



## ABSTRACT

Rural Development and Panchayat Raj Department – Recommendations of Fifth State Finance Commission – Increasing the ceiling of Administrative Expenditure from Rs.20 lakh to 40 lakh or 7.5% of total State Finance Commission devolution to District Panchayats whichever is less - Orders – Issued.

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

G.O. (Ms) No.21

Dated: 04.02.2021.

சார்வரி, தை 22

திருவள்ளூர் ஆண்டு 2052

Read:

From the Director of Rural Development and Panchayat Raj  
Letter No.18276/2019/PRI 2-2, dated: 17.10.2020.

\*\*\*\*\*

### ORDER:-

In the letter read above the Director of Rural Development and Panchayat Raj has stated that the Government have decided the devolution of 10% of the net State's Own Tax Revenue (SoTR) to Local Bodies based on the recommendations of Fifth State Finance Commission vide G.O. (Ms) No.84, Finance (Finance Commission-IV) Department, Dated: 31.03.2017. As per the recommendations of Fifth State Finance Commission, the Government have ordered that the vertical sharing ratio for devolution of State Finance Commission Grant to Rural and Urban Local Bodies will be 56:44 for the Fifth State Finance Commission Award period from 2017-18 to 2021-22.

2. The Director of Rural Development and Panchayat Raj has also stated that the Government have also ordered to apportion the Devolution Grant of Rural Local Bodies among the Village Panchayats, Panchayat Unions and District Panchayats in the ratio of 55:37:8. As per the Fifth SFC recommendations, the devolution within the Tier has been made as horizontal distribution on the basis of following formula:

a)	Total population (2011 Census)	60%
b)	SC/ST population	15%
c)	Area	15%
d)	Per capita consumption expenditure distance	10%

3. The Director of Rural Development and Panchayat Raj has also stated that District Panchayats are constituted as per Section 24 of the Tamil Nadu Panchayats Act, 1994. In Tamil Nadu, there are 36 District Panchayats. Out of this, 5 District Panchayats namely Chengalpet, Kallakurichi, Ranipet, Tirupathur and Tenkasi have been constituted during the year 2020. The ward members to the District Panchayat are elected directly, while the Chairperson is elected from among the ward members. An Assistant Director from the Department of Rural Development and Panchayat Raj is appointed as Secretary to District Panchayat.

(P.T.O)

4. The Director of Rural Development and Panchayat Raj has further stated that in the Fifth State Finance Commission recommendation, Para 4.148 on District Panchayat Expenditure, the Fifth State Finance Commission has recommended (vide Sl.No.55, Para 4.148 of Explanatory memorandum on the Action Taken Report on the recommendations of the Fifth State Finance Commission) that the ceiling on Administrative expenditure of District Panchayats be revised as 7.5 percent of the total State Finance Commission devolution or Rs.40 Lakh whichever is less. In this regard, the existing cap on administrative expenditure of 15 percent or Rs.20.00 lakh as ordered vide G.O. (Ms) No.105, Rural Development and Panchayat Raj Department, Dated: 26.08.2014 may be revised as per the Fifth State Finance Commission recommendation as 7.5 percent of the total State Finance Commission devolution or Rs.40 Lakh whichever is less.

5. The Director of Rural Development and Panchayat Raj has therefore requested the Government to issue order by increasing the ceiling on Administrative expenditure of District Panchayats as 7.5 percent of the total State Finance Commission devolution or Rs.40 Lakh whichever is less.

6. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj hereby increase the ceiling of Administrative Expenditure from Rs.20 lakh to 40 lakh or 7.5% of total State Finance Commission devolution to District Panchayats whichever is less.

7. This order is issued with the concurrence of Finance Department vide its U.O. No.50490/Fin(RD)/2021, dated 20.01.2021.

(By Order of the Governor)

HANS RAJ VERMA  
Additional Chief Secretary to Government

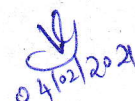
To  
The Commissioner of Rural Development and Panchayat Raj, Chennai – 15.  
All District Collectors (Except Chennai)  
All Project Directors,  
All Panchayat Presidents,  
The Accountant General, Chennai – 18/35.

**Copy to:**

The Finance (RD/FC-IV) Department, Chennai-9.  
The Rural Development and Panchayat Raj (SGS-I/SGS-II/SGS-III and OP-II)  
Department, Chennai-9.  
Stock File / Spare Copy.

// Forwarded by Order //

  
Section Officer

  
04/02/2021