



ABSTRACT

Rural Development and Panchayat Raj Department – Pooled Assigned Revenue to Rural Local Bodies – Pooling of Assigned Revenue at State Level for the year 2018-19 – Release of Rs.407,71,72,046/- – Sanction – Orders – Issued.

Rural Development and Panchayat Raj (PR-1) Department

G.O. (Ms) No.160

Dated: 31.10.2018

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.145, Rural Development and Panchayat Raj (PR-1) Department, dated 18.12.2017.
4. From the Office of the Accountant General (A&E), Chennai-18, letter No.AG (A&E)/Book-I/G1/2016-17/14502, dated 24.05.2016.
5. Government letter No.35700/Fin(RD)/2016-1, dated 23.06.2016.
6. From the Director of Rural Development and Panchayat Raj letter No.21522/2017/PRI.2.2, dated 25.06.2018.

ORDER:

In the Government order first read above, the Government had issued orders for pooling of the Assigned Revenue 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 Government 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 Government order third read above, the Government had sanctioned a sum of Rs.505,88,47,327/- as assigned revenue due to Rural Local Bodies from the proceeds of Surcharge on Stamp Duty and Entertainment Tax for the year 2017-18.

3. In the letter fourth read above, the Accountant General (A&E) has made an observation that the transfer of receipt to the funds should be effected through the operation of the designated minor head "797 – Transfers to Reserve Fund / Deposits

(P.T.O)

Accounts" under the relevant major head only and suggested to amend the Government Orders. Based on the Accountant General's suggestion, a new head of account "3604 00 797 AC 30" "Inter - Account Transfer" instead of "3604 00 102 AB 1001" & "3604 00 103 AE 1001" has been opened vide Government letter fifth read above to transfer the receipts to the fund account and given effect from Revised Budget Estimate 2016-2017.

4. The Director of Rural Development and Panchayat Raj in his letter sixth read above has sent necessary proposals on Pooled Assigned Revenue to Rural Local Bodies for the year 2018-19, wherein he has stated that the Fifth State Finance Commission in its recommendation No.4 74(ii) has recommended that the Pooling of Assigned Revenue Viz Surcharge on Stamp Duty and Entertainment Tax must be done away with. The Commission further recommended that the Assigned Revenues should be distributed to the Local Bodies based on the place where they actually accrue, after deducting the cost of collection.

5. The Director of Rural Development and Panchayat Raj has further stated that the previous system of assigning revenues to the Rural Local Bodies directly through adjustment, leads to considerable delay in transferring funds and also involves a higher degree of paper work disproportionate to the amount involved. To avoid this kind of situations, the Government has decided to pool the Assigned revenue from Surcharge on Stamp Duty and Entertainment Tax at State level from 2007-2008 to 2017-2018 and allocate to the Panchayats vide G.O.(Ms) No.168, Rural Development and Panchayat Raj (C4) Department, dated 04.10.2007. From out of this pooled fund since 2007, the major infrastructures requirement of Rural Local Bodies like Panchayat and Panchayat Union Office buildings, Major Bridges, Roads etc., have been created for the benefit of the public. The announcement made in the Floor of Assembly are being fulfilled using the portion of the above revenue. In the year 2017-18 the first award year of Fifth State Finance Commission, the Government decided to continue with the practice of Pooling of Assigned Revenue and apportioning the same to Rural Local Bodies. Hence, the existing practice of Pooling of Assigned Revenue and apportioning the same to Rural Local Bodies may be continued during the year 2018-2019 also.

6. The Director of Rural Development and Panchayat Raj has added that the Government has issued the norms and procedure for pooling of Assigned Revenue and allocating them to Rural Local Bodies and undertaking infrastructural facilities in rural area in G.O.(Ms) No.168, Rural Development and Panchayat Raj (C4) Department, dated 04.10.2007 and G.O.(Ms) No.191, Rural Development and Panchayat Raj (C4) Department, dated 22.11.2007 may be followed in 2018-2019 also. Further, 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 2007-2008 to 2017-2018, 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 2017-2018. Also the addition/shortfall in collection during 2017-2018 vis-a-vis the components of Pooled Assigned Revenue as ordered in G.O.(Ms) No.168, Rural Development and Panchayat Raj (C4) Department, dated 04.10.2007 should be adjusted accordingly in 2018-2019. Therefore, the tentative allocation for the year 2018-2019 shall be the actual collection made in the year 2017-2018, after making necessary adjustments.

7. The Director of Rural Development and Panchayat Raj has stated that the actual collection of Surcharge on Stamp Duty during the year 2017-2018 as per the report of Inspector General of Registration is Rs.507,16,01,253/-.

Surcharge on Stamp Duty:

In respect of Surcharge on Stamp Duty, Rs.606,76,47,092/- had been taken as tentative allocation for the year 2017-18, whereas the Inspector General of Registration has reported that the actual collection for the year 2017-18 is Rs.507,16,01,253/- (Rupees Five hundred and seven crore sixteen lakh one thousand two hundred and fifty three only). As per G.O.(Ms) No.168, Rural Development and Panchayat Raj (C4) Department, dated 04.10.2007 the difference in actual collection and tentative allocation for the year 2017-18 should be deducted from the allocation for the year 2018-19. As such, Rs.99,60,45,839/- (i.e Rs.606,76,47,092/- minus Rs.507,16,01,253/-) has to be deducted from the actual collection of the year 2017-18. Hence, the allocation under **Surcharge on Stamp Duty for the year 2018-19 will be Rs.407,55,55,414/-** (Rs.507,16,01,253/- minus Rs.99,60,45,839/-).

Entertainment Tax:

The actual collection of entertainment tax for the year 2016-17 was not received from Commercial Tax department in time during last year (2017-18). Now the Commissioner of Commercial Taxes, Chennai has sent the actual collection of Entertainment Tax for the year 2016-17 as Rs.4,84,34,029/-.

Tentative allocation for the year 2016-17 in respect of Entertainment Tax was worked out as Rs.4,68,17,397/-. The difference in actual collection and tentative allocation for the year 2016-17 comes to Rs.16,16,632/- (i.e. Rs.4,84,34,029/- minus Rs.4,68,17,397/-).

The Assigned Revenue due to local bodies will be fixed tentatively for the current year based on the actual collection of the previous year. The Tamil Nadu Local Authorities Entertainment Tax Act, 2017 (Tamil Nadu Act of 2017) enables the local bodies to levy and collect the Entertainment Tax on and from 1.7.2017. Hence the tentative allocation for the year 2017-18 (1.4.2017 to 30.06.2017) in respect of Entertainment Tax could not be fixed.

As such, Rs.16,16,632/- (i.e. Rs.4,84,34,029/- minus Rs.4,68,17,397/-) only has to be claimed for the year 2017-18. Further, after the receipt of the actual collection from the Commercial tax Department for the period from 1.4.2017 to 30.06.2017, the amount will be claimed separately.

8. The Director of Rural Development and Panchayat Raj has also stated that

- (i) To assign one-third of the pooled amount to the Village Panchayats and Panchayat Unions and the balance two-third amount for priority schemes in rural areas in the year 2018-19 as was done in the year 2017-18 taking into account of the infrastructure requirements in rural areas.
- (ii) 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 2017-18. Hence the existing ratio of 67:33 may be continued for Village Panchayats and Panchayat Unions in the year 2018-19 also.

9. The Director of Rural Development and Panchayat Raj has informed that one-third 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. The balance two-third 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.

Amount to be released to the Rural Local Bodies based on the rural population as per 2011 census (1/3 rd of Rs.407,71,72,046/-)	Rs.135,90,57,349/-
Amount to be retained by the Director of Rural Development and Panchayat Raj for Scheme Component. (2/3 rd of Rs.407,71,72,046/-)	Rs.271,81,14,697/-

10. The Director of Rural Development and Panchayat Raj has therefore requested the Government to issue necessary orders sanctioning Pooled Assigned Revenue for the year 2018-19 to the tune of Rs.407,71,72,046/- and to approve the guidelines for utilisation of funds under the Priority Scheme Component in rural areas and authorize the Director of Rural Development and Panchayat Raj to draw the above amount and release one-third of the allocation to Village Panchayats and Panchayat Unions based on the rural population as per 2011 census and the balance two-third of the allocation for implementation of Priority Schemes in rural areas as per the guidelines.

11. 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.407,71,72,046/- (**Rupees Four hundred and seven crore seventy one lakhs seventy two thousand and forty 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 2018-19. 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) one-third of the total revenue i.e. Rs.135,90,57,349/- out of Rs.407,71,72,046/- from the proceeds of surcharge on Stamp Duty and Entertainment Tax 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 of 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) 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.
- (iv) 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.
- (v) The system of adjustment of assigned revenues from the Entertainment Tax and Surcharge on Stamp Duty to Urban 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.
- (vi) The amount released to Rural Local Bodies 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:-

One-third amount out of total Pooled Assigned Revenue to be released to the Rural Local Bodies based on the rural population as per 2011 census (one-third of Rs.407,71,72,046/-)	Rs.135,90,57,349/-
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.271,81,14,697/-
Total	Rs.407,71,72,046/-

12. The amount sanctioned in para 11 shall be debited to the following Heads of Account under demand 42 of Rural Development and Panchayat Raj Department:-

Sl. No.	Head of Account	Amount (in Rs.)
1	Surcharge on Stamp Duty(RLB) 3604 00 Compensation and Assignment to Local Bodies and Panchayat Raj Institutions-102 Stamp Duty - State's Expenditure - AA Assignment under Global Sharing of Assigned Revenue to Rural Local Bodies -Stamp Duty-09 Grants-in-Aid-09 Others (DPC 3604 00 102 AA 0991)	135,85,18,471

2	Entertainment Tax (RLB) 3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions-103 –Entertainment Tax-State's Expenditure - AD Assignment under Global Sharing of Assigned Revenue to Rural Local Bodies-Entertainment Tax- 09.Grants –in-Aid-09 Others (DPC 3604 00 103 AD 0993)	5,38,878/-
3	Funds for Priority Scheme Component 2515 00 Other Rural Development Programme – 102 Community Development State's Expenditure – AE provision of Basic Infrastructure facilities in Rural Areas – Met from the fund for Priority Schemes – 09 Grants-in-Aid – 03 Grants for Specific Schemes (DPC 2515 00 102 AE 0939)	271,81,14,697
Total		407,71,72,046

The amount sanctioned in the above table in **Sl. No.3** shall be adjusted to the Fund for Priority Schemes account by contra credit to the following head of account:

2515 – 00 - Other Rural Development Programmes – 902
 – Deduct Amount met from Reserve Fund – State's Expenditure – 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 - Rural 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)

13. The Government, direct that a sum of Rs. **271,81,14,697/-** (Rupees two hundred and seventy one crore eighty one lakhs, fourteen thousand six hundred and ninety seven only) being the surcharge on Stamp Duty be transferred to the Fund for Priority Schemes in Rural Areas by the Accountant General (A&E), Chennai-18 based on the request of the Director of Rural Development and Panchayat Raj being the Fund Administrator for the said Fund debiting the following head of accounts:

"3604 - 00 Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 797 Transfer to Reserve Fund and Deposit Account - State's Expenditure - AC Transfer of amount to Fund for Priority Schemes in Rural Areas - 30 Inter - Account Transfers (DPC 3604 00 797 AC 3000)"

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)

The Principal Accountant General (A&E) is requested to make the above said book adjustments immediately and issue necessary Certificate to that effect.

14. The Government has authorize the Director of Rural Development and Panchayat Raj to draw and disburse the amount sanctioned in para 11 above and utilize the same as ordered in para 11 above for implementation of specific development scheme in rural areas.

15. 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.

16. This order issues with the concurrence of Finance Department vide its U.O. No.54618/RD/2018, dated 31.10.2018.

(By Order of the Governor)

HANS RAJ VERMA
 Additional Chief 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 Hon'ble Minister (Municipal Administration & Rural Development, Implementation of Special Programme), Chennai -9.

The Director, State Institute of Rural Development, Maraimalai Nagar,
Kancheepuram District.
The Senior Principal Private Secretary to Additional Chief 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.
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// Forwarded by Order //

V. Aburani
Section Officer.

11/18

Annexure I**Annexure to G.O.(Ms) No.160, Rural Development and Panchayat Raj (PR-1)
Department, dated 31.10.2018****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 Additional Chief 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 Electricity Board (TNEB).
(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 Additional Chief Secretary to Government, Rural Development and Panchayat Raj Department 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.

HANS RAJ VERMA
Additional Chief Secretary to Government.

//True Copy//

J. Anandhi
Section officer
1/11/18

Annexure II

Annexure to G.O. (Ms) No.160, Rural Development and Panchayat Raj (PR-1)
Department, dated 31.10.2018

List of Expenditure Items Disallowed 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, officers providing technical support to Panchayat Raj Institutions and construction of Integrated Rural Development and Panchayat Raj office building in the district.
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 and Officers of Rural Development and Panchayat Raj Department at Block level, District level and State level 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.

HANS RAJ VERMA
 Additional Chief Secretary to Government.

//True Copy//

J. Anand
 Section officer
 4/11/18

