ABSTRACT

Rural Development and Panchayat Raj Department – Grants – Award under Fifteenth Finance Commission – Release of Rs.901.75 Crore towards 50% of Rural Local Bodies Tied Grant as Second installment for the year 2020-21 – Sanction – Orders – Issued.

Rural Development and Panchayat Raj (PR-1) Department

G.O. (Ms) No.68 **Dated: 20.05.2021**
பிலவ, வைகாசி 6
திருவள்ளுவர் ஆண்டு 2052

Read:

1) G.O. (Ms) No.131, Rural Development and Panchayat Raj (PR-1) Department, dated 27.07.2020.
2) 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 07.05.2021.
3) From the Commissioner of Rural Development and Panchayat Raj, Letter Roc.No.21496/2020/PRI 2-1, dated 12.05.2021.

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ORDER:

In the Government Order first read above, orders were issued releasing an amount of Rs.901.75 Crore towards 50% of Tied Grant as first instalment for the year 2020-21 under the Fifteenth Central Finance Commission and to utilize the Basic Grant in conformity with the guidelines issued by Government of India.

2. In the letter 2nd read above, the Ministry of Finance, Department of Expenditure, Government of India, has released a sum of Rs.901.75 Crore towards 50% of Rural Local Bodies Tied Grant as Second installment for the year 2020-21 recommended by the Fifteenth Finance Commission.

3. In the letter third read above the Commissioner of Rural Development and Panchayat Raj has stated that the Ministry of Finance, Government of India in its letter dated 01.06.2020 has stated that a sum of Rs.3607.00 crore has been allocated as Rural Local Body Grants for the year 2020-21 under 15th Central Finance Commission for Rural Local Bodies in Tamil Nadu. Out of this Rs.1803.50 crore is sanctioned as Tied Grant and Rs.1803.50 crore as Untied Grant.

4. The Commissioner of Rural Development and Panchayat Raj has stated that necessary provisions have been made in Budget Estimate 2021-22 for Tied Grant 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 BE 2021-22 (In Rupees)
Tied Grant	
District Panchayats (DPC 3604-00-196-SB-30903)	79,98,00,000
Block Panchayats (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**

5. The Commissioner of Rural Development and Panchayat Raj has further stated that in G.O. (Ms) No.131, Rural Development and Panchayat Raj (PR-1) Department, dated: 27.07.2020 the Government has released an amount of Rs.901.75 Crore towards 50% of tied grant Component as First Installment for the year 2020-21 under the 15th Central Finance Commission and same has been released to rural local bodies. The Fifteenth Finance Commission has recommended that the Grant for Rural Local Bodies (RLBs) are in two parts, namely, Basic and Tied Grants, in the ratio of 50: 50 for the year 2020-21.

Basic Grant:

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

Tied Grant:

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 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 XV FC.

In this context, the following sharing/ Distribution formula have been approved by the Government in respect 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 Fifteenth 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%

6. The Commissioner of Rural Development and Panchayat Raj has added that the Ministry of Finance, Government of India in its release order dated 07.05.2021 has released an amount of Rs.901.75 crore towards balance 50% of Rural Local Bodies Tied Grant as second instalment for the year 2020-21 under the 15th Central Finance Commission Grant and ordered to transfer the above grant amount within ten working days of receipt from the Union Government without any deduction.

7. He has therefore requested the Government to release an amount of Rs.901,75,00,000/- (Rupees Nine Hundred and One Crore and Seventy Five Lakh only) towards 50% of Rural Local Bodies Tied Grant as second instalment for the year 2020-21 under Fifteenth 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.

8. The Government after careful examination of the proposal of the Commissioner of Rural Development and Panchayat Raj accord sanction for an amount of Rs.901,75,00,000/- (Rupees Nine Hundred and One Crore and Seventy Five Lakh only) towards 50% of Tied Grant for Rural Local Bodies as second instalment for the year 2020-21 as recommended by Fifteenth Central Finance Commission.

9. The expenditure sanctioned at para 8 shall be debited to the following heads of account:-

Head of Account	**Total Allocation for 2021-22**	**Second instalment to be released for the year 2020-21**
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 196 Assistance to Zilla Parishads/District level Panchayats - State's Expenditure – 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 **(DPC 3604-00-196-SB-30903)**	79,98,00,000	45,08,75,000

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Head of Account	Total Allocation for 2021-22	Second instalment to be released for the year 2020-21
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions-197 Assistance to Block Panchayats/ Intermediate Level Panchayats - State's Expenditure–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 **(DPC 3604-00-197-SB-30903)**	239,94,00,000	135,26,25,000
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 198 Assistance to Gram Panchayats - State's Expenditure - 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 **(DPC 3604-00-198-SD-30903)**	1279,68,00,000	721,40,00,000
Total	**1599,60,00,000**	**901,75,00,000**

10. The Commissioner of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned at para 8 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 Commissioner of Rural Development and Panchayat Raj is directed to follow the operational guidelines issued comprehensively for both Tied and Untied components vide G.O (Ms) No.18, Rural Development and Panchayat Raj (PR-1) Department, dated 03.02.2021.

11. This order issues with the concurrence of Finance Department vide its U.O. No.21929/RD/2021, dated 20.05.2021.

(By Order of the Governor)

Hans Raj Verma,
Additional Chief Secretary to Government.

To
The Commissioner of Rural Development and Panchayat Raj, Chennai – 15.
The Commissioner, Rural Development and Panchayat Raj (Training) (FAC), Chennai – 15.
All District Collectors,
All District Treasury Officers.
The Director of Treasuries and Accounts, Chennai–15.

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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, Additional Chief 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, Kancheepuram District.
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Section Officer
20/05/2021

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