



## ABSTRACT

Rural Development and Panchayat Raj Department – Grants – Award under Fifteenth Finance Commission – Basic Grant for 2021-22 - Release of first installment of Rs.533.20 Crore to Rural Local Bodies for the year 2021-22 – Sanction – Orders – Issued.

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

G.O. (Ms) No.67

Dated: 18.05.2021

பிலவ, வைகாசி 4

திருவள்ளூர் ஆண்டு 2052

Read:

- 1) From the Director (FCD), Department of Expenditure, Ministry of Finance No.F-15(4)/FC-XV/FCD/2020-25, dated 08.05.2021.
- 2) From the Commissioner of Rural Development and Panchayat Raj, Letter No.21496/2020/PRI 2-1, dated 10.05.2021.

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### ORDER:

In the letter 1<sup>st</sup> read above, the Ministry of Finance, Department of Expenditure, Government of India, has released a sum of Rs.533.20 crore as 1<sup>st</sup> instalment of Basic Grant to Rural Local Bodies under Fifteenth Finance Commission Grant for the year 2020-21.

2. The Commissioner 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 has stated that a sum of Rs.533.20 crore has been allocated as Basic Grant under 15<sup>th</sup> Central Finance Commission Grant for the year 2020-21 for Tamil Nadu. He has also stated that the State Government has made a provision of Rs.1066,40,00,000/- in the Budget Estimate for the year 2021-22 in Demand-42 of Rural Development and Panchayat Raj Department.

3. The Commissioner of Rural Development and Panchayat Raj has also stated that in Budget Estimate 2021-22, the following provisions have been made under the head of accounts pertaining to 15<sup>th</sup> Central Finance Commission Grant for Rural Local Bodies for the year 2021-22.

Component	Provision made in BE 2021-22 (In Rupees)
District Panchayats (DPC 3604-00-196-SA-30901)	53,32,00,000
Panchayat Unions (DPC 3604-00-197-SA -30901)	159,96,00,000
Village Panchayats (DPC 3604-00-198-SC-30901)	853,12,00,000
<b>Total</b>	<b>1066,40,00,000</b>

4. The Commissioner of Rural Development and Panchayat Raj has further stated that the Fifteenth Finance Commission in its report (Para 7.84) has recommended that the Grants for Rural Local Bodies (RLBs) are in two parts, namely, Basic and Tied Grants, in the ratio of 40: 60.

- I. 40 percent of the total grants to be disbursed to rural local bodies shall be untied and can be used by them for felt needs except for salaries and other establishment costs. The expenditure required for auditing of accounts by external agencies approved by the State Government, however, may be borne from this grant.
- II. 30 percent of the total grants to be disbursed to rural local bodies shall be earmarked for drinking water, rainwater harvesting and water recycling.
- III. 30 percent of the total grants to be disbursed to rural local bodies shall be earmarked for sanitation and maintenance of ODF status, and this should include management and treatment of household waste, and human excreta and faecal sludge management in particular.

#### **The Basic (Untied ) Grant:**

Basic Grants are untied and can be used by Rural Local Bodies (RLBs) for location-specific felt needs, except for salary or other established expenditure. In the reference 1<sup>st</sup> cited above, the fund released now as first installment for the year 2021-22 under this category to the state.

#### **Allocation:**

The XV Finance Commission has released an amount of Rs. 533.20 Crore as Basic Untied Grant for the Financial Year 2021-22 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 XV FC.

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 SFC.

In this context, the following sharing/ Distribution formula have been approved by the Government vide G.O. (Ms) No.84, Finance (FC-IV) Department, dated 31.03.2017 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.**
- As per the recommendation of fifth SFC the formula for Horizontal Distribution of 15<sup>th</sup> Central Finance Commission Grant within the these types are as follows:

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

5. The Commissioner of Rural Development and Panchayat Raj has therefore requested the Government to sanction and release an amount of Rs.533,20,00,000/- (Rupees Five Hundred and Thirty Three Crore and Twenty Lakhs only) as first instalment of Basic Grant-Untied fund for the year 2021-22 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.

6. The Government after careful examination of the proposal of the Commissioner of Rural Development and Panchayat Raj accord sanction for a sum of Rs.533,20,00,000/- (Rupees Five Hundred and Thirty Three Crore and Twenty Lakhs only) as 1<sup>st</sup> installment of General Basic Grant under Fifteenth Central Finance Commission as advance for the year 2021-22.

7. The expenditure sanctioned in para 6 above shall be debited to the following heads of account:-

Head of Account	Amount sanctioned
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 198 Assistance to Gram Panchayats - State's Expenditure - SC Basic Grants to Village Panchayats as per the recommendations of the 15 <sup>th</sup> Finance Commission - 309 Grants-in-aid - 01 Grants for Current Expenditure (DPC 3604-00-198-SC-30901)	Rs. 426,56,00,000/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 197 Assistance to Block Panchayats/Intermediate Level Panchayats - State's Expenditure - 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 (DPC 3604-00-197-SA-30901)	Rs. 79,98,00,000/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 196 Assistance to Zilla Parishads/District level Panchayats - State's Expenditure - 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 (DPC 3604-00-196-SA-30901)	Rs. 26,66,00,000/-
<b>Total</b>	<b>Rs. 533,20,00,000/-</b>

8. The Government authorized the Commissioner of Rural Development and Panchayat Raj to draw the amount sanctioned in para 6 above and disburse the same to the 12,525 Village Panchayats and 388 Panchayat Unions and 36 District Panchayats.

9. The Guidelines issued vide G.O. (Ms) No.18, Rural Development and Panchayat Raj Department, dated 03.02.2021 shall be followed while utilizing the grant under 15<sup>th</sup> Finance Commission.

10. This order issues with the concurrence of Finance Department vide its U.O. No.21722/Fin(RD)/2021, dated 18.05.2021.

(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

**Copy to:**

The Special Personal Assistant to Hon'ble Minister, (Rural Development), 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) 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.  
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/Attested/

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*J. Ch*  
(J.CHANDRAMOHAN)  
UNDER SECRETARY TO GOVERNMENT.

*J. Ch*  
(18/05/2021)