



ABSTRACT

Rural Development and Panchayat Raj Department – Sixth State Finance Commission Grant – Release a sum of Rs.904.20 Crore under Operations, Maintenance and Deficit Grant Fund for the year 2024-25 as per the Sixth State Finance Commission Recommendation - Orders - Issued.

Rural Development and Panchayat Raj (PR-1(2)) Department

G.O. (Ms) No.120

Dated: 23.07.2024

குரோதி, ஆடி - 7

திருவள்ளூர் ஆண்டு 2055

Read:

- 1 G.O. (Ms) No.60, Finance (SFC-MC) Department, dated 28.02.2023.
- 2 G.O. (Ms) No.89, Rural Development and Panchayat Raj (PR-1(2)) Department, dated 07.05.2024.
- 3 From the Director of Rural Development and Panchayat Raj Letter No.44581/2024/PRI 1-3, dated 16.07.2024.

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ORDER:

In the Government Order first read above, the Government have ordered that the vertical sharing ratio for devolution of State Finance Commission Grant to Rural and Urban Local Bodies will be 51:49 for the Sixth State Finance Commission award period from 2022-23 to 2026-27. 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 55:39:6 respectively. As per the Sixth SFC recommendations, the horizontal distribution of SFC devolution to Rural Local Bodies should be done on the basis of the following multiplier formula:-

a) Population	-	65%
b) Area	-	15%
c) SC / ST Population	-	20%

2. In the Government Order 2nd read above, the Government have constituted a State Level Committee to administer the State Level Grants released under SFC based on the State Finance Commission recommendation.

(P.T.O)

3. In the letter 3rd read above, the Director of Rural Development and Panchayat Raj has stated as follows:-

In the Budget Estimate for the year 2024-25, Demand No.42 of Rural Development and Panchayat Raj Department, the Budgetary allocation of Rs.904.20 Crores has been earmarked for the Operation Maintenance and Deficit Grant fund under the head of accounts mentioned in Table – 1 as follows:-

TABLE – 1

(Rs.in thousands)	
Head of Account	BE 2024-25
3604 00 200 BY Operations, Maintenance Deficit Grant Fund (OMDGF)-TWAD	120,00,00
3604 00 200 BZ Operations, Maintenance Deficit Grant Fund (OMDGF) - Rural Regional Training Institute	60,00
3604 00 200 CA Operations, Maintenance Deficit Grant Fund (OMDGF) - Deficit Fund for RLBs	336,00,00
3604 00 200 CB Operations, Maintenance Deficit Grant Fund (OMDGF) - TANGEDCO	240,00,00
3604 00 200 CC Operations, Maintenance Deficit Grant Fund (OMDGF) - Advance Library Cess	33,60,00
3604 00 200 CD Operations, Maintenance Deficit Grant Fund (OMDGF)-Sanitary Workers Welfare Board	5,00,00
3604 00 200 CE Operations, Maintenance Deficit Grant Fund (OMDGF)- Peri-Urban Panchayats	69,00,00
3604 00 200 CF Operations, Maintenance Deficit Grant Fund (OMDGF)-Hill Area Panchayats	30,00,00
3604 00 200 CG Operations, Maintenance Gap Fund (OMGF) - Schools	60,00,00
3604 00 200 CH Operations, Maintenance Gap Fund (OMGF) - Reward for Forest Rights Act	10,00,00
Total - Deficit Funding	904,20,00

I. Operations, Maintenance and Deficit Grant Fund (OMDGF) to the Tamil Nadu Water Drainage Board:

The Sixth State Finance Commission in its recommendation has stated that

“Para. 7.44.a : Rs.100 Crore should be allocated to TWAD Board in the first year with an annual increase of Rs.10 Crore over the previous year

allocation for the next four year making the total allocation of Rs.600 Crore during the entire award period. This Fund should be spent for meeting the water charge requirements of those weaker local bodies which are not able to pay annual charges from their existing resources. The grant can be made directly to the board."

The State Level committee has approved the amount of Rs.120 Crore towards settling of water charges to Tamil Nadu Water Drainage Board (TWAD Board). Hence release order is requested for the amount of Rs.120 Crore, to be settled to Tamil Nadu Water Drainage Board (TWAD Board) through Tamil Nadu Simplified Panchayat Accounting System (TNPASS) by the concerned Village Panchayats which have long standing water charges dues.

II. Operations, Maintenance and Deficit Grant Fund (OMDGF) to the TANGEDCO:

The Sixth State Finance Commission in its recommendation has stated that

"Para 7.44.d : "Rs.200 Crore should be allocated in the first year with an annual increment of Rs.20 Crore over the previous year allocation for meeting the electricity bill requirements of those local bodies which are not able to pay the electricity charges with their existing resources."

The State Level Committee has approved the amount of Rs.240 Crore for the year 2024-25 to settle to TANGEDCO for long pending dues. Hence, release order is requested for the amount of Rs.240 Crore to settle the long pending dues of the Village Panchayats to TANGEDCO through Tamil Nadu Simplified Panchayat Accounting System (TNPASS).

III. Operations, Maintenance and Deficit Grant Fund (OMDGF) to the Advance Library Cess:

In terms of release of Grant under **Operations, Maintenance and Deficit Grant Fund (OMDGF) to the Advance Library Cess**, the Sixth State Finance Commission in its recommendation has stated that

"Para 7.44.e: Huge arrears of library cess have accumulated over the years. Collecting this amount from a large number of local bodies causes administrative issues as well. Hence this Commission recommends that Rs.28 crore should be allocated to the Department of Public Libraries in the first year as advance payment of library cess collection with an annual increase of Rs.2.8 crore over the previous year allocation for the next four years. Having collected the advance library cess from the local body devolution subsequently the local bodies can retain the actual library cess collected at their level".

The State Level Committee has approved an amount of Rs.33.60 Crore to be settled to Directorate of Libraries as Advance Library cess for the year 2024-25.

Hence, release order is requested for the amount of Rs.33.60 Crore to settle to Directorate of Libraries.

IV. Operations, Maintenance and Deficit Grant Fund (OMDGF) to Regional Institute of Rural Development and Panchayat Raj:

In terms of this, the Sixth State Finance Commission in its recommendation has stated that

“7.44.b : Rs.60 lakh should be allocated annually to rural regional training institutes for capacity building of officials working for Rural Local Bodies (RLBs) and the public representatives”

The State Level Committee has approved an amount of Rs.60 Lakh for the Rural Regional Training Institutes. Hence release order is requested for the amount of Rs.60 Lakh to disburse the funds to the Director General (Training) of Rural Development and Panchayat Raj.

V. Operations, Maintenance and Deficit Grant Fund (OMDGF) to Deficit RLBs:

Sixth State Finance Commission recommends the following para and the same has been accepted by the Government vide its Action Taken Report.

“Rs.280 crore in the first year with an annual increase of Rs.28 crore over the previous year's allocation should be allocated to Rural Local Bodies (RLBs) with deficit for two consecutive financial years subject to a maximum grant of Rs.10 lakh per local body per year. This Fund should be untied and should not be intercepted for any other purposes at the state level or the district level.”

The State Level Committee has approved the fund of Rs.336 Crore to be earmarked for Village Panchayats with fund deficit. The Committee has approved the Director, Rural Development and Panchayat Raj to finalise the deficit RLBs and disburse the funds to those RLBs. Hence release order is requested for the amount of Rs.336 Crore to disburse the funds to deficit RLBs as identified by Director, Rural Development and Panchayat Raj.

VI. Operations, Maintenance and Deficit Grant Fund (OMDGF) to Peri-Urban and Hilly Area Panchayats:

In respect of Peri Urban Panchayats and Hilly area Panchayats, the State Level Committee has approved the amount of Rs.69 Crore and Rs.30 Crore respectively for the year 2024-25. Hence sanction and release order is requested for Rs.69 Crore and Rs.30 Crore for Peri-Urban and Hilly Area Panchayats.

VII. Operations, Maintenance and Deficit Grant Fund (OMDGF) to Sanitary Workers Welfare Board

In the Budget Estimate for the year 2024-25, Demand No.42 of Rural Development and Panchayat Raj Department, the Government has earmarked an amount of Rs.5 Crore (Rupees Five Crore Only) to Sanitary Workers Welfare Board under Operations, Maintenance and Deficit Grant Fund for the year 2024-25. The State Level Committee has approved the same for Sanitary Worker Welfare Board. Hence, release order is requested for Rs.5 Crore to disburse to the Sanitary Worker Welfare Board.

VIII. Operations and Maintenance Gap Fund (OMGF) to school infrastructure:

The Sixth State Finance Commission in its report recommended as detailed below,

“Rs.60 crore shall be allotted proportionately each year among districts based on the number of schools within the RLBs in each district. This Fund should be used for minor works and maintenance of school infrastructure.”

The Commission recommends that the schools selection should not be restricted to Panchayat union schools alone. Even the high schools and higher secondary schools falling under the jurisdiction of the local bodies serve the population of the local bodies. Hence, the fund can be spent on high schools and higher secondary schools as well. This should serve as a first step towards increasing further functional delegation to the local bodies. The Public Works Department can have parallel jurisdiction. The requirement of obtaining no objection should be done away with.

The State Level Committee has approved the grant of Rs.60 crore for SIDS scheme for Repair and Renovation of school buildings in AGAMT villages. Hence sanction and release order is requested for **Rs.60 Crore** for School building repair and renovations under SIDS scheme.

IX. Operations and Maintenance Gap Fund (OMGF) to implement Forest Rights Act:

The Sixth State Finance Commission in its report recommends the following:

Implementation of Forest Rights Act should be given top priority in the districts with tribal population. Rs.20 lakh should be given for each hamlet in which majority of individual Forest rights have been given and majority of community rights have been settled. This Fund should be spent by the District Collector for meeting basic infrastructure requirements of the hamlets based on the recommendations of the Joint Forest Management Committee.

The State Level Committee has approved an amount of Rs.10 Crore as reward for Forest Rights Act implementation. The committee has approved the Director, Rural Development and Panchayat Raj to draw guidelines and identify villages for Forest Rights Act reward. Hence release order is requested for the amount of Rs.10 Crore for the year 2024-25.

4. The Director of Rural Development and Panchayat Raj has therefore requested the Government to issue orders for the release of Rs.904.20 Crore (Rupees Nine Hundred and Four Crore and Twenty lakh only) towards Operations, Maintenance and Deficit Grant Fund for the year 2024-25.

5. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj have decided to accept the same and issue orders as follows:-

- a) Release an amount of Rs.904,20,00,000/- (Rupees Nine Hundred and Four Crore and Twenty lakh only) towards Operations, Maintenance and Deficit Grant Fund for the year 2024-25 as per the Sixth State Finance Commission recommendations.
- b) Permission is given to draw and disburse an amount of Rs.120 Crore to be credited into the following account of the TWAD Board:

Account No.	332502010094093
Bank	UNION BANK OF INDIA
IFSC Code	UBIN0533254

It should be used to settle Water charges of the Village Panchayats as per the list communicated by the Director of Rural Development and Panchayat Raj.

- c) Permission is given to draw and disburse an amount of Rs.240.00 Crore to be credited into the following account of the TANGEDCO:

Account No.	0911201003004
Bank	CANARA BANK
IFSC Code	CNRB0000911

It should be utilised for settlement of Current consumption charges of Village Panchayats as per the list communicated by the Director of Rural Development and Panchayat Raj.

- d) Permission is given to draw and disburse an amount Rs.60 Lakh to be transferred to Commissioner, Training of Rural Development and Panchayat Raj to undertake capacity building of officials working for Rural Local Bodies and the elected representatives.

- e) Permission is given to draw and disburse an amount of Rs.33.60 Crore to be credited into the following account of the Directorate of Libraries in respect of Advance Library cess.

Account No.	7463241406
Bank	INDIAN BANK
IFSC Code	IDIB000C032

- f) Permission is given to draw and disburse an amount of Rs.336 Crore to Deficit Village Panchayats identified by the Director of Rural Development and Panchayat Raj as per the Sixth State Finance Commission.
- g) Permission is given to draw and disburse an amount of Rs.60.00 Crore to Director of Rural Development and Panchayat Raj to undertake School infrastructure works.
- h) Sanction is accorded to release an amount of Rs.10 Crore towards reward for Forest Rights Act implementation and the fund initially given to Director of Rural Development and Panchayat Raj shall after finalization of the hamlets at the District level be transferred to District Collectors for implementation.
- i) Permission is given to draw and disburse an amount of Rs.69 Crore and Rs.30 Crore respectively to Peri-Urban Panchayats and Hilly area Panchayats for execution and implementation of works as per Government Order.
- j) Permission is given to draw and disburse an amount of Rs.5 Crore to be credited into the following account of the Tamil Nadu Sanitary Workers Welfare Board to undertake welfare activities.

Account No.	300020007000
Bank	RBL BANK
IFSC Code	RATN0000245

6. The expenditure sanctioned in para '5' above shall be debited under the following head of account:-

(Amount Rs.in Crores)	
Head of Account	Sanction and release of amount requested
3604-00 – Compensation and Assignments to local Bodies and Panchaya Raj Institutions – 200 - Other Miscellaneous Compensations and Assignments State's Expenditure – BY - Operations, Maintenance Deficit Grant Fund (OMDGF) – TWAD – 309 - Grants-in-Aid – 02 - Grants for Creation of Capital Assets.	120.00

Head of Account	Sanction and release of amount requested
DPC 3604 00 200 BY 30902	
3604-00 – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – 200 - Other Miscellaneous Compensations and Assignments State's Expenditure – BZ - Operations, Maintenance Deficit Grant Fund (OMDGF) - Rural Regional Training Institute – 309 - Grants-in-Aid – 02 - Grants for Creation of Capital Assets.	0.60
DPC 3604 00 200 BZ 30902	
3604-00 – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – 200 - Other Miscellaneous Compensations and Assignments State's Expenditure – CA - Operations, Maintenance Deficit Grant Fund(OMDGF) - Deficit Fund for RLBs – 309 - Grants-in-Aid- 02 - Grants for Creation of Capital Assets.	336.00
DPC 3604 00 200 CA 30902	
3604-00 – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – 200 -Other Miscellaneous Compensations and Assignments State's Expenditure - CB - Operations, Maintenance Deficit Grant Fund(OMDGF) – TANGEDCO – 309 - Grants-in-Aid - 02 - Grants for Creation of Capital Assets.	240.00
DPC 3604 00 200 CB 30902	
3604-00 – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – 200 - Other Miscellaneous Compensations and Assignments State's Expenditure - CC - Operations, Maintenance Deficit Grant Fund(OMDGF) – Advance Library Cess – 309 -Grants-in-Aid - 02 - Grants for Creation of Capital Assets.	33.60
DPC 3604 00 200 CC 30902	
3604-00 – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – 200 - Other Miscellaneous Compensations and Assignments State's Expenditure – CD - Operations, Maintenance Deficit Grant Fund(OMDGF) – Sanitary Workers Welfare Board – 309 -Grants-in-Aid- 02 - Grants for Creation of Capital Assets.	5.00

Head of Account	Sanction and release of amount requested
DPC 3604 00 200 CD 30902	
3604-00 – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – 200 -Other Miscellaneous Compensations and Assignments State's Expenditure – CE - Operations, Maintenance Deficit Grant Fund(OMDGF) – Peri Urban Panchayats – 309 - Grants-in-Aid - 02 - Grants for Creation of Capital Assets. DPC 3604 00 200 CE 30902	69.00
3604-00 – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – 200 - Other Miscellaneous Compensations and Assignments State's Expenditure – CF - Operations, Maintenance Deficit Grant Fund(OMDGF) - Hilly Area Panchayats – 309 - Grants-in-Aid – 02 - Grants for Creation of Capital Assets. DPC 3604 00 200 CF 30902	30.00
3604-00 – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – 200 - Other Miscellaneous Compensations and Assignments State's Expenditure – CG - Operations, Maintenance Gap Fund (OMGF) – Schools - 309 - Grants-in-Aid - 02 - Grants for Creation of Capital Assets. DPC 3604 00 200 CG 30902	60.00
3604-00 – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – 200 - Other Miscellaneous Compensations and Assignments State's Expenditure – CH - Operations, Maintenance Gap Fund (OMGF) - Reward for Forest Rights Act – 309 - Grants-in-Aid- 02 - Grants for Creation of Capital Assets. DPC 3604 00 200 CH 30902	10.00
Total	904.20

7. The Additional Chief Secretary to Government, Rural Development and Panchayat Raj is empowered to modify the guidelines wherever necessary in consultation with the Director of Rural Development and Panchayat Raj.

8. The utilization of funds under the Operations, Maintenance and Deficit Grant Fund shall be adopted for the year 2024-25.

(By Order of the Governor)

GAGANDEEP SINGH BEDI,
Additional Chief Secretary to Government.

To

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

The Additional Chief Secretary / Director General,

Rural Development & Panchayat Raj (Training), Chennai -15.

The Secretary, Sanitary Workers Welfare Board, Chennai.

All District Collectors.

The Chairman cum Managing Director, Tamil Nadu Generation and Distribution Corporation Limited, Chennai – 600 002.

The Director, Directorate of Public Libraries, Chennai – 600 002.

The Managing Director, Tamil Nadu Water Supply and Drainage Board, Chennai – 600 005.

All District Treasury Officers.

The Director of Treasuries and Accounts, Chennai-35.

The Director of Local Fund Audit, Chennai -35.

The Pay and Accounts Officer (South) Chennai -35.

Copy to:

The Special Personal Assistant to Hon'ble Minister (Rural Development), Chennai-9.

The Senior Private Secretary to Additional Chief Secretary to Government, Rural Development and Panchayat Raj Department, Chennai-9.

The Finance (RD/FC.II) Department, Chennai -9.

The Rural Development and Panchayat Raj (B&C/OP II/CGS-IV/PR-3/SGS-I/SGS-II /SGS-III) Department, Chennai-9.

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Section Officer

