



ABSTRACT

Rural Development and Panchayat Raj Department – Grants Award under Fifteenth Finance Commission – Basic Grant (Untied) fund for the year 2023-24- Release of first installment of Rs.557.9861 crore to Rural Local Bodies - Sanction – Orders – Issued.

Rural Development and Panchayat Raj (PR-1(2)) Department

G.O. (Ms) No.124

Dated: 25.10.2023

சோபகிருது, ஐப்பசி 8

திருவள்ளூர் ஆண்டு 2054

Read:

1. From the Under Secretary to Government of India, Ministry of Panchayat Raj Letter F.No.G-11015/150/2020-FD, dated 12.10.2023.
2. Under Secretary to Government of India, Ministry of Panchayat Raj Letter F.No.G-11015/150/2020-FD, dated 16.10.2023.
3. From The Director (FCD), Department of Expenditure, Ministry of Finance, Government of India, New Delhi Letter No.15(4)FC-XV/ FCD/2020-25 dated 18.10.2023.
4. From the Director of Rural Development and Panchayat Raj, Letter No.40898/2023/CFC 1-1, dated 18.10.2023.

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ORDER:

In the letter 1st read above, Ministry of Panchayat Raj has recommended to the Ministry of Finance for release of first instalment of Rs.557.9209 crore (99.95% of the allocation of Rs.558.20 crore) under Fifteenth Finance Commission (XV FC) Basic (Untied) Grants for Financial Year 2023-24 to our state with the following proposed procedure to be adopted by Ministry of Panchayat Raj for making recommendations of XV FC Untied Grants first instalment for Financial Year 2023-24. Further it has been stated that the status of the eligibility conditions will be checked for the states who have submitted the GTC for the previous instalment and other information in respect of compliance to XIV FC unspent balance grants etc, and will be recorded as those figures appearing in the respective portals at 12.00 Hours on 10th of every month. If these figures are more than 95%, the recommendation for the State will be processed on pro-rata basis only for that percent of Rural Local Bodies which are lower of the two, namely percentage of "Year books closed for the Financial Year" in e-Gram Swaraj portal and percentage of "Audit Reports Generated" in Audit Online portal.

2. In the letter 2nd read above, the conditions stated in the Ministry of Panchayat Raj Letter dated 12.10.2023, fund release has been recommended by Ministry of Panchayat Raj to the Ministry of Finance for 12519 Village Panchayats, 388 Block Panchayats and 36 District Panchayats for our state as follows:-

Amount (Rs.crore)		Amount recommended for release (Rs.crore)	Remarks
Total Allocation	558.20		
Allocation for Gram Panchayats	80% 446.56	446.3461	For 12519 eligible GPs out of 12525 GPs on pro-rata basis.
Allocation for Block Panchayats	15% 83.73	83.7300	All 388 BP are eligible
Allocation for Zilla Panchayats	5% 27.91	27.9100	All 36 DPs are eligible
Total		557.9861	

3. In the letter 3rd read above, the Ministry of Finance, Government of India has stated that a sum of **Rs.557.9861 crore** has been released as first instalment of Basic Grant (Untied) under 15th Finance Commission Grant for the year 2023-24 for Tamil Nadu with the following conditions:-

- (i) The States (State Finance Department) shall transfer grants-in-aid to the concerned entities within ten working days of receipt from the Union Government without any deduction.
- (ii) The above release of Grant is based on the recommendation of the Ministry of Panchayat Raj (MoPR) vide their O.M No.G-11015/150/2020-FD, dated 16th October, 2023. Based on the compliance to the stipulated conditions. MoPR has recommended release of Grant to eligible GPs/BPs/DPs, therefore, the above grant should be distributed among eligible GPs/BPs/DPs only.
- (iii) The above basic Grants are Untied and can be used by the local bodies for location – specific felt needs under the twenty nine subjects enshrined in the Eleventh Schedule of the Constitution, except for salary or other establishment expenditure. However, expenditure required for auditing of accounts by State Government approved external agencies may be borne from this Grant.
- (iv) The above local body Grant shall be governed as per the recommendations of the FC-XV [Final Report], contained in Chapter-7 'Empowering Local Governments' and the provisions contained in the Operational Guidelines on the Subject issued by the Department of Expenditure vide OM No.F.15(2)FC-XV/FCD/2020-25, dated 14/07/2021.

4. In the letter 4th read above, the Director of Rural Development and Panchayat Raj has stated that as per the Budget Estimate for the year 2023-24, the State Government has made a provision in the Budget Estimate for the year 2023-24 as detailed below:-

Untied Component	Provision made in BE 2023-24 (in Rupees)
District Panchayats (DPC 3604-00-196-SA-30901)	55,82,00,000
Block Panchayats (DPC 3604-00-197-SA -30901)	167,46,00,000
Village Panchayats (DPC 3604-00-198-SC-30901)	893,12,00,000
Total	1116,40,00,000

He has also 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 (Untied) and Tied Grants, in the ratio of 40:60

- I. 40 per cent of the total grants to be disbursed to rural local bodies shall be untied and can be used by them for locally 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 per cent of the total grants to be disbursed to rural local bodies shall be earmarked for drinking water, rainwater harvesting and water recycling.
- III. 30 per cent 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.

Allocation:

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.60, Finance (SFC-MC) Department, dated 28.02.2023 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, Block Panchayats and Village Panchayats respectively.**
- Horizontal Distribution of Fifteenth Finance Commission Grant within the tier will be as per the Horizontal Distribution formula – Multiplier factor recommended by Sixth State Finance Commission.

5. The Director of Rural Development and Panchayat Raj has therefore requested the Government to issue orders for the sanction and release of a total sum of **Rs.557.9861 Crore** (Rupees Five Hundred Fifty Seven Crore Ninety Eight Lakh and Sixty One Thousand only) towards first installment of Basic Grant (Untied) for 12,519 Village Panchayats, 388 Block Panchayats and 36 District Panchayats.

6. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj have decided to accept the same and to accord sanction for a sum of Rs.557,98,61,000/- (Rupees Five Hundred Fifty Seven Crore Ninety Eight Lakh and Sixty One Thousand only) to Rural Local Bodies as first installment of Basic Grant (Untied) under the Fifteenth Central Finance Commission for the year 2023-24.

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

Heads of Account	Sanction of amount requested
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 th Finance Commission - 309 Grants-in-aid – 01 Grants for Current Expenditure (DPC 3604-00-198-SC-30901)	Rs.446,34,61,000/-

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 th Finance Commission - 309 Grants-in-aid – 01 Grants for Current Expenditure (DPC 3604-00-197-SA-30901)	Rs. 83,73,00,000/-
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 th Finance Commission - 309 Grants-in-aid – 01 Grants for Current Expenditure (DPC 3604-00-196-SA-30901)	Rs.27,91,00,000/-
Total	Rs. 557,98,61,000/-

8. The Government authorize the Director of Rural Development and Panchayat Raj to draw the amount sanctioned in para 6 above and disburse the same to the 12,519 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 15th Finance Commission.

10. This order issues with the concurrence of Finance Department vide its U.O. No.6154/Fin(RD)/2023, dated 20.10.2023.

(By Order of the Governor)

P. SENTHILKUMAR,
Principal Secretary to Government.

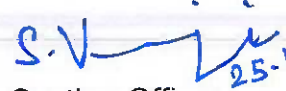
To
The Director of Rural Development and Panchayat Raj, Chennai – 15.
The Commissioner General, Rural Development and Panchayat (Training), Chennai – 15.
All District Collectors,
All District Treasury Officers.
The Commissioner of Treasuries and Accounts, Chennai–15.
The Commissioner of Local Fund Audit, 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, Principal 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 Commissioner, 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
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,
Chengalpet District.
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S.V. 
Section Officer 25-10-23


25/10/23