ABSTRACT

Rural Development and Panchayat Raj Department - Fifth State Finance Commission – Capital Grant Fund – Allocation of Rs.1,157,84,75,000/- as Capital Grant Fund (20%) of State Finance Commission Devolution Grant – Release of Rs.665,42,96,000/- as First Installment for the year 2021-22 - Orders – Issued.

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

G.O. (Ms) No.6 **Dated: 13.01.2022**
பிலவ, மார்கழி 29
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. From the Commissioner of Rural Development and Panchayat Raj letter No.21292/2021/PRI 2-2, dated 20.04.2021.

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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. 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 and the horizontal distribution of the State Finance Commission devolution to Rural Local Bodies should be done on the basis of the following formula:

a)	Total population (2011 Census)	60%
b)	SC/ST population	15%
c)	Area	15%
d)	Per capita consumption expenditure distance	10%

2. In the above said Government Order, the Government has established a Capital Grant Fund 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.

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 Director of Rural Development and Panchayat Raj, a representative of the Finance Department and Member Secretary, State Planning Commission.

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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.

3. 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.100 crore has been released per year during 2017-18, 2018-19, 2019-20 and 2020-21.

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 CWSSs. The entire amount of Rs.25 crore has been released to TWAD Board during the year 2017-18 and 2018-19 @ Rs.12.50 crore per year.

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.247.20 crore has been released to TWAD Board during the year 2017-18 2018-19, 2019-20 and 2020-21 @ Rs.61.80 crore per year, towards revamping of old CWSS.

4. In the Government Order 2nd read above the Government have approved the Guidelines for the utilization of funds released under Capital Grant Fund under Fifth State Finance Commission.

5. In the letter 3rd read above the Commissioner of Rural Development and Panchayat Raj has stated that in Budget Estimate for the year 2021-22, an amount of Rs.1,330,85,92,000/- (Rupees One thousand three hundred and thirty crore eighty five lakh and ninety two thousand only) is provided under the Head of Account 3604-00-200-BP-30902 pertaining to Capital Grant Fund for the year 2019-20. Of which Rs.266,17,18,400/- (Rupees Two hundred and sixty six crore seventeen lakh eighteen thousand and four hundred only) being 20% of total Capital Grant Fund shall be allocated for taking up of important projects at State level and Rs.1,064,68,73,600/- (Rupees One thousand and sixty four crore sixty eight lakh seventy three thousand and six hundred only) being 80% of total amount should be distributed to districts.

6. The Director of Rural Development and Panchayat Raj has therefore requested the Government to issue orders for the sanction of Rs.1,330,85,92,000/- (Rupees One thousand three hundred and thirty crore eighty five lakh and ninety two thousand only) and release the first instalment of Rs.665,42,96,000/-(Rupees Six hundred and sixty five crore forty two lakh and ninety six thousand only) being

the 50% of total grant under Capital Grant Fund for the year 2021-22 as mentioned below:

(in Rupees)

Category	Total allocation for the year 2021-22	Release of 1st installment
20%- Capital Grant Fund	266,17,18,400	133,08,59,200
80% - Capital Grant Fund	1,064,68,73,600	532,34,36,800
Total	**1,330,85,92,000**	**665,42,96,000**

7. 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 the following orders:-

(i) Sanction is accorded for a sum of Rs.1,157,84,75,000/- (Rupees One thousand one hundred and fifty seven crore eighty four lakh and seventy five thousand only) as Capital Grant Fund under 5th State Finance Commission Devolution Grant and release the first installment of Rs.665,42,96,000/- (Rupees Six hundred and sixty five crore forty two lakh and ninety six thousand only) being the first installment of total grant under Capital Grant Fund for the year 2021-22 as mentioned below:

(in Rupees)

Category	Total allocation for the year 2021-22	Release of 1st installment
20%- Capital Grant Fund (important projects at State level)	231,56,95,000	133,08,59,200
80% - Capital Grant Fund (distributed among districts)	926,27,80,000	532,34,36,800
Total	**1,157,84,75,000**	**665,42,96,000**

The funds available as balance appropriation will be released as second installment at the appropriate time.

(ii) Permission is accorded

(a) to earmark an amount of Rs.100 crore for the improvement of local body roads to ODR standards for the year 2021-22.

(b) to release an amount of Rs.61.80 crore to TWAD Board for revamping of old CWSSs which are not functioning to full capacity to provide additional water supply to rural areas from the 80% CGF for the year 2021-22.

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(c) To utilize the funds allocated under Capital Grant Fund for the year 2021-2022 except for the Compulsory Deductions (i.e for ODR Roads and TWAD Board) for the implementation of the Anaithu Grama Anna Marumalarchi Thittam-II (AGAMT-II).

(d) To identify the works in strict adherence to the guidance issued for the Capital Grant Fund (i.e for 20% and 80% Components of the CGF)

8. The expenditure sanctioned in para '7' 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. IFHRMS (DPC 3604-00-200-BP-30902)	**Rs.665,42,96,000/-**

9. The Director of Rural Development and Panchayat Raj is here by authorized to draw and disburse the amount sanctioned in para 7 above being the first installment for the year 2021-22.

10. The guidelines issued in G.O. (Ms) No.108, Rural Development and Panchayat Raj Department, dated 21.09.2017 shall be followed for utilizing the fund under Capital Grant Fund for the year 2021-22.

11. This order issues with the concurrence of Finance Department vide its U.O. No.54920/Fin(RD)/2022, dated 12.01.2022.

(By Order of the Governor)

PINKY JOWEL,
Principal Secretary to Government (i/c)

To
The Director 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 Hon'ble Minister (Rural Development), Chennai-9.
The Principal Private Secretary to Principal Secretary to Government, Rural Development and Panchayat Raj Department, Chennai-9
The Finance (RD/FC.II/W&M.I) Department, Chennai -9
The Rural Development and Panchayat Raj (B&C/OP II/SGS-II/ SGS-III) Department, Chennai-9.
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// Forwarded by Order //

13/1/2022
Section Officer

13/1/22

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