



ABSTRACT

Grants – State Finance Commission Grants for the year 2015-16 – Release of Rs.3568,96,15,714/- to Village Panchayats, Panchayat Unions and District Panchayats from the month of April 2015 to January 2016 – Orders – Issued.

Rural Development and Panchayat Raj (PR-I) Department

G.O. (Ms) No.69

Dated: 28.04.2015

Read:

- 1 G.O.Ms.No.194, Finance (FC-IV) Department, dated 10.06.2013.
- 2 From the Director of Rural Development and Panchayat Raj letter No 23333/2015/PRI 2-2, dated 7.4.2015

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ORDER:

In the Government order first read above as per the recommendations of Fourth 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 continued as 58:42. The Government have also ordered to apportion the devolution grant of the rural local bodies among the Village Panchayats, Panchayat Unions and District Panchayats in the ratio of 60:32:8.

2. The Director of Rural Development and Panchayat Raj in his letter second read above has sent necessary proposals for the release of State Finance Commission Grant to rural local bodies for the year 2015-16 and stated as follows:-

(i) The State Government have made a provision in the Budget Estimate for Rs.5222.07 crore for the year 2015-16 as detailed below:-

(Rs. In thousands)	
Component	Provided in B.E.
District Panchayats (DPC 3604-00-196-AA-0921)	417,76,59
Panchayat Unions (DPC 3604-00-197-AA -0929)	1671,06,35
Village Panchayats (DPC 3604-00-198-AA-0927)	2611,03,68
Infrastructure Gap Filling Fund (DPC 3604-00-198-AC-0923)	522,20,74
Total	5222,07,36

ii. **Village Panchayat - Minimum Grant & Population Grant:** As per the Fourth State Finance Commission recommendations, the Government have ordered that the Minimum lumpsum Grant to Village Panchayats will be increased from Rs.3 lakh to Rs.5 lakh per Village Panchayat per year. This amount will be deducted from the balance share of State Finance Commission devolution intended for Village Panchayats as the first charge and distributed to all Village Panchayats on monthly basis. The balance amount from out of the share of Village Panchayats in the SFC devolution will be distributed on the horizontal sharing ratio as below:

a)	Total population (2011 Census)	60%
b)	SC/ST population	20%
c)	Area	20%

iii. **Panchayat Union - Minimum Grant & Population Grant:** As per the 4th SFC recommendations, the Government have ordered that the minimum grant of Rs.30 lakh per Panchayat Union per year will be continued for the award period and the balance amount entitled for Panchayat Union will be distributed based on Census 2011 population.

iv. **District Panchayat - Population Grant:** As per the 4th SFC recommendations, the amount entitled for District Panchayat will be distributed based on Census 2011 population.

v. **Infrastructure Gap Filling Fund:** The Government have earmarked a sum of Rs.522,20,74,000/- in the Budget Estimate for Infrastructure Gap Filling Fund for the year 2015-16. The Director of Rural Development and Panchayat Raj has sent detailed proposal stating that the guidelines for utilisation of the Infrastructure Gap Filling Fund at District level and at State level will be sent to Government separately.

3. The DRD&PR has requested the Government to issue orders for release of the share of devolution grant to Village Panchayats, Panchayat Unions and District Panchayats in monthly instalments as detailed below:

		Provision for the year as per Budget Estimate 2015-16 Amount (in rupees)
	Village Panchayat	3133,24,42,000
	Panchayat Union	1671,06,35,000
	District Panchayat	417,76,59,000
	Total	5222,07,36,000

a)	Village Panchayats:-	
1	State Finance Commission Grant to Village Panchayats	3133,24,42,000
2	10% Infrastructure Gap Filling Fund on the rural Local Body allocation.	522,20,74,000

3	State Finance Commission Balance Grant to Village Panchayats (Sl. No. 1-2)	2611,03,68,000
4	Minimum Grant (Rs.5,00,000/- per year x 12,524) from the share of State Finance Commission Grant to Village Panchayats (Rs.40,000/- per month from April 2015 to January 2016 - 10 months and Rs.50,000/- per month for February and March 2016 (2 months)	626,20,00,000
5	State Finance Commission Balance Grant to Village Panchayats based on population (14 installments) (Sl.No. 3-4)	1984,83,68,000
6	Out of the above 14 installments, 10 installments for the period from April 2015 to January 2016 to be released now	1417,74,05,714
7	Balance 4 installments for the months of February and March 2016 to be released later based on Revised Estimate (5-6)	567,09,62,286

b) Panchayat Unions:		Amount (in rupees)
1	State Finance Commission Grant to Panchayat Unions	1671,06,35,000
2	Minimum Grant (Rs.2,50,000/- x 385 Panchayat Unions x 12 months) from the share of State Finance Commission Balance Grant to Panchayat Unions.	115,50,00,000
3	State Finance Commission Balance Grant to Panchayat Unions based on population (1-2)	1555,56,35,000
4	Out of the above 14 installments, 10 installments for the period from April 2015 to January 2016 to be released now	1111,11,67,857
5	Balance 4 installments for the months of February and March 2016 to be released later based on Revised Estimate (3-4)	444,44,67,143

c) District Panchayats:		
1	State Finance Commission Grant to District Panchayats based on population	417,76,59,000
2	Out of the above 14 instalments, 10 instalments for the period from April 2015 to January 2016 to be released now	298,40,42,143
3	Balance 4 instalments for the months of February and March 2016 to be released later based on Revised Estimate (1-2)	119,36,16,857

4. The DRD&PR has also requested the Government to issue orders sanctioning the minimum grant of Rs.5 lakh per year at the rate of Rs.40,000/- per month from April 2015 to January 2016 (10 months) and Rs.50,000/- per month for February and March 2016 (2 months) to each Village Panchayat and Rs.30 lakh per year at the rate of Rs.2.50 lakh per month to each Panchayat Union in 12 monthly instalment as per the 4th State Finance Commission recommendation. The amount now required towards the minimum grant for Village Panchayats and Panchayat Unions for 12 months and population grant for Village Panchayats, Panchayat Union and District Panchayats for 10 months from April 2015 to January 2016 are as below:-

(Amount in Rupees)

a. Village Panchayats	Minimum Grant	626,20,00,000
	Population Grant	1417,74,05,714
b. Panchayat Unions	Minimum Grant	115,50,00,000
	Population Grant	1,111,11,67,857
c. District Panchayats	Population Grant	298,40,42,143
	Total	3568,96,15,714

5. The Director of Rural Development and Panchayat Raj has also requested the Government to issue orders authorizing him to draw and disburse the amount to the three tier of Panchayat Raj Institutions and also to make necessary adjustments/deductions for committed expenditure such as pension commitment etc.

6. The Government have carefully examined the proposal of the Director of Rural Development and Panchayat Raj in the light of the orders issued in the Government order first read above and decided to release a sum of **Rs.3568,96,15,714/- (Rupees Three thousand five hundred and sixty eight crore ninety six lakh fifteen thousand and seven hundred fourteen only)** as State Finance Commission Grant to Village Panchayats, Panchayat Unions and District Panchayats from the months of April 2015 to January 2016 out of total allocation of State Finance Commission Grant of Rs.5222,07,36,000/- for the year 2015-16 as follows:-

(Amount in Rupees)

a)	Village Panchayats: (Total allocation)	3133,24,42,000
1	10% Infrastructure Gap Filling Fund on the rural Local Body allocation (Orders will be issued separately)	522,20,74,000
2	State Finance Commission Balance Grant to Village Panchayats (S.No.a-1)	2611,03,68,000
3	Minimum Grant Minimum Grant (Rs.5,00,000/- per year x 12,524) from the share of State Finance Commission Grant to Village Panchayats (Rs.40,000/- per month from April 2015 to January 2016 - 10 months and Rs.50,000/- per month for February and March 2016 - 2 months)	626,20,00,000

4	<u>Population Grant</u> Out of the balance grant of Rs.1984,83,68,000/- to Village Panchayats to be distributed in 14 instalments based on population, 10 instalments for the period from April 2015 to January 2016 released now (Rs.2611,03,68,000 - 626,20,00,000= 19848368000/14x10)	1417,74,05,714
	Sub Total (i)	2043,94,05,714
b)	Panchayat Unions: (Total allocation)	1671,06,35,000
1	<u>Minimum Grant</u> Minimum Grant (Rs.2,50,000/- x 385 Panchayat Unions x 12 months) from the share of State Finance Commission Grant to Panchayat Unions.	115,50,00,000
2	<u>Population Grant</u> Out of the balance grant of Rs.1555,56,35,000/- to Panchayat Unions to be distributed in 14 instalments based on population, 10 instalments for the period from April 2015 to January 2016 released now (Rs.1671,06,35,000- 115,50,00,000= 1555,56,35,000/14x10)	1111,11,67,857
	Sub Total (ii)	1226,61,67,857
c)	District Panchayats: (Total allocation)	417,76,59,000
	<u>(iii) Population Grant</u> Out of the State Finance Commission Grant of Rs.417,76,59,000/- to District Panchayats to be distributed in 14 instalments based on population, 10 instalments for the period from April 2015 to January 2016 released now.	298,40,42,143
	Grand Total (i+ii+iii)	Rs.3568,96,15,174/-

7. The amount sanctioned in para 6 above shall be debited to the following head of account:
(Amount in Rupees)

a. <u>Village Panchayats:</u> 3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 198 Assistance to Gram Panchayats - I Non Plan AA. Grants to Village Panchayats as per the recommendation of SFC controlled by Director of Rural Development 09. Grants-in-aid-02-Grants for Capital Expenditure. (DPC 3604-00-198-AA-0927)	Minimum Grant 626,20,00,000/-
	Population Grant 1417,74,05,714/-

b. Panchayat Unions: 3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 197 Assistance to Block Panchayats/Intermediate level Panchayats - I Non Plan AA. Grants to Panchayat Unions as per the recommendation of SFC controlled by Director of Rural Development 09. Grants-in-aid-02-Grants for Capital Expenditure. (DPC 3604-00-197-AA -0929)	Minimum Grant 115,50,00,000/- Population Grant 1111,11,67,857/-
c. District Panchayats: 3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 196 Assistance to Zilla Parishads/District level Panchayats-I Non Plan - AA- Grants to District Panchayats as per the recommendation of SFC controlled by Director of Rural Development 09. Grants-in-aid-02-Grants for Capital Expenditure. (DPC 3604-00-196-AA-0921)	Population Grant 298,40,42,143/-
Total	3568,96,15,714

8. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 6 above as per the recommendations of the Fourth State Finance Commission issued in the Government order first read above. The Director of Rural Development and Panchayat Raj is authorised to disburse the minimum grant of Rs.5.00 lakh per year at the rate of Rs.40,000/- per month from April 2015 to January 2016 (10 months) and Rs.50,000/- per month for February and March 2016 (2 months) to each Village Panchayat and Rs.30 lakh per year at the rate of Rs.2.50 lakh per month to each Panchayat Union in 12 monthly instalments. The minimum grant sanctioned to Village Panchayats shall be used for payment of Electricity consumption and Water charges so that these services do not suffer.

9. The Pay and Accounts Officer/Treasury Officers concerned are requested to admit and honor the bills as and when presented by the Director of Rural Development and Panchayat Raj, if they are found otherwise in order.

10. This order is issued with the concurrence of Finance Department vide its U.O. No.83/JS(AR)/2015, dated 27.04.2015.

(BY ORDER OF THE GOVERNOR)

Gagandeep Singh Bedi,
Secretary to Government.

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

All District Collectors (Except Chennai)
The Chairman, Tamil Nadu Electricity Board, Chennai-2.
The Director, State Institute of Rural Development, Maraimalai Nagar,
Kancheepuram District.
All Project Directors, District Rural Development Agencies.
The Pay and Accounts Officer (South), Chennai-35.
The Principal Accountant General (G&SSA) / (A&E) / (E&RSA),
Chennai – 18.
The Principal Accountant General, Chennai – 9.
The Pay and Accounts Officer, Madurai.
All District Treasury Officers.

Copy to:

The Finance (RD/FC.IV/BGI / BG II /W&M) Department, Chennai-9.
The Personal Secretary to the Secretary to Government,
Rural Development and Panchayat Raj Department, Chennai-9.
The Rural Development and Panchayat Raj (B&C / SGS.1/SGS.2/
SGS.3/SGS.4 / PR.3/OP.II) Department, Chennai-9.
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Section Officer