



## **ABSTRACT**

Rural Development and Panchayat Raj Department – Pooled Assigned Revenue to Rural Local Bodies – Pooling of Assigned Revenues at State Level for the year 2015-16 – Release of Rs.713,01,38,789/- – Sanction – Orders – Issued.

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

**G.O.(Ms) No.142**

**Dated: 23.10.2015**

**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.154, Rural Development and Panchayat Raj (PR-1) Department, dated 15.12.2014.
4. From the Director of Rural Development and Panchayat Raj Letter No.23495/2015/PRI 2.3 dated 03.08.2015.

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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.866,03,63,996/- as assigned revenue due to Rural Local Bodies from the proceeds of Surcharge on Stamp Duty and Entertainment Tax for the year 2014-15.

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 2015-16, 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 have 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 2014-15, 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 2014-15. Also the addition / shortfall in collection during 2014-15 viz-a-viz the components of pooled Assigned Revenue as ordered in the order first read above shall be adjusted accordingly in 2015-16. Therefore, the tentative allocation for the year 2015-16 shall be the actual collection made in the year 2014-15 after making necessary adjustments.

4. The Director of Rural Development and Panchayat Raj has also stated that the actual collection details for 2014-15 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 which are as below:-

Surcharge on Stamp Duty	Rs.	749,69,19,045/-
Entertainment Tax	Rs.	8,50,92,606/-
<b>Total</b>	<b>Rs.</b>	<b>758,20,11,651/-</b>

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

In respect of Surcharge on Stamp Duty, Rs.797,02,73,465/- had been taken as tentative allocation for the year 2014-15, whereas the Inspector General of Registration has reported that the actual collection for the year 2014-15 is Rs.749,69,19,045/- (Rupees Seven hundred and forty nine crore sixty nine lakh nineteen thousand and forty five only). As per the order first read above, the difference in actual collection and tentative allocation for the year 2014-15 shall be deducted/additionally be claimed from the allocation for the year 2015-16. As such, Rs.47,33,54,420/- (i.e., Rs.749,69,19,045/- minus Rs.797,02,73,465/-) has to be deducted from the tentative allocation of Rs.749,69,19,045/- for the year 2015-16. Hence, the allocation under Surcharge on Stamp Duty for the year 2015-16 will be Rs.702,35,64,625/- (Rs.749,69,19,045/- minus Rs.47,33,54,420/-).

#### **Entertainment Tax:**

Tentative allocation for the year 2014-15 in respect of Entertainment Tax was Rs.6,36,11,048/-. The Commissioner of Commercial Taxes, Chennai has sent the actual collection of Entertainment tax for the year 2014-15 as Rs.8,50,92,606/-. As such, Rs.2,14,81,558/- (i.e., Rs.8,50,92,606/- minus Rs.6,36,11,048/-) has to be additionally claimed from the tentative allocation of Rs.8,50,92,606/- for the year 2015-16. Hence, the allocation under Entertainment Tax for the year 2015-16 will be Rs.10,65,74,164/- (Rs.8,50,92,606/- Plus Rs.2,14,81,558/-)

Thus the Pooled Assigned Revenue for the year 2015-16 has been arrived as per para 4 is as below:-

Surcharge on Stamp Duty	Rs.	702,35,64,625/-
Entertainment Tax	Rs.	10,65,74,164/-
Total	Rs.	713,01,38,789/-

5. Further, the Director of Rural Development and Panchayat Raj has stated that during the year 2009-10, 50% of the total revenue was assigned to the Village Panchayats and Panchayat Unions from out of the amount pooled in respect of rural Local Bodies at State level and the balance 50% was credited to the Fund for Priority Schemes in rural areas. On the same line, it is proposed to assign 50% of the amount to the Village Panchayats and Panchayat Unions and the balance amount for priority schemes in rural areas in the year 2015-16 taking into account of the infrastructure requirements in rural areas.

6. The Director of Rural Development and Panchayat Raj has also stated that 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 2014-15. The Fourth State Finance Commission 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 of 67:33 may be continued for Village Panchayats and Panchayat Unions in the year 2015-16 also.

7. Further, the Director of Rural Development and Panchayat Raj has stated that 50% of the Pooled Assigned Revenue to be released to the Village Panchayats and Panchayat Unions may be done based on the rural population as per 2011 census on quarterly basis and the balance 50% of the pooled amount may be credited to the Scheme Component Fund for implementing priority works in rural areas on half yearly basis as per the guidelines. The details of amount to be released under Pooled Assigned Revenue to Rural Local Bodies for the year 2015-16 are as follows:-

Amount to be released to the Rural Local Bodies based on the rural population as per 2011 census (50% of Rs.713,01,38,789/-)	Rs.356,50,69,395/-
Amount to be retained by the Director of Rural Development and Panchayat Raj for Scheme Component. (50% of Rs.713,01,38,789/-)	Rs.356,50,69,394/-

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.713,01,38,789/- (Rupees Seven hundred and thirteen crores one lakh thirty eight thousand seven hundred and eighty nine only)** being the assigned revenue due to Rural Local Bodies from the proceeds of Surcharge on Stamp Duty and Entertainment Tax for the year 2015-16. The Government also order the following:-

- i. 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. 50% of the total revenue i.e., Rs.356,50,69,395/- out of Rs.713,01,38,789/- 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 50% amount of the pooled amount i.e., Rs.356,50,69,394/- an amount of Rs.178,25,34,697/- is earmarked for Tamil Nadu Village Habitation Improvement Scheme (THAI) and the remaining amount i.e. Rs.178,25,34,697/- 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:-

50% amount out of total Pooled Assigned Revenue to be released to the Rural Local Bodies based on the rural population as per 2011 census (50% of Rs.713,01,38,789/-)	Rs.356,50,69,395/-
Out of 50% amount of total Pooled Assigned Revenue retained by Director of Rural Development and Panchayat Raj for Scheme Component, fund earmarked for THAI scheme. (50% of Rs.356,50,69,394/-)	Rs.178,25,34,697/-
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.356,50,69,394/- minus Rs.178,25,34,697/-)	Rs.178,25,34,697/-
<b>Total</b>	Rs.713,01,38,789/-

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:-

Sl. No.	Head of Account	Amount (in Rs.)
1	<b>Surcharge on Stamp Duty</b> 3604 00 Compensation and Assignments 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>	351,17,82,313
2	<b>Entertainment Tax</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>	532,87,082

3	<b>Funds for Priority Scheme Component</b> 2515 00 Other Rural Development Programmes – 102 Community Development – I Non Plan – AE Provision of Basic Infrastructure facilities 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>	356,50,69,394
	<b>Total</b>	<b>713,01,38,789</b>

The amount sanctioned in the above table in Sl.No. 3 shall be adjusted to 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)

and debited 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-0007) (Outgo)

10. The Government, direct that a sum of Rs.356,50,69,394/- (Rupees three hundred and fifty six crores fifty lakhs, sixty nine thousand three hundred and ninety four only) be transferred to the fund for priority schemes in Rural Areas by debiting the following head of accounts:

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

(DPC 3604 00 102 AB 1014)

...Rs.351,17,82,312

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

(DPC 3604 00 103 AE 1016)

...Rs.5,32,87,082

and contra credit to:

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)

11. Necessary Additional Funds Rs.86,56,78,788/- will be provided in RE / FMA 2015-16 by way of re-appropriation under the heads as detailed below:-

(Amount in Rupees)

Head of Account	BE 2015-16	Required amount as per sanction accorded in para 8 above	Excess	Surrender	Amount to be Re-appropriated
(a)	(b)	(c)	(d)=(c)-(b)	(e)=(b)-(c)	(f)
A). Stamp Duty					
3604 00 102 AA 09 09	620,64,47,000	351,17,82,313	-	269,46,64,687	86,56,78,788
3604 00 102 AB 10 01	310,32,24,000	351,17,82,312	40,85,58,312	-	-
B).Entertainment Tax					
3604 00 103 AE 10 01	2,90,06,000	5,32,87,082	2,42,81,082	-	-
3604 00 103 AD 09 09	5,80,11,000	5,32,87,082	-	47,23,918	-
2515 00 102 AE 09-03	313,22,30,000	356,50,69,394	43,28,39,394	-	-

Pending provision of such funds in RE/FMA 2015-16, the Director of Rural Development and Panchayat Raj is authorized to incur the expenditure. He is also directed to include the additional expenditure provided by way of re-appropriation and surrender the excess amount as mentioned above table while sending the proposal for RE/FMA 2015-16 to Government in Finance (RD) Department without fail.

12. 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.178,25,34,697/- earmarked

to Tamil Nadu Village Habitation Improvement Scheme (THAI) and utilize the same as per the guidelines of the scheme.

13. 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.

14. The Director of Rural Development and Panchayat Raj is directed to send a report to Principal Accountant General (A&E) to effect transfer to the fund, as per orders in para 10 above and adjustment to the fund as ordered in para 9 (3) above immediately.

15. This order is issued with the concurrence of Finance Department vide its U.O. No.56857/Finance (RD)/2015, dated 23.10.2015 and ASL No.1110 (One thousand one hundred and ten).

(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.142, Rural Development and Panchayat Raj (PR1)  
Department, dated 23.10.2015**

**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 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 Tamil Nadu 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 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.

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Section Officer.

## Annexure II

**(Annexure to G.O. (Ms) No.142, Rural Development and Panchayat Raj (PR1)  
Department, dated 23.10.2015**

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.

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