



## **ABSTRACT**

Rural Development and Panchayat Raj Department – Payment of Penal interest already made for a sum of Rs.8,28,22,903/- for delayed transfer of 2<sup>nd</sup> installment of Basic Grant for the year 2019-20 under Fourteenth Finance Commission – Balance amount of Penal interest Rs.88,68,536/- Sanction – Orders issued.

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

**G.O. (Ms) No.52**

**Dated: 30.03.2021**

**சார்வரி, பங்குனி 17**

**திருவள்ளூர் ஆண்டு 2052**

**Read:**

- 1) Government of India, Fund release order No.75/2019-20/F-13/ FCD/2019-Vol-I, dated 31.03.2020.
- 2) G.O. (Ms) No.121, Rural Development and Panchayat Raj (PR-1) Department, dated 06.07.2020.
- 3) From the Deputy Secretary to Government of India Letter F.No. G-39011/2/2016-FD, dated 24.08.2020.
- 4) G.O. (Ms) No.41, Rural Development and Panchayat Raj (PR-1) Department, dated 26.02.2021.
- 5) From the Commissioner of Rural Development and Panchayat Raj Letter No.13129/2020/PRI 2-1, dated 25.03.2021.

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### **ORDER:**

In the letter 4<sup>th</sup> read above the Commissioner of Rural Development and Panchayat Raj has stated that in the Government of India Fund release order No.75/2019-20/F-13(01)/FCD/2019-Vol-I, dated 31.03.2020, the Government of India had released an amount of Rs.910.55 Crore as second installment to the Village Panchayats where Rural Local Bodies Election conducted. During this period a complete lockdown was promulgated by the Government due to pandemic Covid-19 infection. The Government of Tamil Nadu during that time issued an Government order for 14<sup>th</sup> CFC second installment after the expiry of stipulated 15 days of time vide G.O. (Ms) No.121, Rural Development and Panchayat Raj (PR.1) Department, dated 06.07.2020. The same fact has been mentioned in utilization certificate for the second installment of 14<sup>th</sup> Central Finance Commission for the year 2019-20 and requested the Government of India to give relaxation to pay Penal interest to Local bodies due to Covid-19 contingencies. In response to that Government of India, in

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its letter dated 24.08.2020 has stated that:-

*'Fourteenth Finance Commission Guidelines make it mandatory for states to transfer Finance Commission funds to the RLBs within 15 days of their credited to the account of the state Governments. These Guidelines also prescribe that the State Government would have to pay prescribed penal interest for every delay beyond the stipulated period. However, in the said guidelines no provision has been made for relaxation, whatsoever, regarding the waiver of interest for the delayed transfer of grants by the states to the RLBs.*

*In view of the above, it is requested that the interest amount for the delay in transfer of Grants at the prescribed rate may be transferred to the respective GPs urgently and a revised UC may be furnished to the MoPR so that the 2<sup>nd</sup> installment for Fifteenth Central Finance Commission Grant is recommended for release for the state in time'.*

2. The Commissioner of Rural Development and Panchayat Raj has also stated that the Government of India had released the 2<sup>nd</sup> installment of Basic Grant of Rs.910.553 Crore under Fourteenth Finance Commission Grants for 2019-20 vide Letter No.F-13(01)/FCD/2019-vol-1, dated: 31.03.2020. Whereas the State Government had issued orders for the drawl of Rs.910.553 Crore vide G.O. (Ms.) No.121, Rural Development and Panchayat Raj (PR-1) Department, dated: 06.07.2020 and the ways and means clearance for the above Grant has been accorded and released to the Districts on 14.07.2020. As a result, there is a delay of 83 days beyond the time allowed for transfer.

3. The Commissioner of Rural Development and Panchayat Raj has further stated that the Government in G.O.(Ms) No.41, Rural Development and Panchayat Raj (PR.1) Department, dated 26.02.2021 accorded sanction for a sum of Rs.8,28,22,903/- (Rupees Eight Crore Twenty Eight Lakh Twenty Two Thousand Nine Hundred and Three Only) towards Penal Interest for the delay in transfer of 2<sup>nd</sup> installment of Basic Grant under Fourteenth Finance Commission Grants for the year 2019-20 taking into consideration a Repo rate of 4%. Now, the Government of India in its letter dated 24.03.2021 has stated that the interest for delay period should be at the prevailing Bank Rate of Reserve bank of India. Accordingly, calculation has been made in the Ministry as follows.

Amount	Number of days of delay	Applicable bank Rate of RBI during delay period	Amount in Rs.
910.553 crore	83	4.65% (From 15.4.2020 to 21.5.2020- 37 days)	4,29,20,724/-
		4.25% (From 22.5.2020 to 6.7.2020 -46 days)	4,87,70,715/-
Total			9,16,91,439/-

(Contd..)



Against the total penal interest amount of Rs.9,16,91,439/- sanctioned vide G.O. (Ms) No.41, Rural Development and Panchayat Raj (PR.1) Department, dated 26.02.2021 has released Rs.8,28,22,903/-.

4. The Commissioner of Rural Development and Panchayat Raj has therefore requested the Government to issue necessary orders for the sanction of Rs.88,68,536/- (Rupees Eighty eight lakh sixty eight thousand five hundred and thirty six Only) towards the balance Penal Interest for the delay in transfer of 2<sup>nd</sup> installment of Basic Grant under Fourteenth Finance Commission Grants for the year 2019-20.

5. The Government after careful examination of the proposal of the Commissioner of Rural Development and Panchayat Raj accord sanction for a sum of Rs.88,68,536/- (Rupees Eighty eight lakh sixty eight thousand five hundred and thirty six Only) towards the balance Penal Interest for the delay in transfer of 2<sup>nd</sup> installment of Basic Grant under Fourteenth Finance Commission Grants for the year 2019-20.

6. The amount sanctioned in para 5 above shall be debited under the following Head of Account:-

<b>Head of Account</b>
3604 00 Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 198 – Assistance to Gram Panchayats - State's Expenditure SA – Basic Grants to Village Panchayats as per the recommendations of the 14 <sup>th</sup> Finance Commission 309 – Grants-in-Aid – 01- Grants for Current Expenditure.
<b>(DPC 3604-00-198-SA-30901)</b>

7. The Commissioner of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 5 above.

8. This order issues with the concurrence of Finance Department vide its U.O. No.14612A/Fin(RD)/2021, dated 29.03.2021.

(By Order of the Governor)

HANS RAJ VERMA  
Additional Chief Secretary to Government.

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

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**Copy to:**

The Special Personal Assistant to Hon'ble Minister (Municipal Administration and Rural Development, Implementation of Special Programme), 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 110 003.  
The Finance (RD/FC.I/SFC-MC/FC.II/W&M.I/BG-I/BG-II) Department, Chennai -9  
The 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, State Institute of Rural Development, Maraimalai Nagar, Kancheepuram District.  
Stock File / Spare Copy.

// Forwarded by Order //

*S. Narayani*  
*30/03/2021*

(S.NARAYANI)

UNDER SECRETARY TO GOVERNMENT.

*30/03/2021*