ABSTRACT

Rural Development and Panchayat Raj Department – Grants – Award under 15th Central Finance Commission – Release of Rs.799.80 crore towards second installment of Tied Grant for the year 2021-22 to Rural Local Bodies – Sanction – Orders – Issued.

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

G.O. (Ms) No.35 **Dated: 23.03.2022**
பிலவ, பங்குனி–9
திருவள்ளுவர் ஆண்டு 2053

Read:

1. G.O. (Ms) No.18, Rural Development and Panchayat Raj (PR-1) Department, dated 03.02.2021.
2. G.O. (Ms) No.114, Rural Development and Panchayat Raj (PR-1) Dept. dated: 07.09.2021.
3. From the Government of India, Ministry of Finance, Department of Expenditure, (Finance Commission Division) Release order No.F-15(4)FC-XV/FCD/ 2020-25, dated 15.03.2022.
4. From the Director of Rural Development and Panchayat Raj, Letter Roc.No.46209/2021/PRI 2-1, dated 16.03.2022.

* * * *

ORDER:

In the Government Order first read above, the Government have approved the guidelines for the utilization of the grants under 15th Central Finance Commission Grant to Rural Local Bodies.

2. In the Government Order second read above, the Government have released for a sum of Rs.799,80,00,000/- towards first installment of Tied Grant for the year 2021-22 as recommended by 15th Central Finance Commission.

3. In the letter third read above, the Ministry of Finance, Department of Expenditure, Government of India, has released a sum of Rs.799.80 crore towards second installment of Tied Grant for the year 2021-22 recommended by the 15th Central Finance Commission.

4. In the letter fourth read above, the Director of Rural Development and Panchayat Raj has informed that the Ministry of Finance, Government of India has informed that a sum of Rs.2666.00 crore has been allocated as Rural Local Body Grants for the year 2021-22 under 15th Central Finance Commission for Rural Local Bodies in Tamil Nadu. Out of this Rs.1599.60 crore is sanctioned as Tied Grant (60%) and Rs.1066.40 crore as Untied Grant (40%).

(P.T.O)

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5. He has also stated that necessary provisions have been made in Budget Estimate 2021-22 separately for Tied Grant and Untied Grant. Under Tied grant, necessary provisions have been made under the following head of accounts pertaining to 15th Central Finance Commission Grant for Rural Local Bodies for the year 2021-22.

Head of Account	Provision made in RBE 2021-22 (In Rupees)
Tied Grant	
District Panchayats (DPC 3604-00-196-SB-30903)	79,98,00,000
BlockPanchayats (DPC 3604-00-197-SB -30903)	239,94,00,000
Village Panchayats (DPC 3604-00-198-SD-30903)	1279,68,00,000
Total	**1599,60,00,000**

6. The Director of Rural Development and Panchayat Raj has further stated that the 15th Central Finance Commission 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 from the year 2021-22.

Basic Grant: (40%)

Basic Grants are untied and can be used by Rural Local Bodies (RLBs) for location specific felt needs, except for salary or other established expenditure.

Tied Grant: (60%)

Tied Grant is to be used for the basic services of a) Sanitation and maintenance of open defecation free (ODF) status and b) Supply of drinking water, Rain water harvesting and recycling. The Local bodies shall, as far as possible earmark one half of these tied grants each to these two critical services. However, if any local body has fully saturated the needs of one category, it can utilize the funds for the other category.

The 15th Central Finance Commission has also recommended that its Grant viz., 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 XV CFC.

In this context, the following sharing/ Distribution formula have been approved by the Government in respect of Rural Local Bodies in Tamil Nadu.

- The vertical sharing ratio among three tiers of Rural Local Bodies will be **5:15:80 for District Panchayats, Panchayat Unions and Village Panchayats respectively.**

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- Horizontal Distribution of 15th 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 Expenditure Distance : 10%

7. The Director of Rural Development and Panchayat Raj has added that in G.O. (Ms) No.114, Rural Development and Panchayat Raj (PR-1) Dept. dated: 07.09.2021, the Government has released an amount of Rs.799.80 Crore as first installment of Tied component for the year 2021-22 and the same has been released to all the three tiers. Now the Ministry of Finance, Government of India in its release order dated 15.03.2022 has released an amount of Rs.799.80 crore towards Second installment of Tied Grant for the year 2021-22 under the 15th Central Finance Commission Grant.

8. The Director of Rural Development and Panchayat Raj has therefore requested the Government to issue orders for the sanction and release an amount of Rs.799,80,00,000/- (Rupees Seven Hundred and Ninety Nine crore and Eighty Lakh only) towards second instalment of Tied Grant for the year 2021-22 under the 15th Central Finance Commission Grant for 12,525 Village Panchayats, 388 Block Panchayats and 36 District Panchayats. The detailed state specific guidelines issued to utilise the grant vide G.O. (Ms) No.18, Rural Development and Panchayat Raj (PR-1) Department, dated 03.02.2021 should be followed scrupulously for both tied and untied components.

9. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj accord sanction for a amount of Rs.799,80,00,000/- (Rupees Seven Hundred and Ninety Nine crore and Eighty Lakh only) towards second installment of Tied Grant for the year 2021-22 as recommended by 15th Central Finance Commission.

10. The expenditure sanctioned at para 9 shall be debited to the following heads of account:-

(in Rupees)

Head of Account	Total Tied Grant Allocation for RE 2021-22	Second installment to be released
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 196 Assistance to Zilla Parishads/District level Panchayats – Central Sector Schemes –SB Tied/ Performance Grants to District Panchayat as per the recommendations of the 15th Finance Commission - 309 Grants-in-aid – 03 Grants for Specific Schemes **IFHRMS(DPC 3604-00-196-SB-30903)**	125,06,75,000	**39,99,00,000**

3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 197 Assistance to Block Panchayats/Intermediate Level Panchayats - Central Sector Schemes –SB Tied/Performance Grants to Block Panchayats as per the recommendations of the 15th Finance Commission - 309 Grants-in-aid – 03 Grants for Specific Schemes **IFHRMS (DPC 3604-00-197-SB-30903)**	375,20,25,000	**119,97,00,000**
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 198 Assistance to Gram Panchayats - Central Sector Schemes - SD Tied/Performance Grants to Village Panchayats as per the recommendations of the 15th Finance Commission - 309 Grants-in-aid – 03 Grants for Specific Schemes **IFHRMS (DPC 3604-00-198-SD-30903)**	2001,08,00,000	**639,84,00,000**
Total	**2501,35,00,000**	**799,80,00,000**

11. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned at para 9 above immediately to the 12,525 Village Panchayats and 388 Panchayat Unions and 36 District Panchayats without any delay so as to avoid penal interest. The Director of Rural Development and Panchayat Raj is directed to follow the operational guidelines issued by the Ministry of Finance in its letter No.15(4)FC-XV/FCD/2020-25, dated 15.03.2022 for the implementation of the recommendations on Rural Local Body grants contained in Chapter 5 (Local Body Grants) of the 15th Central Finance Commission (FC-XV) Report.

12. This order issues with the concurrence of Finance Department vide its U.O. No.13915/Fin(RD)/2022, dated 22.03.2022.

(By Order of the Governor)

P. AMUDHA,
Principal Secretary to Government.

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 to Principal Secretary to Government,
Rural Development and Panchayat Raj Department, Chennai-9

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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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// Forwarded by Order //

23/3/2022

Section Officer

23/3/2022

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