



ABSTRACT

Rural Development and Panchayat Raj Department – Grants – Award under 15th Central Finance Commission – Basic Grant (Untied) - Release of second installment of Rs.533.20 Crore to Rural Local Bodies for the year 2021-22 – Sanction – Orders – Issued.

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

G.O. (Ms) No.2

Dated: 05.01.2022

பிலவ, மார்ட்டு 21

திருவள்ளூர் ஆண்டு 2052

Read:

- 1) G.O (Ms) No.67, Rural Development and Panchayat Raj (PR-1) Department, Dated 18.05.2021.
- 2) From Director (FCD), Department of Expenditure, Ministry of Finance, Letter No.15(4)FC-XV/FCD/2020-25, dated 23.12.2021.
- 3) From the Director of Rural Development and Panchayat Raj, Letter No.26077/2021/PRI 2-1, dated 24.12.2021.

ORDER:

In the Government Order 1st read above, orders were issued releasing an amount of Rs.533.20 crore towards Basic Grant for Rural Local Bodies as 1st installment for the year 2021-22 as recommended by Fifteenth Central Finance Commission.

2. In the letter 2nd read above, the Ministry of Finance, Department of Expenditure, Government of India, has released a sum of Rs.533.20 crore as second installment of Basic Grant (Untied) recommended by 15th Central Finance Commission Grant to Rural Local Bodies for the year 2021-22.

3. The Director of Rural Development and Panchayat Raj in the letter 3rd read above has stated that the Ministry of Finance, Government of India has stated that a sum of Rs.533.20 crore has been allocated as Basic Grant (Untied) under 15th Central Finance Commission Grant for the year 2021-22 for Tamil Nadu. He has also stated that the State Government has made a provision of Rs.1434,95,00,000/- in the Revised Budget Estimate for the year 2021-22 in Demand No.42 of Rural Development and Panchayat Raj Department.

4. The Director of Rural Development and Panchayat Raj has also stated that in Revised Budget Estimate 2021-22, the following provisions have been made

under the head of accounts pertaining to 15th Central Finance Commission Grant for Rural Local Bodies for the year 2021-22:-

Component	Provision made in RBE 2021-22 (In Rupees)
District Panchayats (DPC 3604-00-196-SA-30901)	71,74,75,000
Panchayat Unions (DPC 3604-00-197-SA -30901)	215,24,25,000
Village Panchayats (DPC 3604-00-198-SC-30901)	1147,96,00,000
Total	1434,95,00,000

5. The Director of Rural Development and Panchayat Raj has further stated that the Fifteenth Finance Commission in its report (Para 7.84) has recommended that the Grants for Rural Local Bodies (RLBs) are in two parts, namely, Basic and Tied Grants, in the ratio of 40: 60.

- I. 40 per cent of the total grants to be disbursed to Rural Local Bodies shall be untied and can be used by them for felt needs except for salaries and other establishment costs. The expenditure required for auditing of accounts by external agencies approved by the State Government, however, may be borne from this grant.
- II. 30 per cent of the total grants to be disbursed to Rural Local Bodies shall be earmarked for drinking water, rainwater harvesting and water recycling.
- III. 30 per cent of the total grants to be disbursed to Rural Local Bodies shall be earmarked for sanitation and maintenance of ODF status, and this should include management and treatment of household waste and human excreta and faecal sludge management in particular.

The Basic (Untied) Grant:

Basic Grants are untied and can be used by Rural Local Bodies for location-specific felt needs, except for salary or other established expenditure. In the Director (FCD), Department of Expenditure, Ministry of Finance letter dated 23.12.2021, the fund released now as second instalment for the year 2021-22 under this category to the State.

Allocation:

The 15th Central Finance Commission Grant of Rs.533.20 Crore has already been released as first instalment of Basic Grant (Untied) for the Financial Year 2021-22 to the state of Tamil Nadu vide the Director (FCD), Department of Expenditure, Ministry of Finance letter dated 08.05.2021.

The Fifteenth Finance Commission has also recommended that its Grant, Basic and Tied, should be distributed to all the tiers of the Panchayats in the states on the basis of the accepted recommendation of the latest State Finance

Commission (SFC) and also in conformity to the bands recommended by 15th Central Finance Commission.

The Government of India in addition stated that Intra alia distribution among the relevant entities in a tier across the State should be on the basis of population and area in the ratio of 90:10 or as per the accepted recommendations of the latest State Finance Commission.

In this context, the following sharing/ Distribution formula have been approved by the Government vide G.O. (Ms) No.84, Finance (FCIV) Department, dated 31.03.2017 in respect of Rural Local Bodies in Tamil Nadu.

- The vertical sharing ratio among three tiers of Rural Local Bodies will be **8:37:55 for District Panchayats, Panchayat Unions and Village Panchayats respectively.**
- Horizontal Distribution of Fifteenth Central Finance Commission Grant within the tier will be as per the Horizontal Distribution formula as recommended by Fifth State Finance Commission formula given below:-
 - a) Population as per 2011 census : 60%
 - b) Area : 15%
 - c) SC/ST population : 15%
 - d) Per capita consumption : 10%
 - Expenditure Distance : 10%
- The Government of Tamil Nadu in conformity of 15th Central Finance Commission recommendation vide letter No.6156/PR-1/2020-3, dated 26.05.2020 has decided that the vertical sharing ratio of 15th Central Finance Commission grant, Basic Allied among the 3 tier of Rural Local Bodies shall be as below:-
 - 80% for Village Panchayats
 - 15% for Block Panchayats
 - 5% for District Panchayats

Now, the Director (FCD), Department of Expenditure, Ministry of Finance in his letter dated 23.12.2021 has stated that the Government of India has released a sum of Rs.533.20 Crore as second installment of Basic Grant (Untied) under 15th Central Finance Commission Grant for the year 2021-22 for Tamil Nadu.

6. The Director of Rural Development and Panchayat Raj has therefore requested the Government to sanction and release an amount of Rs.533,20,00,000/- towards second installment of Basic Grant (Untied) for the year 2021-22 under Fifteenth Central Finance Commission and to authorize him to draw and disburse the above amount to 12,525 Village Panchayats and 388 Panchayat Unions and 36 District Panchayats.

7. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj accord sanction for a sum of Rs.533,20,00,000/- (Rupees Five Hundred and Thirty Three Crore and Twenty Lakhs only) as second installment of Basic Grant (Untied) recommended by Fifteenth Central Finance Commission to Rural Local Bodies for the year 2021-22.

8. The expenditure sanctioned in para 7 above shall be debited to the following heads of account:-

Head of Account	Amount sanctioned (In Rupees)
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 198 Assistance to Gram Panchayats – Central Sector Schemes - SC Basic Grants to Village Panchayats as per the recommendations of the 15 th Finance Commission - 309 Grants-in-aid – 01 Grants for Current Expenditure (80%) (DPC 3604-00-198-SC-30901)	Rs. 426,56,00,000/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 197 Assistance to Block Panchayats/Intermediate Level Panchayats - Central Sector Schemes - SA Basic Grants to Block Panchayats as per the recommendations of the 15 th Finance Commission - 309 Grants-in-aid – 01 Grants for Current Expenditure (15%) (DPC 3604-00-197-SA-30901)	Rs. 79,98,00,000/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 196 Assistance to Zilla Parishads/District level Panchayats - Central Sector Schemes - SA Basic Grants to District Panchayat as per the recommendations of the 15 th Finance Commission - 309 Grants-in-aid – 01 Grants for Current Expenditure (5%) (DPC 3604-00-196-SA-30901)	Rs. 26,66,00,000/-
Total	Rs. 533,20,00,000/-

9. Necessary additional funds of Rs.533,20,00,000/- will be provided in RE/FMA 2021-2022. However, this expenditure shall be brought to the notice of the Legislature by Specific Inclusion in the Supplementary Estimates 2021-2022. Pending provision of such funds, the Director of Rural Development and Panchayat Raj is authorized to incur the expenditure sanctioned in para 7 above and disburse the same to the 12,525 Village Panchayats and 388 Panchayat Unions and 36 District Panchayats. He is directed to include this item of expenditure while sending the budget proposal for RE/FMA 2021-22 and also send necessary draft explanatory note for inclusion of this expenditure in the Supplementary Estimate 2021-2022 to Government in Finance (RD/B.G-1) Department at the appropriate time without fail.

10. The Guidelines issued vide G.O. (Ms) No.18, Rural Development and Panchayat Raj Department, dated 03.02.2021 shall be followed while utilizing the grant under 15th Central Finance Commission.

11. This order issues with the concurrence of Finance Department vide its U.O. No.60038/Fin(RD)/2021, dated 04.01.2022 and ASL No.1352 (One thousand three hundred and fifty two).

(By Order of the Governor)

Pinky Jowel,
Principal Secretary to Government (i/c)

To

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

The Director General, Rural Development and Panchayat (Training), Chennai – 15.

All District Collectors,

All District Treasury Officers.

The Director of Treasuries and Accounts, Chennai-15.

The Director of Local Fund Audit, Chennai -15.

The Pay and Account Officer (South) Chennai-35

Copy to:

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

The Principal Private Secretary, Principal Secretary to Government,

Rural Development and Panchayat Raj Department, Chennai-9

The Secretary to Government of India, Ministry of Panchayat Raj,

Krishi Bhawan, Dr.Rajendra Prasad Road, New Delhi-110 001.

The Director, Finance Commission Division, Ministry of Finance, Department of Expenditure, CGO Complex, Lodhi Road, New Delhi 110 003,

The Finance (RD/FC.I/SFC-MC/FC.II/W&M.I/BG-I/BG-II) Department, Chennai -9

The Rural Development and Panchayat Raj (B&C/OP II) Department, Chennai-9

The Planning Development and Special Initiatives (B&C) Department, Chennai-9.

The Director, State Institute of Rural Development, Maraimalai Nagar,

Chengalpattu District.

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[Signature]
5/1/2022
Section Officer

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5/1/22