



## ABSTRACT

Rural Development and Panchayat Raj Department – Grants – Award under Fifteenth Central Finance Commission – Release of Rs.837.6203 crore towards second installment of Tied Grant and withheld portion of 1<sup>st</sup> instalment to Rural Local Bodies for the year 2023-24 – Sanction – Orders – Issued.

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

G.O. (Ms) No.30

Dated: 22.02.2024

சோபகிருது, மாசி - 10

திருவள்ளூர் ஆண்டு 2055

Read:

1. G.O. (Ms) No.18, Rural Development and Panchayat Raj (PR-1) Department, dated 03.02.2021.
2. G.O. (Ms) No.132, Rural Development and Panchayat Raj Department, dated: 08.11.2023.
3. The Deputy Secretary to Government of India, Department of Expenditure, Ministry of Finance, Government of India, New Delhi Letter No.F.15(4) FC-XV/FCD/2020-25, dated: 14.02.2024.
4. From the Director of Rural Development and Panchayat Raj, Letter Roc. No.40898/2023/CFC 1.1, dated 15.02.2024.

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### ORDER:

In the Government Order first read above, the Government have approved the guidelines for the utilization of the grants under 15<sup>th</sup> Central Finance Commission Grant to Rural Local Bodies.

2. In the Government Order second read above, orders have been issued accord sanction for an amount of Rs.836,97,91,000/- (Rupees Eight hundred and thirty six crore ninety seven lakh and ninety one thousand only) towards first installment of Tied Grant for the year 2023-24 under the 15<sup>th</sup> Central Finance Commission Grant for 12,519 Village Panchayats, 388 Block Panchayats and 36 District Panchayats.

(P.T.O)

3. In the letter third read above the Director of Rural Development and Panchayat Raj in his letter dated 15.02.2024 has stated as follows:-

- As per the Deputy Secretary to Government of India, Department of Expenditure, Ministry of Finance, Government of India, letter dated: 14.02.2024, a sum of **Rs.837.6203 crore** has been released as **second instalment of Tied Grant and withheld portion of 1<sup>st</sup> instalment** of Tied grant of 6 Village Panchayats under 15<sup>th</sup> Finance Commission Grant for the year 2023-24 for Tamil Nadu.
- In G.O. (Ms) No.132, Rural Development and Panchayat Raj Department, dated: 08.11.2023 an amount of **Rs.836.9791 crore** being first instalment of Tied Grant for the year 2023-24 had been released to 12,519 Village Panchayats, 388 Block Panchayats and 36 District Panchayats. The funds for the following 6 Village Panchayats had been withheld as they have not complied the condition stipulated by Government of India.
  1. Chennampatti Village Panchayat, Ammapet Block, Erode District.
  2. Irugalur Pudupalayam Village Panchayat, Mallasamudram Block, Namakkal District.
  3. Thandavasamuthuram Village Panchayat, Gingee Block, Villuppuram District.
  4. Thurinjiipoondi Village Panchayat, Melmalaiyanur Block, Villuppuram District.
  5. Karuveppilaipalayam Village Panchayat, T.V. Nallur Block, Villuppuram District.
  6. Mukkalnaikanpatti Village Panchayat, Dharmapuri Block, Dharmapuri District.
- The Ministry of Finance, Government of India has released the actual share of 2<sup>nd</sup> instalment of Tied Grant for all 3 tiers of rural local bodies and withheld portion of 1<sup>st</sup> instalment for the above 6 Village Panchayats as follows with the following conditions.

Sl.No	Details	Amount in Rs.
1.	Actual amount of 2 <sup>nd</sup> instalment of Tied Grant	837,30,00,000
2.	With held portion of 1 <sup>st</sup> instalment of Tied Grant for the above 6 Panchayats	32,03,000
<b>Total</b>		<b>837,62,03,000</b>

1. The States (State Finance Department) shall transfer grants-in-aid to the concerned Rural Local Bodies within ten working days of receipt from the Union Government without any deduction.

2. Any delay beyond ten working days will require the State Government to release the above grant instalment with interest as per the effective rate of average interest on market borrowings/State Development Loans (SDLs) for the previous year.
  3. The above FC-XV recommended RLBs Tied Grant can be utilised by the local bodies for the basic services of (a) sanitation and maintenance of open defecation free status including management and treatment of household waste and human excreta and faecal sludge management and (b) supply of drinking water, rainwater harvesting and water recycling. The local bodies shall, as far as possible earmark one half of these tied grants to each of these two critical services. However, if any local body has fully saturated the needs of one category, it can utilise the funds for the other category.
  4. 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.
- The State Government has made a provision in the FMA/FSE for the year 2023-24 detailed below:-

Tied Component	Provision made for Tied grant in FMA/FSE 2023-24 (in Rs.)
Village Panchayats (DPC 3604-00-198-SD-30903)	2002,32,00,000
Block Panchayats (DPC 3604-00-197-SB -30903)	375,43,50,000
District Panchayats (DPC 3604-00-196-SB-30903)	125,14,50,000
<b>Total</b>	<b>2502,90,00,000</b>

4. He 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 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.

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.

- ii. 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 (Untied) 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 State Finance Commission.

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.

5. The Director of Rural Development and Panchayat Raj has therefore requested the Government to issue orders for the sanction and release an amount of Rs.837,62,03,000/- (Rupees Eight Hundred and Thirty Seven Crore Sixty Two Lakh and three Thousand only) being the Second instalment of Tied Grant for 12,525 Village Panchayats and 388 Block Panchayats and 36 District Panchayats and withheld portion of first instalment of Tied Grant for 6 Village Panchayats.

6. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj accord sanction for an amount of Rs.837,62,03,000/- (Rupees Eight Hundred and Thirty Seven Crore Sixty Two Lakh and three Thousand only) being the Second instalment of Tied Grant for 12,525 Village Panchayats and 388 Block Panchayats and 36 District Panchayats and withheld portion of first instalment of Tied Grant for 6 Village Panchayats.

## 7. The expenditure sanctioned at para 6 shall be debited to the following heads

of account:-

(in Rupees)

Head of Account	FMA/FSE 2023-24	Total Releases made so far	Current release	Balance available after current release
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 196 Assistance to Zilla Parishads/District level Panchayats - State's Expenditure - SB Tied/Performance Grants to <b>District Panchayats</b> as per the recommendations of the 15 <sup>th</sup> Finance Commission - 309 Grants-in-aid - 03 Grants for Specific Schemes. <b>IFHRMS(DPC 3604-00-196-SB-30903)</b>	125,14,50,000	83,28,00,000	41,86,50,000	Nil
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 197 Assistance to Block Panchayats/ Intermediate Level Panchayats - State's Expenditure - SB Tied/Performance Grants to <b>Block Panchayats</b> as per the recommendations of the 15 <sup>th</sup> Finance Commission - 309 Grants-in-aid - 03 Grants for Specific Schemes. <b>IFHRMS(DPC 3604-00-197-SB-30903)</b>	375,43,50,000	249,84,00,000	125,59,50,000	Nil
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 198 Assistance to Gram Panchayats - State's Expenditure - SD Tied/Performance Grants to <b>Village Panchayats</b> as per the recommendations of the 15 <sup>th</sup> Finance Commission - 309 Grants-in-aid - 03 Grants for Specific Schemes. <b>IFHRMS(DPC 3604-00-198-SD-30903)</b>	2002,32,00,000	1332,15,91,000	670,16,03,000	6,000
<b>Total - Tied / Performance Grants</b>	<b>2502,90,00,000</b>	<b>1665,27,91,000</b>	<b>837,62,03,000</b>	<b>6,000</b>

8. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned at para 7 above immediately to the 12,525 Village Panchayats and 388 Block Panchayats and 36 District Panchayats and withheld portion of first instalment of Tied Grant for 6 Village Panchayats without any delay so as to avoid penal interest. The Director of Rural Development and Panchayat Raj is directed to follow the operational guidelines on the subject issued by the Department of Expenditure vide Letter No.F15(4) FC-XV/FCD/2020-25 dated: 14.02.2024 for the implementation of the recommendations on Rural Local Body(RLB) grants.

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> Central Finance Commission.

10. This order issues with the concurrence of Finance Department vide its U.O. No.660/Fin(Infra-IV)/2024, dated 21.02.2024.

(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 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 110 003.

The Finance (INF-IV/FC.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 Commissioner, State Institute of Rural Development, Maraimalai Nagar,

Chengalpattu District.

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// Forwarded by Order //

  
Section Officer