed below:

Year	Allocation of Basic Grant (Rs. in crore)	Performance Grant (Rs. in crore)	Total (Rs. in crore)
2015-16	947.65	-	947.65
2016-17	1,312.19	172.12	1484.31
2017-18	1,516.12	194.78	1710.90
2018-19	1,753.87	221.20	1975.07
2019-20	2,369.86	289.64	2659.50
Total	<b>7,899.69</b>	<b>877.74</b>	<b>8777.43</b>

Government of India has also directed that the Central Finance Commission Grants should be released to the Village Panchayats only, to enable delivery of basic services such as water supply, street lights, roads, sanitation including solid waste management, storm water drainage, parks, burial and cremation grounds. The criteria for distribution of grants to the Village Panchayats will be the same as the pattern adopted by the State Government for devolution of State Finance Commission Grant.

**2. Criteria for Allocation of grants to the Village Panchayats:**

The Fourteenth Finance Commission has recommended that Basic grants will be released to the Village Panchayats on the formula which is being followed by the State for devolution of State Finance Commission grants. The Fifth State Finance Commission (SFC) constituted by the State Government has recommended that the devolution grant to the Village Panchayat be released as a Minimum Lump sum grant of Rs.7.00 lakh per annum to each Village Panchayats and the balance amount from the share of Village Panchayats in the devolution grant be distributed among the Village Panchayats on the horizontal sharing ratio as given below:

a) Population as per 2011 Census	:	60%
b) Area	:	15%
c) Scheduled Caste / Tribe Population	:	15%
d) Per Capita Consumption Expenditure Distance	:	10%
<b>Total</b>	<b>:</b>	<b>100%</b>

The State Government has accepted the above recommendations and issued necessary orders to adopt the same vide G.O.Ms.No.84, Finance (FC – IV) department, dated 31.03.2017, for release of devolution grants to Village Panchayats. In respect of

distribution of 14<sup>th</sup> Central Finance Commission Grants to the Village Panchayats also the same method and formula will be adopted.

## **2. 1. Basic Grant:**

As followed in State Finance Commission devolution grant, the 14<sup>th</sup> Central Finance Commission Basic grant will be released as a Minimum Lump sum grant to each Village Panchayats and the balance amount distributed among the Village Panchayats on the horizontal sharing ratio of 5<sup>th</sup> State Finance Commission Grant.

### **2.1.1 Minimum Lump sum Grant:**

Since the quantum of amount under Central Finance Commission grant is less compared to the State Finance Commission Devolution Grant, an amount of Rs. 3.00 Lakh will be released to each Village Panchayat as Minimum Lump sum Grant from 14<sup>th</sup> Finance Commission Basic Grant for meeting out their basic needs such as electricity consumption charges and water charges.

### **2.1.2. Balance amount of Basic Grant:**

The balance amount of Basic Grant will be released to Village Panchayats on the basis of the following formula suggested by Fifth State Finance Commission:

a) Population as per 2011 Census	:	60%
b) Area	:	15%
c) Scheduled Caste / Tribe Population	:	15%
d) Per Capita Consumption Expenditure Distance	:	10%
	Total	: 100%

The Per Capita Consumption Expenditure Distance data provided by the Fifth State Finance Commission will be adopted for this purpose.

## **2.2 Performance Grant:**

The 14<sup>th</sup> Finance Commission has recommended sanction of Performance Grant to those Village Panchayats which fulfill two conditions, namely, completion of audit of Village Panchayats accounts and increase in own source of revenue. Government of Tamil Nadu vide G.O.Ms.No. 55, Rural Development and Panchayat Raj (PR-1) Department, dated 05.05.2016 has laid down the criteria for availing Performance Grant. As per this order the Performance Grant for each Village Panchayat will be sanctioned annually based on the eligibility criteria achieved by the Village Panchayat as detailed below on receipt of Performance grant from Government of India.

- Submission of audit report of annual accounts of the relevant year
- At least 5% increase in the collection of own source of revenue over the previous year as reflected in the audited accounts.

## **3. Identification of the Requirement of Basic Amenities:**

As per the recommendations of the Fourteenth Central Finance Commission, Government vide G.O. (Ms) No. 34, Rural Development and Panchayat Raj Department,

dated 02.03.2016 have issued detailed guidelines for the preparation of Village Panchayat Development Plan for comprehensive development of rural areas in Tamil Nadu and to enable grassroot level planning, optimal utilization of resources and delivery of basic services effectively.

Every Village Panchayat should prepare the Village Panchayat Development Plan as per the guidelines for taking up works / delivery of services under Fourteenth Finance Commission Grant. Village Panchayat Development Plan would comprise of two components, namely, Perspective Plan for a five year period which shall be further broken into Annual Plans. Instruction have been issued vide G.O. (Ms.) No. 108, RD & PR (PR1) Department, dated 24.07.2015 for the preparation of Village Panchayat Development Plan in all the Village Panchayats for 5 year period from the year 2015-16 and to prioritize the requirements for implementation of Fourteenth Finance Commission Grant every year. Administrative sanction for works should be accorded by the District Collector for the yearly allocation on the basis of priority given by the Village Panchayats based on the Annual Plan subject to the type of works suggested in para. 5.

#### **4. Executing Agency for utilization of grants:**

Village Panchayat is the only local body which is eligible to get the Grants of 14<sup>th</sup> Finance Commission. Since Village Panchayat is responsible for provision of basic amenities in rural areas, this amount will be administered by the Village Panchayats and works will be executed by the Village Panchayats. The infrastructure gaps are to be identified in the Village Panchayats as per the participatory planning process in accordance with the guidelines issued for the preparation of Village Panchayat Development Plan and the development works are to be prioritized and shortlisted for the amount available under the 14<sup>th</sup> Finance Commission Grants by Grama Sabha.

#### **5. Type of works to be taken Up:**

The Fourteenth Central Finance Commission has recommended in Para 9.56, Chapter 9 of its report that the Grants shall be utilized for fulfilling the basic functions/delivery of services by the Village Panchayats. Hence this Grant is intended to be used to support and strengthen the delivery of basic civic services such as water supply, sanitation, street lighting, connectivity, well being of the community etc. Every Village Panchayat should prepare the Village Panchayat Development Plan as per the guidelines for taking up works / delivery of services under Fourteenth Finance Commission Grant and may take up the following works or services

##### **5.1. Provision of Street Lights:**

- a. New Street lights in uncovered and extension area with LED lights.
- b. Conversion of fluorescence tube light, incandescent bulbs, Sodium and mercury lamps and other power consuming lights with LED lights.
- c. Technical Specification for the installation of LED street lights should be in accordance with the guidelines issued vide Lr.(Ms) No. 23, RD&PR (SGS-3) Dept./ dated 10.02.2016.

## 5.2. Water Supply works:

- a. Water Supply works should be planned to ensure provision of 55 LPCD of water in rural areas.
- b. Alternative / Augmentation of sources, enhancement of motor capacity, extension of pipelines, deepening of open wells wherever necessary and feasible may be taken up.
- c. No. of OHTs construction should be restricted to the requirement for storage of water to the size of population.
- d. Mini Power Pumps should not be taken from this grant.

## 5.3. Settlement of Electricity Consumption Charges and Water Charges:

Maintenance of street lights and water supply in rural areas is a basic function of every Village Panchayat as per Section 110 of the Tamil Nadu Panchayats Act, 1994. The Village Panchayats should settle their dues towards electricity consumption charges to TANGEDCO and water charges to TWAD as 1<sup>st</sup> charge from 14<sup>th</sup> Central Finance Commission.

## 5.4. Roads:

### 5.4. 1. Laying of B T Roads:

- a) The following works may be taken for laying of roads
  1. Up gradation of the Non – BT roads to BT standards
  2. Strengthening of existing damaged BT roads
  3. Maintenance of existing damaged BT roads which require renewal
- b) The sanctioning authority shall follow the prioritizing of the roads based on the following criteria
  1. Roads connecting unconnected habitations, irrespective of the population be given the first priority.
  2. Upgrading and strengthening of bus-plying and mini / small bus plying roads
  3. Important link roads connecting market places, Educational / Health Services and road which have good utility value are then selected.
  4. BT road connecting the habitations within the Panchayat, including culverts.
  5. Paver Blocks may be provided in the streets where there is no heavy vehicular movement. Roads outside residential area should not be taken up for paver Block.
  6. Cement Roads should not be taken up under the scheme.

## 5.5. Creation of parks/ physical fitness centers in rural areas

- The establishment of playgrounds, parks, sports clubs and centers of physical culture;

## 5.6. Sanitation and Waste Management

- Construction, repair and maintenance of Community Sanitary complexes, drains and sewage systems
- Solid waste management in convergence with MGNREGS or SWM schemes

### 5.7. Other Works

- Any other permitted works such as burial/cremation ground as per need and requirement. Non-essential works should not be taken up utilizing the Grant.

### 5.8. Convergence of other funds / schemes:

- The Village Panchayat can take up works by dovetailing funds under centrally sponsored schemes, State Finance Commission Grant, Assigned Revenue and General Funds of Village Panchayats in addition to the Fourteenth Finance Commission Grants to create/improve infrastructure facilities in rural areas.
- The works / projects can be taken up by dovetailing funds from Capital Grant Fund (CGF) of Fifth State Finance Commission and 14<sup>th</sup> Central Finance Commission Grant.

### 6. Negative List

- The works which are not eligible under Capital Grant Fund of State Finance Commission Grant, other than specifically given in this guideline should not be taken up from this fund.

### 7. Safeguards for Weaker Section

- Minimum 30% of the fund allocated to each Panchayat every year should be spent in provision of basic amenities in SC/ST habitations in the respective Village Panchayats.

### 8. Technical and Administrative support towards O&M and Capital Expenditure

Out of the annual allocation of Fourteenth Finance Commission Basic Grant for each Village Panchayat, 2% is allowed to Village Panchayats Account No.1 for meeting the cost of technical and administrative support to Village Panchayats towards taking up the activities as detailed below:

#### 8.1. 2% of grant on which the Administrative and Technical cost can be utilized

- Cost of preparation of Village Panchayat Development Plan – covering all the processes like Participatory Village Panchayat Development Planning, conducting Grama Sabha meetings, surveys, holding consultations, preparing maps, cost of essential consumables and other documents.
- Updating of Online accounts/data entry in PRIASoft and Form 30 in TNRD website.
- Cost for providing internet connectivity to Village Panchayat office computer and recurring charges.

#### 8.2. Negative List of activities which shall not be undertaken utilizing administrative and Technical cost

- Expenditure on activities already being funded from other schemes.
- Honorarium, TA/DA of elected representatives and Salaries / honorarium of existing employees – permanent and contract.



- iii. Felicitation / cultural functions / decorations / inaugurations / advertisements.

### **9. Placement of work list in the Grama Sabha and approval:**

The works shortlisted by the Village Panchayat under the 14<sup>th</sup> Finance Commission Grants should be placed before the Grama Sabha and got approval before taking it up for execution.

### **10. Preparation of Estimates:**

After identification of works by the Village Panchayat and approval by the Gram Sabha, actual estimates should be prepared by the technical officers after visiting the site. No estimate should be prepared without verification at the field. Estimates prepared by the Engineers should be randomly checked by the Assistant Executive Engineer and the Executive Engineer (Rural Development) in order to ensure actual and correct estimates only are prepared. The Estimate for roads should compulsorily have the photograph of the site at every 100 m distance and the photographs should be attached to the Estimate itself to enable the AEE / EE and BDO / AD / PD, DRDA to test verify the need of the work.

### **11. Administrative sanction:**

The District Collector will accord administrative sanction for the works after detailed scrutiny of the estimates by Project Director, District Rural Development Agency and Executive Engineer (RD). No sanction should be given without proper estimates and no estimate of Roads should be without photographic record incorporated along with.

### **12. Mode of Execution:**

The works will be executed by the Village Panchayats through tender as per Tender Transparency Act, 1998 and Rules 2000 and the procedures prescribed in G.O.(Ms) No.203, Rural Development and Panchayat Raj Department dt.20.12.2007. The Block Development Officer (Village Panchayats) is the monitoring officer at Block level and the Project Director, DRDA is the monitoring officer at District level. The Overseer, Assistant Engineer / Junior Engineer, Assistant Executive Engineer and Executive Engineer are responsible for quality of the works. The District Collector is the overall authority for implementation of scheme at District level.

### **13. Release of Funds:**

#### **13.1. Basic Grant:**

1. The Director of Rural Development and Panchayat Raj will release 14<sup>th</sup> Finance Commission basic grant to the District Collectors as per the guidelines given by the Government of India.
2. The Director of Rural Development and Panchayat Raj should earmark 2% of the annual allocation of Fourteenth Finance Commission Basic Grant of each Village Panchayat concerned to Village Panchayat Account No.1 for meeting the cost of technical and administrative support.
3. While releasing the fund to the Village Panchayats, the District Collector shall arrive at the average demand for 6 months towards CC Charges for TANGEDCO and water charges to TWAD Board. Any balance due, if any, even after making payment



from the State Finance Commission minimum Grant (i.e Rs.7 Lakhs) will be met out from 14<sup>th</sup> Central Finance Commission grant. This quantum should be released to Account 2 of the Village Panchayat concerned. The remaining grant available will be released to account No.3.

4. The District Collectors will release grants to the Village Panchayats as per their entitlement after earmarking the amount to be sent to Account 1, 2 & 3 of the Village Panchayat concerned, at once on receipt of funds from the Directorate. No amount should be kept at District level at any point of time, since the Grant is the entitlement of Village Panchayat and any delay in timely release will attract penal interest.

### **13.2. Performance Grant:**

- i) The District collector shall furnish the consolidated list of Village Panchayats eligible for the receipt of Performance Grant to the Director of Rural Development and Panchayat raj as per the prescribed timeline.
- ii) The Director of Rural Development and Panchayat Raj will release 14<sup>th</sup> Finance Commission Performance Grant to the District Collectors based on the distribution criteria mentioned in para 2.1.2 and 2.2.
- iii) The District Collectors shall release grants to the Village Panchayats concerned as per their entitlement immediately after receipt of funds from the Directorate. Prior to such release, the District Collector should ascertain the quantum of amount to be sent to Village Panchayat Account No.2 in the Panchayats where the CC charges/water charges are heavy based on the half yearly average demand and the balance, if any, be released to Account No.3 of the Village Panchayat concerned. In Village Panchayats where such charges are not heavy, the entire amount shall be released to Village Panchayat Account No.3 for execution of permissible works within 3 days on receipt of funds from the Directorate.
- iv) No amount should be kept at District level at any point of time since the Grant is the entitlement of Village Panchayat and any delay in timely release will attract penal interest.

### **14. Online Entry of Annual Plan and progress in Plan Plus and tnrd website**

Plan plus website is dedicated for the Village Panchayat Development Plan entry. The works approved by Grama Sabha should be entered in the Plan Plus website.

Action Plan soft is for making the entry of category wise works selected and the expenditure incurred. It should be concurrently monitored by the Blocks and the districts. Based on the progress of the works in the field and corresponding entries by the districts in Plan plus and action soft, the Government of India will release the fund to the State. The Project Directors should review the progress of the works in field and in online.

Works taken up under 14<sup>th</sup> Central Finance Commission should be duly entered in [www.tnrd.gov.in](http://www.tnrd.gov.in) website also. Both physical and financial progress should be monitored at the district level through online.

### **15. Documentation/Utilisation certificates:**

The works taken up under 14<sup>th</sup> finance commission Grant should be properly documented at District level. Utilisation certificates should be got from all the Village

Panchayats and consolidated report should be sent by the District Collectors to the Directorate for utilisation of funds.

The Additional Chief Secretary to Government, Rural Development and Panchayat Raj Department is empowered to modify the guidelines issued for utilisation of 14<sup>th</sup> Finance Commission grant whenever necessary in consultation with the Director of Rural Development and Panchayat Raj and Additional Chief Secretary to Government, Finance Department.

HANS RAJ VERMA,  
Additional Chief Secretary to Government.

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Section Officer.

  
21/11/13