ABSTRACT

Rural Development and Panchayat Raj Department - Fifth State Finance Commission – Capital Grant Fund – Allocation of Capital Grant Fund (20%) of State Finance Commission Devolution Grant – Sanction a sum of Rs.1064,68,74,000/- in FMA as first and final Instalment for the year 2020-21 - Orders – Issued.

Rural Development and Panchayat Raj (PR-1) Department

G.O. (Ms) No.53 **Dated: 30.03.2021**
சார்வரி, பங்குனி 17
திருவள்ளுவர் ஆண்டு 2052

Read:

1) G.O. (Ms) No.84, Finance (FC–IV) Department, Dated: 31.03.2017.
2) G.O. (Ms) No.108, Rural Development and Panchayat Raj (PR-1) Department, dated 21.09.2017.
3) G.O. (Ms.) No.35, Rural Development and Panchayat Raj (PR-1) Department, dated 26.2.2021.
4) From the Commissioner of Rural Development and Panchayat Raj letter No.18382/2020/PRI 2-2, dated 22.03.2021.

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ORDER:

In the Government order first read above, as per the recommendations of Fifth State Finance Commission, the Government have decided to continue the devolution of 10% of the net State's Own Tax Revenue (SOTR) to Local Bodies from 2017-18 to 2021-22 and the vertical sharing ratio for devolution of State Finance Commission Grant to rural and urban local bodies shall be in the ratio of 56:44. In the said Government Order it has also been ordered that the vertical sharing ratio among the three tiers of Rural Local Bodies shall be 8:37:55 for District Panchayats, Panchayat Unions and Village Panchayats respectively.

2. In the letter 4th read above, the Commissioner of Rural Development and Panchayat Raj has submitted the following:

1. The Government vide G.O. (D). No.223, Municipal Administration and Water Supply (FC) Department, dated 29.06.2020 deferred the Capital Grant for the year 2020-21 for the time being and further stated that it would be reconsidered later in the Financial Year 2021 based on the fiscal position of the Government.

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2. In this regard, two proposals were submitted to Government seeking funds to the tune of Rs.1052.32 Crore for committed liability due to reduction of allocation in the year 2019-20and Rs.1000 crore to implement TNRRIS during 2020-21.

3. It is to state that the Government has ordered vide G.O. (Ms) No.135, Rural Development and Panchayat Raj (SGS-2) Department, dated 10.08.2020 to implement the TNRRIS with an allocation of Rs.1000 Crore to improve the Rural Roads in rural areas. The source of funding for the same has been mentioned that 'it will be met out from the state finance Commission Grant and this will be released in four installments starting from October 2020'.

(Rs. In crore)

Year	Capital Grant Fund	Panchayat Union share of SFC	Scheme Component of Pooled Assigned Revenue	Total
2017-18	600	-	150	800
2018-19	600	600	-	1200
2019-20	600	600	-	1200

4. In G.O. (Ms.) No.35, Rural Development and Panchayat Raj (PR-1) Department, dated: 26.02.2021 Government has sanctioned an amount of Rs.363.17 Crore as special Grant for repair of water supply structures and street light maintenance. However no amount has been sanctioned to settle the committed liability for earlier year. This fund is not yet drawn from the Government.

5. Now, the Government has approved an amount of Rs.1064.68 Crore as Capital Grant Fund for the year 2020-21 in the FMA 2020 – 21.

6. In a meeting held on 18-03-2021 the Additional Chief Secretary to Government, Finance has stated that the fund appropriated in the FMA 2020-21 under Capital Grant Fund can be claimed by the department. The Additional Chief Secretary to Government, Finance has further consented to utilize Rs.1000.00 crore out of this for TNRRIS scheme and Rs.61.00 crore to TWAD board.

3. The Commissioner of Rural Development and Panchayat Raj has also stated that as per the recommendations of Fifth State Finance Commission, the Government has established a Capital Grant Fund vide G.O. (Ms.) No.108, Rural Development and Panchayat Raj (PR-1) Department, dated 21.09.2017 with following criteria:

i. Capital Grant Fund shall be established to replace the Infrastructure Gap Filling Fund (IGFF) and 20% of the aggregate devolution intended for Rural Local Bodies shall be paid into this fund.

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ii. Out of this fund, 20% should be reserved for taking up projects which are deemed to be of importance at State level. These works should be identified and approved by a Committee comprising the Secretary to Government, Rural Development and Panchayat Raj Department, the Commissioner of Rural Development and Panchayat Raj, a representative of the Finance Department and Member Secretary, State Planning Commission.

iii. The Balance 80% of the funds should be distributed district wise, based on the formula adopted for horizontal distribution amongst District Panchayats. The allocation of the funds project wise should be decided by the District Planning Committee based on detailed guidelines issued by the Rural Development and Panchayat Raj Department.

4. The Commissioner of Rural Development and Panchayat Raj has also stated that in G.O. No.84, Finance (Finance Commission–IV) Department, dated: 31.03.2017 the Government have also ordered that the following items shall be accorded priority in sanction from the Capital Grant Fund for Rural Local Bodies:

a. Improvement of 2500 km of local body roads to ODR standards shall be taken up as a priority by Panchayat Unions through the enhanced Infrastructure Gap Filing Fund/Capital Grant Fund, with an allocation of Rs.100 crore per year for this purpose. Based on this, an amount of Rs.300 Crore has been released for the years 2017-18, 2018-19 and 2019-20.

b. An amount of Rs.25 crore spread over the first two years of the Award period be set apart from the Capital Grant Fund to install bulk meters for all Rural Local Bodies bulk consumers to accurately measure the actual quantity of water supplied under the CWSS. The entire amount of Rs.25 Crore has been released to TWAD during 2017-18 and 2018-19 @ Rs.12.50 Crore.

c. An amount of Rs.309.00 crore be set apart for revamping of old CWSSs which are not functioning to full capacity to provide additional water supply to rural areas. An amount of Rs.185.40 crore has been released to TWAD Board during the year during 2017-18, 2018-19 and 2019-20 @ Rs.61.80 crore per year, towards revamping of old CWSS. During the year 2020-21, an amount of Rs. 61.80 crore may be set apart for payment to TWAD towards revamping of old CWSS.

5. The Commissioner of Rural Development and Panchayat Raj has also stated that in Final Modified Appropriation for the year 2020-21, an amount of Rs.1064,68,74,000/- (Rupees One thousand and sixty four Crore sixty eight lakh and seventy four thousand only) is provided under the Head of Account 3604-00-200-BP-30902 pertaining to Capital Grant Fund for the year 2020-21. Of which Rs.212,93,74,800/- (Rupees Two hundred and twelve crore ninety three lakh seventy four thousand and eight hundred only) shall be earmarked under 20% (State Component) of Capital Grant Fund and Rs.851,74,99,200/- (Rupees Eight hundred and fifty one crore seventy four lakh ninety nine thousand and two hundred only) as 80% (District Component) of Capital Grant Fund.

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6. The Commissioner of Rural Development and Panchayat Raj has therefore requested the Government to issue orders for the sanction of Rs.1064,68,74,000/- (Rupees One thousand and sixty four Crore sixty eight lakh and seventy four thousand only)as per Final Modified Appropriation 2020-21 and release the first and final instalment of Rs.1064,68,74,000(Rupees One thousand and sixty four Crore sixty eight lakh and seventy four thousand only) being the Capital Grant Fund for the year 2020-21 as mentioned below:

(In Rupees)

Category	**Total allocation as per RE for the year 2020-21**
20%- State component of Capital Grant Fund	212,93,74,800
80% - District component of Capital Grant Fund	851,74,99,200
Total	**1064,68,74,000**

In G.O Ms. No.135, Rural Development and Panchayat Raj (SGS-2) Department Dated 10.08.2020, the Government has ordered for implementation of Tamil Nadu Rural Roads Improvement Scheme 2020-21 with an estimate cost of Rs.1000 Crore. Further, it has been stated that this scheme will be implemented under State Finance Commission Grants. Since the Capital Grant Fund is part of the State Finance Commission Grant, Rs.1000 Crore may be earmarked for the implementation of TNRRIS 2020-21 from the CGF which would include Rs.212,93,74,800/- (Rupees Two Hundred and twelve crore ninety three lakh seventy four thousand and eight hundred only) earmarked under 20% (State Component) of Capital Grant Fund and Rs.787,06,25,200/- (Rupees Seven hundred and eighty seven crore six lakh twenty five thousand and two hundred only) as 80% (District Component) of Capital Grant Fund.

7. The Commissioner of Rural Development and Panchayat Raj has therefore requested the Government:-

a) To permit the Commissioner of Rural Development and Panchayat Raj to utilize an amount of Rs.1000 Crore for the implementation of TNRRIS for the year 2020-21. The Fund may be drawn by Commissioner of Rural Development and Panchayat Raj and disburse it to the Districts based on progress.

b) An amount of Rs.61.80 crore may be set apart for payment to TWAD towards revamping of old CWSS for the year 2020-21.

c) To permit the Commissioner of Rural Development and Panchayat Raj to utilize an amount of Rs.2,88,74,000/- to settle the bills pertaining to the committed liabilities for the year 2019-20.

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8. The Commissioner of Rural Development and Panchayat Raj has further requested the Government to authorize him to draw an amount of Rs.1064,68,74,000/- (Rupees One thousand and sixty four Crore sixty eight lakh and seventy four thousand only) being the first and final installment for the year 2020-21 under the following Head of Account:-

> 3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 200 – Other Miscellaneous Compensations and Assignments – State's Expenditure – BP Capital Grant Fund for Rural Local Bodies – 309 Grants in Aid – 02-Grants for Creation of Capital Assets
>
> (DPC 3604-00-200-BP-30902)

9. The Government after careful examination of the proposal of the Commissioner of Rural Development and Panchayat Raj accord sanction a sum of Rs.1064,68,74,000(Rupees One thousand and sixty four Crore sixty eight lakh and seventy four thousand only)as per Final Modified Appropriation 2020-21 and release the first and final instalment of Rs.1064,68,74,000 (Rupees One thousand and sixty four Crore sixty eight lakh and seventy four thousand only) being the Capital Grant Fund for the year 2020-21 as mentioned below:

(In Rupees)

Category	**Total allocation as per RE for the year 2020-21**
20%- State component of Capital Grant Fund	212,93,74,800
80% - District component of Capital Grant Fund	851,74,99,200
Total	**1064,68,74,000**

And also permitted the Commissioner of Rural Development and Panchayat Raj:

a. to utilize an amount of Rs.1000 Crore for the implementation of TNRRIS for the year 2020-21. The Fund may be drawn by Commissioner of Rural Development and Panchayat Raj and disburse it to the Districts based on progress.

b. An amount of Rs.61.80 crore may be set apart for payment to TWAD towards revamping of old CWSS for the year 2020-21.

c. To permit the Commissioner of Rural Development and Panchayat Raj to utilize an amount of Rs.2,88,74,000/- to settle the bills pertaining to the committed liabilities for the year 2019-20.

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10. The expenditure sanctioned in para '9' above shall be debited under the following head of account:

Head of account	Amount in Rs.
3604-00-COMPENSATION AND ASSIGNMENTS TO LOCAL BODIES AND PANCHAYAT RAJ INSTITUTIONS. 200 – Other Miscellaneous Compensations and Assignments – State's Expenditure. BP-Capital Grant Fund for Rural Local Bodies. 309-Grants-in-Aid. 02-Grants for creation of Capital Assets. (DPC 3604-00-200-BP-30902)	Rs.1064,68,74,000/-

11. The Commissioner of Rural Development and Panchayat Raj is hereby authorized to draw and disburse the amount sanctioned in para 9 above being the first and final installment for the year 2020-21.

12. The G.O. (Ms) No.35, Rural Development and Panchayat Raj (PR-1) Department, dated 26.02.2021 and 3 above is hereby ordered to be cancelled and the Commissioner of Rural Development and Panchayat Raj is directed to ensure that no money sanctioned therein shall be withdrawn.

13. This order issues with the concurrence of Finance Department vide its U.O. No.15680/Fin(RD)/2021, dated 29.03.2021.

(By Order of the Governor)

HANS RAJ VERMA
Additional Chief Secretary to Government.

To
The Commissioner of Rural Development and Panchayat Raj, Chennai – 15.
All District Collectors,
All District Treasury Officers.
The Director of Treasuries and Accounts, Chennai–35.
The Director of Local Fund Audit, Chennai -35.
The Pay and Account Officer (South) Chennai-35.

Copy to:
The Special Personal Assistant to Minister (Municipal Administration and Rural Development, Implementation of Special Programme), Chennai -9.
The Principal Private Secretary, Additional Chief Secretary to Government, Rural Development and Panchayat Raj Department, Chennai-9.
The Finance (RD/FC.II/W&M.I/BG-I/BG-II) Department, Chennai -9
The Rural Development and Panchayat Raj (B&C/OP-II/SGS-II/ SGS-III) Department, Chennai-9
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Section Officer
30/03/2021

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