



ABSTRACT

Fifteenth Central Finance Commission Grant – Guidelines for the implementation of Fifteenth Finance Commission Grants to Rural Local Bodies – Approved – Orders - Issued.

Rural Development and Panchayat Raj (PR-1) Department

G.O. (Ms) No.18

Dated: 03.02.2021

சார்வரி, தை 21

திருவள்ளூர் ஆண்டு 2052

Read:

From the Director of Rural Development and Panchayat Raj
letter No.21496/2020/PRI 2-1, dated 08.09.2020.

ORDER:-

In the letter read above the Director of Rural Development and Panchayat Raj has stated that the Fifteenth Finance Commission has submitted its report on devolution of Fifteenth Central Finance Commission Grant to Local Bodies during January 2020 which has been accepted by Government of India. The award period for this commission covers from the year 2020-21 to 2025-26. The Finance Commission submitted its report for the year 2020-21.

2. Further the Director of Rural Development and Panchayat Raj has send the draft Guidelines for utilization of the grants under 15th Central Finance Commission to Rural Local Bodies to Government for approval.

3. The Government after careful examination has approved the guidelines for the utilization of the grants under 15th Central Finance Commission grant to Rural Local Bodies annexed to this order.

4. This order is issued with the concurrence of Finance Department vide its U.O.37885/Fin(RD)/2021, dated 12.01.2021.

(By Order of the Governor)

HANS RAJ VERMA

Additional Chief Secretary to Government

To

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

All District Collectors,

All District Treasury Officers.

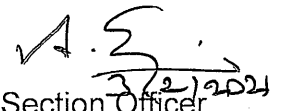
The Director of Treasuries and Accounts, Chennai-35.

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

Copy to:

The Special Personal Assistant to Hon'ble Minister (Municipal Administration and Rural Development, Implementation of Special Programme), Chennai -9.
The Principal Private Secretary to Additional Chief Secretary to Government, Rural Development and Panchayat Raj Department, Chennai-9
The Finance (RD/FC.II/W&M.I/BG.I/BG.II) Department, Chennai -9
The Rural Development and Panchayat Raj (B&C/OP II/SGS-II/SGS-III/SGS-IV) Department, Chennai-9.
Stock File / Stock Copy.

// Forwarded by Order //


Section Officer.

ANNEXURE

G.O. (Ms) No.18, Rural Development and Panchayat Raj (PR.1) Department,
dated 03.02.2021.

Guidelines for the implementation of Fifteenth Finance Commission Grant to Rural Local Bodies

Introduction:

The Fifteenth Finance Commission has submitted its report on devolution of Fifteenth Central Finance Commission Grant to Local Bodies during January 2020 which has been accepted by Government of India. The award period for this commission covers from the year 2020-21 to 2025-26. The Finance Commission submitted its report for the year 2020-21

1. Categories of Grants:

Fifteenth Finance Commission has recommended that the Grants for Rural Local Bodies (RLBs) are in two parts, namely, Basic –Untied and Tied Grants, in the ratio of 50 : 50.

a) The Basic –Untied Grant:

Basic Grants are untied and can be used by Rural Local Bodies for location-specific felt needs, except for salary or other establishment expenditure.

b) 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) after receipt of recommendation from the Ministry of Panchayat Raj, Government of India. Department of Drinking water and sanitation, Ministry of Jal Shakti, 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 Shakti 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.

2. Allocation:

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

3. Criteria for Distribution of Grants to the Panchayats :

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 State on the basis of the accepted recommendation of the latest State Finance Commission (SFC) and also in conformity of recommendation of Fifteenth Finance Commission.

The Government of Tamil Nadu in conformity of recommendation vide Letter No.6156/PR-1/2020-3, dated 26.05.2020 has decided that the vertical sharing ratio of Fifteenth Finance Commission Grant, Basic and Tied, among the three tiers of Rural Local Bodies shall be as detailed below:

- 80% for Village Panchayats
- 15 % for Block Panchayats
- 5 % for District Panchayats

The horizontal distribution within each tier will be based on the horizontal sharing ratio adopted for distribution of State Finance Commission Grant within each tier. The 5th SFC has recommended the following horizontal sharing ratio for distribution of grant within each tier

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

The same criteria and weightage will be adopted for distribution of Fifteenth Central Finance Commission Grant within each tier.

4. Allocation of Grant

4.1. Village Panchayat:

The State Government vide G.O. (Ms) No.107, Rural Development and Panchayat Raj (PR-1) Department, dated 21.09.2017, issued detailed guidelines for the release and usage of 14th Central Finance Commission grants to Village Panchayats. The government has directed to release Rs.3.00 lakh as minimum grant to each Village Panchayat and release the balance amount based on the horizontal sharing ratio for distribution of grant within each tier.

In respect of distribution of Fifteenth Central Finance Commission Untied Grants to the Village Panchayats the same method and formula will be adopted. The Fifteenth Central Finance Commission Untied grant will be released as a Minimum Lump sum grant of Rs.3.00 lakh to each Village Panchayat and the balance amount distributed among the Village Panchayats on the horizontal sharing ratio recommended by State Finance Commission.

The Fifteenth Central Finance Commission Tied Grants to the Village Panchayats will be distributed based on the horizontal sharing ratio recommended by State Finance Commission.

4.2. Block Panchayat

15 % of the overall allocation to the state has been earmarked to the Block Panchayats under Fifteenth Central Finance Commission Grant. Both Tied and the Untied Basic Grant will be released to Block Panchayats on the basis of formula suggested by Fifth State Finance Commission as mentioned in the above para in the account specifically opened for this purpose.

4.3. District Panchayat

5 % of the overall allocation to the state has been earmarked to the District Panchayats under Fifteenth Central Finance Commission Grant. Both Tied and the Untied Basic Grant will be released to District Panchayats on the basis of formula suggested by Fifth SFC as mentioned in the above para in the account specifically opened for this purpose.

5. 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 and to enable grass root level planning, optimal utilization of resources and delivery of basic services effectively.

Every Village Panchayat, Block Panchayat and District Panchayat should prepare the Development Plan as per the guidelines for taking up works or delivery of services under Fifteenth Finance Commission Grant. The Development Plan would comprise of two components, namely, Perspective Plan for five year period which shall be further broken into Annual Plans. Detailed guidelines will be issued shortly on preparation of Block Panchayat and District Panchayat Development Plan, after receipt of framework for the same from Government of India. Until then the Block Panchayat and District Panchayat will adopt the Guidelines issued for VPDP in G.O. (Ms) No.34, Rural Development and Panchayat Raj Department, dated 02.03.2016. Wherever applicable the term Village Panchayat would be taken as denoting the respective tier of Panchayat. The Council of the respective Panchayat i.e the Panchayat Union Council or the District Panchayat Council will be the final authority to approve their Panchayat Development Plan.

Fifteenth Central Finance Commission grants can be used to execute works included in the Development plan of the respective Panchayat only. Works that are not part of the Development Plan of the concerned Panchayat cannot be taken up or sanctioned under Tied or Untied component of Fifteenth Central Finance Commission grant.

6. Administrative Sanction and Execution of Works under 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 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. Since the Rural Drinking Water Mission (JJM) and Open Defecation free Village Panchayat Schemes are implemented on pan India framework with uniform guidelines across the states, the District Collector will accord administrative sanction for works under Tied component of three tier RLBs based on the recommendations of the concerned Panchayat.

The respective Village Panchayat, Block Panchayat and District Panchayat will finalize the works from out of their Development plan and recommend the list of work to the Collector. In respect of Block Panchayats and District Panchayats, the Tied Component of Fifteenth CFC fund should be utilized to undertake works a) Sanitation and maintenance of open defecation free (ODF) status and b) Supply of drinking water, Rain water harvesting and recycling only in those Panchayats where Open Defecation free Village Panchayat Schemes or Rural Drinking Water Mission (JJM) are taken up respectively in that particular year.

The proposals, documents, estimates of the tied works should be thoroughly verified by the Executive Engineer RD and the Project Director, District Rural Development Agency before obtaining Administrative approval from the District Collector. If any of the works recommended by the Village Panchayat, Panchayat Union Council or the District Panchayat Council have not fulfilled the stipulated guidelines, District collector may decline to sanction the administrative approval for the concerned works. The revised work list in place of rejected work may be sent to District Collector for administrative sanction by the concerned Block Panchayat or District Panchayat.

7. Administrative Sanction and Execution of Works under Untied grant

Government vide G.O (Ms) No.203, Rural Development and Panchayat Raj dated 20.12.2007 have issued detailed guidelines for according administrative sanction and execution of works. As per this order the Village Panchayat can sanction works upto Rs.2.00 lakh and any work above that value will be sanctioned by the District Collector. Likewise the Block Panchayat and District Panchayat may sanction work upto the Value of Rs.10.00 lakh and Rs.20.00 lakh respectively and any work above that value will be sanctioned by the District Collector. The provision in the GO will be followed for according administrative sanction and execution of works under untied grant of Fifteenth Central Finance Commission.

The Village Panchayat, Block Panchayat and District Panchayat should get proper estimate duly approved by the competent technical officer before sanctioning any work. Any sanction of work without proper estimate will be construed as irregularity and necessary remedial activities will be initiated on the executive authority as per the provisions of Tamil Nadu Panchayat Act, 1994 and the Rules connected there with. Any artificial splitting of work should not be resorted to by any Panchayat and in that event the concerned Overseer or Assistant Engineer or the Block Engineer or the Assistant Executive Engineer concerned who accord Technical Sanction or approve the bill will be held primarily responsible for the malpractice. The Secretary of the Village Panchayat, the Block Development Officer or the secretary District Panchayat whoever initiate or make payment in each tier for such works will also be held equally responsible for such irregularities and appropriate disciplinary action will be initiated.

8. Executing Agency for utilization of grants:

This amount will be administered by the respective Village Panchayat, Block Panchayat or District Panchayat. The respective Village Panchayat, Block Panchayat or District Panchayat will also be the implementing Agency to execute the work. The works will be executed by the Panchayats through tender as per Transparency in Tender Act, 1998 and Rules 2000 and the procedures prescribed in G.O (Ms) No.203, Rural Development and Panchayat Raj Department, dated 20.12.2007. The works cannot be implemented by any other agency or entrusted to line department.

Type of works to be taken Up.

a) Works eligible under Basic - Untied Grant:

The Fifteenth Central Finance Commission in its report, in Para 5.3 of Chapter 5 has recommended some type of works to be undertaken under Fifteenth Finance Commission. Hence this Grant is intended to be used by RLBs for location-specific felt needs, except for salary or other established expenditure. The following type of works may be taken up under the Fifteenth Finance Commission Grant.

8.1. Provision of Street Lights:

- New Street lights in uncovered and extension area with LED lights.
- Conversion of fluorescence tube light, incandescent bulbs, Sodium and mercury lamps and other power consuming lights with LED lights.
- Technical Specification of the lights and tender procedure should be followed scrupulously for the installation of LED street lights and it should be in accordance with the guidelines issued vide G.O (Ms) No.23, Rural Development and Panchayat Raj (SGS-3) Department, dated 10.02.2016 and the subsequent instructions issued by this directorate.

8.2. Water Supply works:

- a. Development of in-village piped water supply infrastructure to provide tap water connection to every house hold;
- b. Water Supply works should be planned to ensure provision of 55 LPCD of water in rural areas. Where ever feasible it should be taken in convergence with JJM
- c. Alternative / Augmentation of sources, enhancement of motor capacity, extension of pipelines, deepening of open wells and all components approved under JJM may be taken up.
- d. OHTs construction should be restricted to the requirement for storage of water to the size of population.
- e. Water supply works can be taken up only from the approved VAP/BAP/DAP as applicable, approved by the district WSSC

8.3. Creation of parks/ physical fitness centers / Libraries in rural areas

- The establishment of playgrounds, parks, sports clubs and centers of physical culture
- Establishment or Improvement of Library buildings / Study Centers

8.4. Sanitation and Waste Management

- Construction, repair and maintenance of Community Sanitary complexes, drains and sewage systems
- Construction of Toilets in Panchayat Union Schools and Anganwadies including provision of Water Supply

8.5. Infrastructure for Livelihoods promotion of Rural Poor

- Common Work shed for production purpose (SHGs)
- Infrastructure development in Shandies / Market / Village Haat
- Sales outlet for SHG Products
- Provision of Infrastructure in Village Panchayat Service Centre

8.6. 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 1st charge from Fifteenth Central Finance Commission Grants.

8.7. Convergence of other funds / schemes:

- The Panchayats can take up works by dovetailing funds under centrally sponsored schemes, State Finance Commission Grant, Assigned Revenue and General Funds of Village Panchayat in addition to the Fifteenth Finance Commission Grants to create/improve infrastructure facilities in rural areas.

8.7.1. Other Works

- Any other works such as burial/cremation ground as per need and requirement. Non-essential works should not be taken up utilizing the Grant. All works eligible under Tied Component of the Grant can be sanctioned under untied grant

9. Works to be undertaken under Tied Component:

9.1. Supply of Drinking water, rain water harvesting and water recycling

The following works can be taken up under tied component :

- (i) Development of in-village piped water supply infrastructure to provide tap water connection to every house hold;
- (ii) Development of reliable drinking water sources and/ or augmentation of existing sources
- (iii) Development of Infrastructure for source, storage and distribution.
- (iv) Technological interventions for removal of contaminants where water quality is an issue;

- (v) Grey water management – Treatment of Domestic Grey water (i.e. without fecal waste water)
- (vi) Rain water Harvesting works

The Government have launched Rural Drinking Water Mission (JJM) under which every rural household is to be provided with drinking water supply with adequate quantity (55 LPCD) of prescribed quality on regular and long-term basis at affordable service delivery charges leading to improvement in living standards of rural communities.

The broad objectives of Jal Jeevan Mission are to provide a Functional Household Tap Connection (FHTC) to every Household in rural area and to provide functional tap connection to schools, Anganwadi centres, Village Panchayat buildings, Health centres, community buildings, public buildings and public toilet etc.

50% of the tied component can be utilized in convergence with JJM funds or independently to undertake works mentioned above. All type of works in JJM can also be sanctioned under Central Finance Commission.

9.2. Status & Maintenance of Open Defecation Free local body

The Government has launched Swachh Bharat Mission (Grameen) Phase-II (2020-21 to 2024-25) with the key objective to sustain the ODF status of villages, to ensure no one is left behind and to improve the levels of cleanliness in rural areas through solid and liquid waste management activities, making villages ODF Plus. "An ODF Plus village is defined as a village which sustains its Open Defecation Free (ODF) status, ensures solid and liquid waste management and is visually clean".

SBM (G) Phase-II is planned to be a novel model of convergence between different verticals of financing and various schemes of Central and State Governments, including from the tied component of 15th Finance Commission grants to Rural local Bodies.

The following works (either individual standalone works or in convergence) may be taken up under the 50% Tied Component of 15th Finance Commission grants to Rural local Bodies relating to Sanitation:

- Construction of Community Managed Sanitation Complexes
- Construction of Community Soak Pit/ Grey Water Management systems, Community Compost Pits as per funding norms of SBM (G) phase – II guidelines.
- Construction of Drainage Channels.
- Wages for Collection and Transportation of Waste from Households to Village level treatment sites and Management of Compost Centers.
- Equipment for cleaning the waste management premises and safety Gears for workers which may include masks/ gumboots etc.
- Operation and Maintenance of all Community Assets created for the purpose of Sanitation and Solid and Liquid Waste Management, viz., Community Managed Sanitation Complexes, Grey Water Management Systems, GOBARDHAN Projects, Fecal Sludge Management projects, Soak pits, Compost pits.
- Retrofitting of toilets at community level for group of toilets.

- Transportation of Plastic Waste from Village storage to Plastic Waste Management Unit at Block level as per SBM(G) phase – II Guidelines.
- Menstrual Waste Management at appropriate place preferable at collection Centre which may include Incinerate or Models approved by CPCB/ TNPCB.
- Scaling up of GOBAR-Dhan projects (minimum 10 per Block) as per norms under New National Biogas and Organic Manure Programme (NNBOMP) of Ministry of New and Renewable Energy.

50% of the tied component can be utilized in convergence with ODF+ funds or independently to undertake works mentioned above.

10. Negative List

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

- Purchase of LED lights without following the guidelines mentioned in G.O. (Ms) No.23, Rural Development and Panchayat Raj (SGS-3) Department, dated 10.02.2016 and the subsequent instructions issued by the directorate.
- Installation of High mast light / Cluster of lights/ sodium vapour Lamp.
- No movable or storable material purchase permitted
- Construction of office and residential buildings belonging to central and state Governments including Public Sector Undertakings, Co-operatives and societies.
- creation / repair of Assets for Individual/ family benefits
- All renovation, maintenance and repair works except those that are specifically permitted under these guidelines
- Any work in Government aided and Self Financing Schools and colleges.
- All works involving Commercial establishment / units.
- Grants and loans, contribution to any Central and state / UT relief funds.
- Acquisition of land or compensation for land acquired.
- Works within the place of religious worship and on the land belonging to or owned by religious faith/groups.
- Reimbursement of any type of completed or partly completed works or items.
- All revenue and recurring expenditure.
- Purchase of all movable items and equipments ie. Tables, Chair, benches etc.
- Construction of Monuments, memorials, statues, idols, arches / Welcome arches /gates etc.,

11. 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.

12. Placement of works list in the Grama Sabha or Council for approval:

The works shortlisted by the Village Panchayat under the Fifteenth Finance Commission Grants should be placed before the Grama Sabha and got approved before taking it up for execution in respect of Village Panchayat.

Likewise, the Block Panchayats and District Panchayats should get approval from their respective council before executing the work.

13. Preparation of Estimates:

After identification of works by the Village Panchayat, Block Panchayat and District Panchayat, actual estimates should be prepared by the technical officers after visiting the site. 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 Assistant Executive Engineer / Executive Engineer and Block Development Officer / Assistant Director / Project Director, District Rural Development Agency to test verify the need of the work.

14. Mode of Execution:

The works proposed under 15th Finance Commission Grants shall be executed by following due procedures indicated in the Tamil Nadu Transparency in Tenders Act, 1998 and rules 2000. In the case of works of value, more than Rs.10 lakh, e-tendering shall be adopted as per G.O. (Ms) No.471, Finance (Salaries) Department, dated 30.09.2007. In order to ensure uniformity in tender conditions and for adherence to e-tendering procedures, the works of more than Rs.10 lakh shall be tendered at District level. The Table – II of notification – II in the Tamil Nadu Panchayats (Preparation of Plans and Estimate of works and mode and conditions of contracts) Rules, 2007 vide G.O. (Ms) No.203, Rural Development and Panchayat Raj Department, dt.20.01.2007 shall be followed for tendering.

In such case, the Project Director, District Rural Development Agency shall be the tender inviting authority. The Chairman/ District Collector, District Rural Development Agency shall be the tender accepting authority for the works of value more than Rs.10 lakhs.

Tendering, issue of work order, Agreement, approval of Bills etc shall be done at the DRDA. The payment for works tendered at District Rural Development Agency will be released to the contractor by the concerned Panchayat based on the proceedings of the District Collector.

15. Monitoring:

The Deputy Block Development Officer and the Block Development Officers are the monitoring officers at Zone and Block level respectively. The Assistant Director Panchayat, Secretary District Panchayat and the Project Director, District Rural Development Agency is the monitoring officer at District level. The Overseer, Assistant Engineer / Block Engineer, Assistant Executive Engineer and Executive Engineer are responsible for quality of the works.

16. Awareness and Capacity Building:

Necessary awareness about the salient features of the Fifteenth Central Finance recommendation and capacity building to prepare Development Plan for

effectively utilizing the grant for the development of rural areas should be given to officials and the Panchayat Raj Institution representatives at all level. State Institute of Rural Development and Pamnchayat Raj will be responsible for evolving, undertaking and coordinating capacity building activities at State level. The RIRD & PRs will be involved at regional level. The District Panchayat Resource Centre will be primarily responsible for organizing capacity building of officials and the Panchayat Raj Institutions representatives within the district. The expenditure to undertake these capacity building activities will be met from RGSA.

17. Documentation/Utilisation certificates:

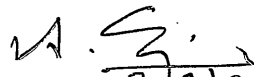
The works taken up under Fifteenth finance commission Grant should be properly documented at all level. Utilization certificates should be got from all the Village Panchayats and consolidated report should be sent by the District Collectors to the Directorate for utilization of funds.

The District Collectors are instructed to follow the above guidelines to implement the Fifteenth Central Finance Commission Grant and disseminate the above information up to the Village Panchayat level. Any of the deviation from the above guidelines will be viewed seriously.

The Additional Chief Secretary to Government, Rural Development and Panchayat Raj Department may be empowered to modify the guidelines issued in this regard, whenever necessary in consultation with the Commissioner of Rural Development and Panchayat Raj and Finance Department.

HANS RAJ VERMA
Additional Chief Secretary to Government.

//True Copy//


27/2/2022
Section officer