



## **Abstract**

Rural Development and Panchayat Raj Department – Pooled Assigned Revenue to Rural Local Bodies – Pooling of Assigned Revenues at State Level for the year 2014-15 – Release of Rs.866,03,63,996/- – Sanction – Orders – Issued.

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Rural Development and Panchayat Raj (PR-1) Department

**G.O.(Ms) No.154**

**Dated: 15.12.2014**

Read:

1. G.O.(Ms) No.168, Rural Development and Panchayat Raj (C4) Department, dated 4.10.2007.
2. G.O.(Ms) No.191, Rural Development and Panchayat Raj (C4) Department, dated 22.11.2007.
3. G.O.(Ms) No.151, Rural Development and Panchayat Raj (PR-1) Department, dated 10.10.2013.
4. From the Principal Secretary / Commissioner of Rural Development and Panchayat Raj (Training) and Director of Rural Development and Panchayat Raj Letter No.23634/2014/PRI 2.3 dated 14.7.2014.

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## **ORDER:**

In the order first read above, the Government had issued orders for pooling of the Assigned Revenues due to Rural Local Bodies from the proceeds of Local Cess, Local Cess Surcharge, Surcharge on Stamp Duty and Entertainment Tax (except Social Forestry receipts and income from Mines and Minerals) at the State Level and apportioning the same to the Rural Local Bodies. The levy of Local Cess and Local Cess Surcharge had been dispensed with by Government since 2009-10. In the order second read above, a fund known as “Fund for Priority Schemes in Rural Areas” was constituted and orders for its utilization of the said fund were also issued.

2. In the order third read above, the Government had sanctioned a sum of Rs.939,66,85,769/- as assigned revenue due to Rural Local Bodies from the proceeds of Surcharge on Stamp Duty and Entertainment Tax for the year 2013-14.

3. The Director of Rural Development and Panchayat Raj in his letter fourth read above has sent necessary proposals on Pooled Assigned Revenue to Rural Local Bodies for the year 2014-15, wherein he has stated that to calculate the amount of Assigned Revenue, the procedure as prescribed in the orders first and third read above may be followed. In the order first read above, the Government ordered that the difference between tentative allocation and the actual collection will be adjusted in the succeeding financial year. As was done for the years from

2007-08 to 2013-14, the apportionment of Assigned Revenues to Rural Local Bodies and contribution to the Fund for Priority Schemes may be done based on the actual amount due to the Rural Local Bodies in the year 2013-14. Also the addition / shortfall in collection during 2013-14 viz-a-viz the components of pooled Assigned Revenue as ordered in the order first read above shall be adjusted accordingly in 2014-15. Therefore, the tentative allocation for the year 2014-15 shall be the actual collection made in the year 2013-14 after making necessary adjustments.

4. The Director of Rural Development and Panchayat Raj has also stated that the actual collection details for 2013-14 have been received from the Commissioner of Commercial Taxes and the Inspector General of Registration in respect of Entertainment Tax and Surcharge on Stamp Duty for the year 2013-14 as below:-

Surcharge on Stamp Duty	Rs.	797,02,73,465/-
Entertainment Tax	Rs.	6,36,11,048/-
<b>Total</b>	<b>Rs.</b>	<b>803,38,84,513/-</b>

#### **Surcharge on Stamp Duty:**

In respect of Surcharge on Stamp Duty, Rs.733,92,66,462/- had been taken as tentative allocation for the year 2013-14 whereas the Inspector General of Registration has reported that the actual collection for the year 2013-14 is Rs.797,02,73,465/-. As per the orders first read above, the difference in actual collection and tentative allocation for the year 2013-14 shall be deducted / additionally be claimed from the allocation for the year 2014-15. As such, Rs.63,10,07,003/- (i.e Rs.797,02,73,465/- minus Rs.733,92,66,462/-) has to be additionally claimed from the actual collection of Rs.797,02,73,465/- for the year 2013-14. Hence, the allocation under Surcharge on Stamp Duty for the year 2014-15 will be Rs.860,12,80,468/- (Rs.797,02,73,465/- plus Rs. 63,10,07,003/-).

#### **Entertainment Tax:**

Tentative allocation for the year 2013-14 in respect of Entertainment Tax was Rs.6,81,38,568/-. The Commissioner of Commercial Taxes, Chennai has sent the actual collection of Entertainment tax for the year 2013-14 as **Rs.6,36,11,048/-**. As such, Rs.45,27,520/- (i.e. Rs. 6,81,38,568/- minus Rs.6,36,11,048/-) has to be deducted from the actual collection of Rs.6,36,11,048/- for the year 2013-14. Hence, the allocation under **Entertainment Tax for the year 2014-15 will be Rs.5,90,83,528/-**(Rs.6,36,11,048/- minus Rs.45,27,520/-).

Thus the Pooled Assigned Revenue for the year 2014-15 has been arrived as per para 4 above is as below:-

Surcharge on Stamp Duty	Rs.	860,12,80,468/-
Entertainment Tax	Rs.	5,90,83,528/-
<b>Total</b>	<b>Rs.</b>	<b>866,03,63,996/-</b>

5. Further, the Director of Rural Development and Panchayat Raj has stated that during the year 2011-12 to 2013-14 two-third of the total revenue was assigned to the Rural Local Bodies from out of the amount pooled in respect of Rural Local Bodies at State level and balance one-third was credited to the Fund for Priority Schemes in rural areas. It is decided to follow the same pattern for the year 2014-15 also.

6. The Director of Rural Development and Panchayat Raj has also stated that from the year 2007-08 to 2011-12, the funds were apportioned to Village Panchayats, Panchayat Unions and District Panchayats in the ratio of 60:32:8 based on the same line as for the release of State Finance Commission Grant. The Assigned Revenue actually belongs to the Village Panchayats and Panchayat Unions only. Hence, the allocation of funds under Pooled Assigned Revenue was apportioned in the ratio of 67:33 to Village Panchayats and Panchayat Unions respectively during the years 2011-12 to 2013-14. The Fourth State Finance Commission also has recommended that the assigned revenue need not be released to District Panchayats and recommended to apportion the amount to Village Panchayats and Panchayat Unions only. The Government also have accepted the recommendations of the State Finance Commission. Hence the existing ratio may be continued for the year 2014-15 also.

7. Further, the Director of Rural Development and Panchayat Raj has stated that the two-third of the Assigned Revenues should be released to the rural local bodies based on the rural population as per 2011 Census on quarterly basis and the balance one-third of the pooled amount may be credited to Scheme Component Fund for implementing priority works in the rural areas on half yearly basis as per the guidelines. Details of amount to be released under Pooled Assigned Revenue to Rural Local Bodies for the year 2014-15 are as follows:-

Amount to be released to the Rural Local Bodies based on the rural population as per 2011 Census. (Two-third of Rs.866,03,63,996/-)	Rs. 577,35,75,997/-
Amount to be retained by the Director of Rural Development and Panchayat Raj for Scheme Component. (One-third of Rs.866,03,63,996/-)	Rs.288,67,87,999/-

8. The Government after careful examination of the proposal of Director of Rural Development and Panchayat Raj has decided to accept the proposal and accordingly sanction and release a sum of **Rs.866,03,63,996/- (Rupees Eight hundred and sixty six crores three lakhs sixty three thousand nine hundred and ninety six only)** being the assigned revenue due to Rural Local Bodies from the proceeds of Surcharge on Stamp Duty and Entertainment Tax for the year 2014-15. The Government also order the following:

- i. The assigned revenue due to the Rural Local Bodies from the proceeds of the Surcharge on Stamp Duty and Entertainment Tax shall continue to be pooled out at the State level.
- ii. Two-third of the total revenue i.e. Rs.577,35,75,997/- out of Rs.866,03,63,996/- to be assigned to the Rural Local Bodies from out of the amount pooled at State level shall be apportioned to Village Panchayats and Panchayat Unions in the ratio 67:33. The actual amount

due to the respective Village Panchayats and Panchayat Unions from out of the share allocated to each tier shall be in proportion to the rural population of the Local Body as per 2011 Census. This amount shall be released to the rural Local Bodies by the Director of Rural Development and Panchayat Raj on quarterly basis.

- iii. Out of the balance 1/3<sup>rd</sup> amount of the pooled amount i.e. Rs.288,67,87,999/- an amount of Rs.144,33,94,000/- is earmarked for Tamil Nadu Village Habitation Improvement Scheme (THAI) and the remaining amount i.e. Rs.144,33,94,000/- shall be credited to the Fund for Priority Schemes in Rural Areas on half yearly basis.
- iv. The quantum of the pooled amount shall tentatively be fixed on the basis of the collection of taxes during the previous year for making necessary budgetary allocation.
- v. The apportionment of assigned revenue to Rural Local Bodies and contribution to the fund shall initially be done to the level of tentative allocation for the pooled amount in the budget and finally adjusted in the next financial year after determining the entitlement of the Rural Local Bodies.
- vi. The system of adjustment of assigned revenues from the Entertainment Tax and Surcharge on Stamp Duty to Local Bodies directly from the revenue receipt heads by the Commercial Taxes Department and Registration Department respectively shall be restricted only to Urban Local Bodies.
- vii. The amount released to Rural Local Bodies, amount earmarked for Tamil Nadu Village Habitation Improvement Scheme (THAI) and amount to be credited to the Fund for Priority Schemes in Rural Areas (ordered in G.O.(Ms.) No.191, Rural Development and Panchayat Raj Department, dated 22.11.2007) are indicated below:-

2/3 <sup>rd</sup> amount out of total Pooled Assigned Revenue to be released to the Rural Local Bodies based on the rural population as per 2011 census  (Two-third of Rs.866,03,63,996/- )	Rs.577,35,75,997/-
Out of 1/3 <sup>rd</sup> amount of total Pooled Assigned Revenue retained by Director of Rural Development and Panchayat Raj for Scheme Component, fund earmarked for THAI scheme. (One-third of Rs.866,03,63,996/- is Rs.288,67,87,999/-)	Rs.144,33,94,000/-
Remaining amount to be retained by Director of Rural Development and Panchayat Raj for Scheme Component for regular use i.e., Fund for Priority Schemes in Rural areas. (Rs.288,67,87,999/- minus Rs.144,33,94,000/-)	Rs.144,33,93,999/-
<b>Total</b>	<b>Rs.866,03,63,996/-</b>

9. The amount sanctioned in para 8 shall be debited to the following Heads of Account under demand 42 of Rural Development and Panchayat Raj:-

<b>Sl. No.</b>	<b>Head of Account</b>	<b>Amount (in Rs.)</b>
1	<b>Surcharge on Stamp Duty (two-third)</b>  3604 00 Compensation and Assignment to Local Bodies and Panchayat Raj Institutions-102 Stamp Duty-I Non-Plan-AA Assignment under Global Sharing of Assigned Revenue to Rural Local Bodies –Stamp Duty-09 Grants-in-Aid-09 Others <b>(DPC 3604 00 102 AA 0991)</b>	573,41,86,979
2	<b>Entertainment Tax (two-third)</b>  3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions-103 – Entertainment Tax-I.Non-Plan AD – Assignment under Global Sharing of Assigned Revenue to Rural Local Bodies-Entertainment Tax- 09.Grants-in-Aid-09 Others <b>(DPC 3604 00 103 AD 0993)</b>	3,93,89,018
3	<b>Funds for Priority Scheme Component - One third</b>  2515 00 Other Rural Development Programmes – 102 Community Development – I Non Plan – AE Creation of Basic Infrastructure in Rural Areas – Expenditure met from the Fund for Priority Schemes in Rural Areas – 09 Grants-in-Aid – 03 Grants for Specific Schemes  <b>(DPC 2515 00 102 AE 0939)</b>	288,67,87,999
	<b>Total</b>	<b>866,03,63,996</b>

Further the amount sanctioned in the above table in Sl. No. 3 shall be adjusted to the Fund for Priority Schemes as detailed below:

<b>Sl. No.</b>	<b>Head of Account</b>	<b>Amount (in Rs.)</b>
1	<b>Surcharge on Stamp Duty (one-third)</b>  3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 102 Stamp Duty –I. Non-Plan-AB. Contribution on behalf of Rural Local Bodies to the Fund for Priority Schemes in Rural Areas-Stamp Duty-10-Contributions-01 Contribution to Specific Fund  <b>(DPC 3604-00-102-AB-1014)</b>	286,70,93,489

2	<b>Entertainment Tax (one-third)</b> 3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 103 Entertainment Tax - I Non-Plan-AE Contribution on behalf of Rural Local bodies to the fund for Priority Schemes in Rural Areas –Entertainment Tax - 10 Contributions-01 Contribution to Specific Fund.  <b>(DPC 3604-00-103-AE-1016)</b>	1,96,94,510
	<b>Total</b>	<b>288,67,87,999</b>

10. The Director of Rural Development and Panchayat Raj is directed that the provisions so made for the drawal of funds under Priority Scheme Component in rural areas as per the G.O.(Ms) No.191, Rural Development and Panchayat Raj (C4) Department, dated 22.11.2007 shall be credited to the Fund in Part III Public Account of the State under the head of account:

J. Reserve Fund

(b) Reserve funds not bearing interest

8229-00 Development and Welfare funds – 200 Other Development and Welfare Funds – AY fund for Priority schemes in Rural Areas.

(DPC 8229-00-200-AY-000D) (Receipts)

(DPC 8229-00-200-AY-0007) (Outgo)

The provision for expenditure to be met from the Fund for the Priority Schemes in Rural Areas shall be made under the below mentioned head of account in Grant No.42 Rural Development and Panchayat Raj Department:

2515 00 Other Rural Development Programmes – 102 Community Development – I Non Plan – AE Creation of Basic Infrastructure in Rural Areas – Expenditure met from the Fund for Priority Schemes in Rural Areas – 09 Grants-in-Aid – 03 Grants for Specific Schemes (DPC 2515 00 102 AE 0939)

The adjustment of expenditure shall be by way of debiting from the fund account by contra credit to the following head of account:

2515-00-Other Rural Development Programmes – 902 Deduct amount met from Reserve fund – I Non Plan – AA Deduct – Amount met from the Fund for the Priority Schemes in Rural Areas – 30 Inter – Account Transfer (DPC-2515-00-902-AA-3009)

11. Now the Government authorize the Director of Rural Development and Panchayat Raj to draw and disburse the amount sanctioned in para 8(eight) above and utilize the same as ordered in para 8 above for implementation of specific development scheme in rural areas. He is also authorized to allocate Rs.144,33,94,000/- earmarked to Tamil Nadu Village Habitation Improvement Scheme (THAI) and utilize the same as per the guidelines of the scheme.

12. The guidelines for sanctioning expenditure under the Fund for Priority Schemes in Rural Areas and list of items not allowed under the Fund for Priority

Schemes in Rural Areas are annexed to this order and it shall be scrupulously followed while implementing the schemes.

13. This order is issued with the concurrence of Finance Department vide its U.O. No.66989/RD/14, dated 12.12.2014.

(BY ORDER OF THE GOVERNOR)

GAGANDEEP SINGH BEDI  
Secretary to Government

To

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

The Commissioner of Commercial Taxes, Chennai-5.

The Inspector General of Registration, Chennai-28.

The Commissioner of Treasuries and Accounts, Chennai-15.

All District Collectors (except Chennai)

The Pay and Accounts Officer, Chennai-35.

The Principal Accountant General (G&SSA), Chennai-18.

The Rural Development and Panchayat Raj

(SGS.I /SGS.II/ B&C / OPII) Department, Chennai-9.

Copy to:

The Hon'ble Chief Minister's office, Chennai -9.

The Special Personal Assistant to Minister (Municipal Administration,  
Rural Development, Law, Courts and Prisons), Chennai -9.

The Director, State Institute of Rural Development, Maraimalai Nagar,  
Kancheepuram District.

The Private Secretary to Principal Secretary to Government,  
Rural Development and Panchayat Raj Department,  
Chennai – 9.

The Finance (RD / B.G.I / B.G II / Resources-I) Department, Chennai-9.  
SF / SC.

// Forwarded / By Order //

Section Officer.

## Annexure I

(Annexure to G.O.(Ms) No.154, RD & PR (PR1) Dept., dated 15.12.2014)

### Guidelines for Sanctioning Expenditure under the Fund for Priority Schemes in Rural Areas

(i)	Objective of the Fund	The Fund shall be utilized for executing works towards creation of basic infrastructure in rural areas.
(ii)	Sanctioning Authority	A Committee comprising the Principal Secretary to Government, Rural Development and Panchayat Raj Department, Director of Rural Development and Panchayat Raj and Superintending Engineer (Rural Development) shall scrutinize the proposals forwarded by District Collectors and accord approval for expenditure under the Fund. The Director of Rural Development and Panchayat Raj shall issue sanction order based on the approval of the Committee subject to availability of adequate budget provision to meet the expenditure initially under Revenue Account.
(iii)	Details of work admissible under the Fund	Any type of work except those shown in Annexure II.
(iv)	Proposals for schemes	The District Collectors shall forward proposals along with detailed estimates for works and a certificate to the effect that sufficient land is available to execute work.
(v)	Executing Agency	The execution of work shall be entrusted to the District Collectors. The District Collectors may execute the works through District Rural Development Agency (DRDA), Block Development Officers and Village Panchayat concerned as deemed fit.
(vi)	Executing Agencies not allowed	No work shall be entrusted to line departments such as Public Works, Highways and Minor Ports, Agricultural Engineering and Tamil Nadu Water Supply and Drainage (TWAD) Board for execution. However, the installation of street lights may be entrusted to the Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO).



(vii)	Implementation of special schemes	The above Committee may also formulate certain schemes and allocate funds to Districts for implementation. In such cases, the District Collectors shall accord administrative sanction as per guidelines of such schemes.
(viii)	Award of works	The Tender procedures and Procurement guidelines applicable to Government Departments shall be followed while awarding works.
(ix)	Drawal and release of funds	The Director of Rural Development and Panchayat Raj shall be authorized to draw and release the funds to District Collectors.
(x)	Modification in the guidelines	The Principal Secretary to Government, Rural Development and Panchayat Raj shall modify any of the above guidelines in consultation with the Director of Rural Development and Panchayat Raj based on exigencies that may arise from time to time.

GAGANDEEP SINGH BEDI  
Secretary to Government

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Section Officer.

**Annexure II****(Annexure to G.O.(Ms) No.154, RD & PR (PR1) Dept., dated 15.12.2014****List of Expenditure Items Not allowed under the Fund for Priority Schemes in Rural Areas**

1.	Construction of office and residential buildings for the Central and State Governments, their departments, Government Agencies/Organizations and Public Sector Undertakings other than the office buildings of Panchayat Raj Institutions and officers providing technical support to Panchayat Raj Institutions;
2.	Construction of office and residential buildings for private, co-operative and commercial organizations;
3.	All works involving commercial establishments/units;
4.	All maintenance, repairs and renovation works of any type
5.	Payment of grants, loans and contribution to any Central and State/Union Territory relief funds;
6.	Creation of assets in the name of any person;
7.	Purchase of all movable items except equipments for Panchayat Raj Institutions and vehicles for Panchayat Union Chairpersons, Block Development Officers, Assistant Director (Panchayats) and Assistant Director (Audit), Executive Engineers (RD) and Assistant Executive Engineer (RD) for supervision and monitoring of works of Panchayat Raj Institutions.
8.	Acquisition of land or payment of compensation for land acquired;
9.	Reimbursement of expenditure on completed or partly completed works;
10.	Any revenue or recurring expenditure;
11.	Execution of work within the places of religious worship and on land belonging to or owned by any religious faith/group;
12.	Construction of monuments, memorials, statues, idols, arch gates/welcome gates; and
13.	De-silting of ponds, tanks, channels and rivers.

GAGANDEEP SINGH BEDI  
Secretary to Government

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Section Officer