



ABSTRACT

Rural Development and Panchayat Raj Department – Grants Award under Fifteenth Finance Commission – Sanction and release of Rs.558,41,39,000/- being the withheld portion of first instalment of Basic (Untied) Grant for 6 Village Panchayats and Second instalment of Basic (Untied) Grant for all three tier Panchayats - Orders – Issued.

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

G.O. (Ms) No.13

Dated: 19.01.2024

சோபகிருது, தை - 5

திருவள்ளூர் ஆண்டு 2055

Read:

1. G.O.(Ms)No:124, Rural Development and Panchayat Raj Department, Dt. 25.10.2023
2. From the Deputy Secretary, Department of Expenditure, Ministry of Finance, Government of India, New Delhi Letter No.15(4)FC-XV/ FCD/2020-25, dated 08.01.2024.
3. From the Director of Rural Development and Panchayat Raj, Letter No.40898/2023/CFC 1-1, dated 09.01.2024.

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ORDER:

In the Government Order 1st read above, the Government have sanctioned a sum of Rs.557.9861 crore towards first instalment of Untied Grant for the year 2023-24 under the Fifteenth Central Finance Commission Grant for 12519 Village Panchayats, 388 Panchayat Unions and 36 District Panchayat.

2. In the letter 2nd read above, the Ministry of Finance, Government of India has released the withheld portion of 1st instalment for 6 Village Panchayats and actual share of 2nd instalment of Untied Grant for all 3 tiers of rural local bodies as follows with the following conditions:-

Sl.No	Details	Amount in Rs.
1.	Actual amount of 2 nd instalment of Untied Grant	558,20,00,000
2.	With held portion of 1 st instalment for the above 6 Panchayats	21,39,000
Total		558,41,39,000

(P.T.O)

- (i) Grants apportioned for General Areas shall be distributed as per the inter se share finalized for all tiers of Panchayats and distributed within each tier across the State on the basis of accepted recommendations of the latest State Finance Commission (SFC). However, in case of non-availability of SFC recommendations for distribution, the allocations should be on the basis of population and area in the ratio of 90:10.
- (ii) 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.
- (iii) The above release of Grant is based on the recommendations of the Ministry of Panchayat Raj (MoPR) vide their O.M. No.M-11015/161/2020-FD, dated 28th December, 2023.
- (iv) Any delay beyond ten working days will require the State Government(s) to release the above Grant instalment(s) with interest as per the effective rate of average interest on market borrowings / State Development Loans (SDLs) for the previous year.
- (v) The above Basic grants are untied and can be used by the local bodies for location- specific needs under the twenty nine subjects enshrined in the Eleventh Schedule of 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.
- (vi) 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/FCD/2020-25, Dated 14.07.2021.

3. In the letter 3rd read above, the Director of Rural Development and Panchayat Raj has stated that The State Government has made a provision in the Budget Estimate for the year 2023-24 as detailed below:-

Component	Provision made for Untied grant 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

In this regard, it is 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 per cent 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 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.

The Basic (Untied) Grant:

Basic Grants are Untied and can be used by RLBs for location – specific felt needs, except for salary or other established expenditure.

The Fifteenth Finance Commission has also recommended that its Grant, Basic and Tied, should be distributed to all the tiers of the Panchayats of the State on the basis of the accepted recommendation of the Sixth 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 Sixth SFC.

In this context, the following Sharing/ Distribution formula has been approved by the Government in 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 Panchayat and Village Panchayats respectively.**
- Horizontal Distribution of Fifteenth Finance Commission Grant within three tiers will be as per the Multiplier factor recommended by Sixth State Finance Commission.

4. 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.558.4139 Crore (Rupees Five Hundred and Fifty Eight Crore Forty One Lakh and Thirty Nine Thousand only) being the withheld portion of first instalment of Untied Grant for 6 Village Panchayats and Second instalment of Untied Grant for 12,525 Village Panchayats and 388 Block Panchayats and 36 District Panchayats.

5. 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 and release for an amount of Rs.558,41,39,000/- (Rupees Five Hundred and Fifty Eight Crore Forty One Lakh and Thirty Nine Thousand only) being the withheld portion of first instalment of Basic (Untied) Grant for 6 Village Panchayats and Second instalment of Basic (Untied) Grant for 12,525 Village Panchayats and 388 Block Panchayats and 36 District Panchayats.

6. The amount sanctioned in para 5 above shall be debited to the following heads of account:-

Head of Account	Sanction of amount Now requested in Rs.
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. 446,77,39,000/-
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.558,41,39,000/-

7. The Government authorize the Director of Rural Development and Panchayat Raj to draw the amount sanctioned in para 5 above and disburse the same to the 12,525 Village Panchayats and 388 Panchayat Unions and 36 District Panchayats.

8. 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.

9. This order issues with the concurrence of Finance Department vide its U.O.No.127/Fin(RD)/2024, dated 18.01.2024.

(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 Senior Private Secretary to the 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, SIRD, Maraimalai Nagar, Chengalpeta District.
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S.V. [Signature]
Section Officer 19-01-24
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19/1/24