



## ABSTRACT

Rural Development and Panchayat Raj Department – Grants – Award under Fifteenth Finance Commission – Basic Grant for 2020-21 - Release of first instalment of Rs.901.75 Crore to Rural Local Bodies for the year 2020-21 – Sanction – Orders – Issued.

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

**G.O. (Ms) No.116**

**Dated: 25.06.2020.**

சார்வரி, ஆனி 11

திருவள்ளூர் ஆண்டு 2051

**Read:**

- 1) From the Government of India, Ministry of Finance, Department of Expenditure, (Finance Commission Division), Release order No. F-15(4)/FC-XV/FCD/2020-25, dated 17.06.2020.
- 2) From the Director of Rural Development and Panchayat Raj Letter Roc. No.21496/2020/PRI 2-1, Dated: 18.06.2020

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### **ORDER:**

In the letter first read above, the Ministry of Finance, Department of Expenditure, Government of India has released a sum of Rs.901.75 Crore as 1<sup>st</sup> instalment of Basic Grant to Rural Local Bodies as recommended by the Fifteenth Finance Commission for the year 2020-21.

2. The Director of Rural Development and Panchayat Raj in the letter 2<sup>nd</sup> read above has stated that the Ministry of Finance, Government of India in its letter dated 1.06.2020 has stated that a sum of Rs.1803.5 Crore has been allocated as Basic Grant under Fifteenth Central Finance Commission Grant for the year 2020-21 for Tamil Nadu. Accordingly the Government of India, Ministry of Finance, Department of Expenditure, (Finance Commission Division) in its release order No.F-15(4)/FC-XV/FCD/2020-25, dated 17.06.2020 has released a sum of Rs.901.75 Crore as First Installment of Basic Grant – Untied Component for the year 2020-21 under the Fifteenth Central Finance Commission Grant.

3. He has also stated that the State Government has made a provision in the Budget Estimate–2020-21, Demand-42, Rural Development and Panchayat Raj Department for the same amount for the year 2020-21, in the Budget Estimate 2020-21, the following provisions have been made under the head of accounts pertaining to Fifteenth Central Finance Commission Grant for Rural Local Bodies for the year 2020-21.

<b>Component</b>	<b>Provision made in BE 2020-21 ( In Rupees)</b>
District Panchayats (DPC 3604-00-196-SA-30901)	180,35,00,000
Panchayat Unions (DPC 3604-00-197-SA -30901)	360,70,00,000
Village Panchayats (DPC 3604-00-198-SC-30901)	1262,45,00,000
<b>Total</b>	<b>1803,50,00,000</b>

(P.T.O)

4. The Director of Rural Development and Panchayat Raj has further stated that the Joint secretary to Government of India in his letter dated 20.02.2020 has requested to decide the allocation of both Tied and Non Tied funds to Three Tier Rural Local Bodies in the State after duly following Fifteenth Central Finance Commission Guidelines in respect of Fifteenth Finance Commission allocation to the States. In this regard, it is stated that the Fifteenth Finance Commission has recommended that the Grants for Rural Local Bodies (RLBs) are in two parts, namely, Basic and Tied Grants, in the ratio of 50:50.

#### **The Basic Grant:**

Basic Grants are untied and can be used by Rural Local Bodies for location-specific felt needs, except for salary or other established expenditure as per Government of India letter dated 17.06.2020 the fund released now as first installment under this category to the State.

#### **The Tied Grant:**

Tied Grant is to be used for the basic services of a) Sanitation and maintenance of open defecation free (ODF) status and b) Supply of drinking water, Rain water harvesting and recycling. The Local bodies shall, as far as possible earmark one half of these tied grants each to these two critical services. However, if any local body has fully saturated the needs of one category, it can utilize the funds for the other category tied Grants i.e. 50% of the allocation will be released in two installments by the Ministry of Finance, Department of Expenditure(Finance Commission Division) letter dated 1.06.2020 after receipt of recommendation from the Ministry of Panchayat Raj, Government of India. Department of Drinking water and sanitation, Ministry of Jal Sakthi, Government of India and Ministry of Panchayat Raj will assess the following before recommending for release of Grant:

- a) Status & Maintenance of Open Defecation Free local body
- b) Supply of Drinking water, rain water harvesting and water recycling
- c) Uploading of GPDP and details about utilisation of Fifteenth Finance Commission funds on the website.
- d) Any other condition which Ministry of Jal sakthi may deem fit in connection with the stated objectives of the tied grant.

(Assessment of eligibility for the year 2021-22 will be based on the outcomes during the year 2020-21. Same procedure will be adopted for the remaining period of the award year)

#### **Allocation:**

The Fifteenth Finance Commission has worked out that the total size of the local body grant will be Rs.3607 Crore for the Financial Year 2020-21 to the State of Tamil Nadu.

The Fifteenth Finance Commission has also recommended that its Grant, Basic and Tied, should be distributed to all the tiers of the Panchayats in the States on the basis of the accepted recommendation of the latest State Finance Commission (SFC) and also in conformity to the bands recommended by Fifteenth Finance Commission.

The Government of India in addition stated that Intra alia distribution among the relevant entities in a tier across the State should be on the basis of population and area in the ratio of 90: 10 or as per the accepted recommendations of the latest State Finance Commission.

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- In this context, the following sharing/ Distribution formula have been approved by the Government in Government letter No.6156/PR-1/2020-3, dated 26.05.2020 in respect of Rural Local Bodies in Tamil Nadu.
- The vertical sharing ratio among three tiers of Rural Local Bodies will be **5:15:80 for District Panchayats, Panchayat Unions and Village Panchayats respectively.**
- Horizontal Distribution of Fifteenth Finance Commission Grant within the tier will be as per the Horizontal Distribution formula as recommended by Fifth State Finance Commission formula given below:

a) Population as per 2011 census	: 60%
b) Area	: 15%
c) SC/ST population	: 15%
d) Per capita consumption Expenditure Distance	: 10%

5. The Director of Rural Development and Panchayat Raj has also stated that the Government has issued orders accepting the recommendations of the Fifth State Finance Commission in which horizontal sharing ratio among the Village Panchayats, Panchayat unions, District panchayats is prescribed. He has therefore requested the Government to release an amount of Rs.901,75,00,000/- (Rupees Nine Hundred and one crore and seventy five lakh only) as first instalment of Basic Grant-Untied fund for the year 2020-21 under Fifteenth Finance Commission and to authorize him to draw and disburse the above amount to 12,525 Village Panchayats and 388 Panchayat Unions and 36 District Panchayats. The detailed state specific guidelines may be issued comprehensively for both tied and untied components after the issuance of Government of India guidelines on Tied grants.

6. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj at para 5 above accord sanction for a sum of Rs.901.75 Crore (Rupees Nine Hundred and one crore and seventy five lakh only) as 1<sup>st</sup> instalment of General Basic Grant under Fifteenth Central Finance Commission for the year 2020-21.

7. The expenditure sanction at para 6 shall be debited to the following heads 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 – Central Sector Scheme - SC Basic <b>Grants to Village Panchayats</b> as per the <b>recommendations</b> of the 15 <sup>th</sup> Finance Commission - 309 <b>Grants-in-aid</b> – 01 <b>Grants for Current Expenditure</b>  <b>(DPC 3604-00-198-SC-30901)</b>	<b>Rs. 721,40,00,000/-</b>

3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 197 Assistance to Block Panchayats/Intermediate Level Panchayats - Central Sector Scheme - SA Basic Grants to Block Panchayats as per the recommendations of the 15 <sup>th</sup> Finance Commission - 309 Grants-in-aid – 01 Grants for Current Expenditure  <b>(DPC 3604-00-197-SA-30901)</b>	<b>Rs. 135,26,25,000/-</b>
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 196 Assistance to Zilla Parishads/District level Panchayats - Central Sector Scheme - SA Basic Grants to District Panchayat as per the recommendations of the 15 <sup>th</sup> Finance Commission - 309 Grants-in-aid – 01 Grants for Current Expenditure  <b>(DPC 3604-00-196-SA-30901)</b>	<b>Rs. 45,08,75,000/-</b>
<b>Total</b>	<b>Rs. 901,75,00,000/-</b>

8. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 6 above immediately to the 12,525 Village Panchayats and 388 Panchayat Unions and 36 District Panchayats without any delay so as to avoid penal interest. The Director of Rural Development and Panchayat Raj is directed to follow the operational guidelines issued by the Ministry of Finance in its letter No.15(2)/FC-XV/FCD/2020-25, dated 1.06.2020 for the implementation of the recommendations on Rural Local Body(RLB) grants contained in Chapter 5(Local Body Grants) of the Fifteenth Finance Commission (FC-XV) Report.

9. This order issues with the concurrence of Finance Department vide its U.O. No.20790/DS(RR)/2020, dated 25.06.2020.

(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 Director General, Rural Development and Panchayat (Training), Chennai – 15.  
All District Collectors,  
All District Treasury Officers.

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The Director of Treasuries and Accounts, Chennai-15.  
The Director of Local Fund Audit, Chennai -15.  
The Pay and Account Officer (South) Chennai-35

**Copy to:**

The Special Personal Assistant to Hon'ble Minister, (MA, RD & Impn. of Spl. Prog.), Chennai-9  
The Principal Private Secretary, Additional Chief Secretary to Government, Rural Development and Panchayat Raj Department, Chennai-9

The Secretary to Government of India, Ministry of Panchayat Raj, Krishi Bhawan, Dr.Rajendra Prasad Road, New Delhi-110 001.  
The Director, Finance Commission Division, Ministry of Finance, Department of Expenditure, CGO Complex, Lodhi Road, New Delhi 110003  
The Finance (RD/FC.I/SFC-MC/FC.II/W&M.I) Department, Chennai -9  
Rural Development and Panchayat Raj (B&C/OP II) Department, Chennai-9  
The Planning Development and Special Initiatives (B&C) Department, Chennai-9.  
The Director, SIRD, Maraimalai Nagar, Kancheepuram District.  
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Section Officer. —

  
25/06/2020