ABSTRACT

Rural Development and Panchayat Raj Department – Grants – Award under Fifteenth Central Finance Commission – Balance amount of 2nd instalment of Basic Grant - Untied component Rs.548.48 crore to Rural Local Bodies for the year 2020-21 – Sanction – Orders – Issued.

Rural Development and Panchayat Raj (PR-1) Department

G.O. (Ms) No.70 **Dated: 21.05.2021**
பிலவ, வைகாசி 7
திருவள்ளுவர் ஆண்டு 2052

Read:

1) G.O. (Ms) No.116, Rural Development and Panchayat Raj (PR-1) Department, Dated: 25.06.2020.
2) G.O. (Ms) No.18, Rural Development and Panchayat Raj (PR-1) Department, Dated: 03.02.2021.
3) G.O. (Ms) No.59, Rural Development and Panchayat Raj (PR-1) Department, Dated: 09.04.2021.
4) From the Commissioner of Rural Development and Panchayat Raj Letter No.21496/2020/PRI 2-1, Dated: 13.05.2021.

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ORDER:

In the Government Order 1st read above, the Government have sanctioned a sum of Rs.901.75 crore towards 50% of basic grant untied component as first installment for the year 2020-2021.

2. In the Government Order 2nd read above, the Government have approved the Guidelines for the implementation of 15th Central Finance Commission grants to Rural Local Bodies.

3. In the Government Order 3rd read above, the Government have sanctioned a sum of Rs.353.27 Crore as Basic Grant-untied component towards the second installment of 15th Central Finance Commission grant for all three tiers of panchayats.

4. In the letter 4th read above, the Commissioner of Rural Development and Panchayat Raj has stated that the Ministry of Finance, Government of India in its letter dated 12.05.2021 released a sum of Rs.548.48 crore as balance amount of second instalment of Basic Grant to Rural Local Bodies as recommended by the 15th Central Finance Commission for the year 2020-2021.

5. The Commissioner of Rural Development and Panchayat Raj has also stated that in Budget Estimate for the year 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 2021-2022:-

Component	Provision made BE 2021-2022 (In Rupees)
District Panchayats (DPC 3604-00-196-SA-30901)	53,32,00,000
Panchayat Unions (DPC 3604-00-197-SA -30901)	159,96,00,000
Village Panchayats (DPC 3604-00-198-SC-30901)	853,12,00,000
Total	**1066,40,00,000**

6. The Commissioner of Rural Development and Panchayat Raj has further stated that the Fifteenth 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 50:50. Now, this release of balance amount of second instalment of Basic Grant for the year 2020-2021 is untied and can be used by Rural Local Bodies for location-specific felt needs, except for salary or other established expenditure.

The Fifteenth Central 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.
- 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%

7. The Commissioner of Rural Development and Panchayat Raj has therefore requested the Government to issue orders for the sanction and release of a total sum of **Rs. 548.48 Crore** (Rupees Five Hundred and forty eight crore and forty eight lakh only) towards balance amount of Basic (Untied) Grant for 12,525 Village Panchayats and 388 Panchayat Unions and 36 District Panchayats and also requested to authorize the Commissioner of Rural Development and Panchayat Raj to draw and disburse the amount to the three tiers of Panchayat Raj Institutions.

8. The Government after careful examination of the proposal of the Commissioner of Rural Development and Panchayat Raj accord sanction for sum of **Rs.548,48,00,000/-** (Rupees Five Hundred and forty eight crore and forty eight lakh only) towards balance amount of Basic (Untied) Grant under Fifteenth Central Finance Commission to Rural Local Bodies for the year 2020-2021.

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9. The expenditure sanctioned in para 8 above shall be debited to the following Head of Accounts:-

Head of Account	Sanctioned amount (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 15th Finance Commission - 309 Grants-in-aid – 01 Grants for Current Expenditure **IFHRMS (DPC 3604-00-198-SC-30901)**	**Rs. 438,78,40,000/-**
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 15th Finance Commission - 309 Grants-in-aid – 01 Grants for Current Expenditure **IFHRMS (DPC 3604-00-197-SA-30901)**	**Rs. 82,27,20,000/-**
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 15th Finance Commission - 309 Grants-in-aid – 01 Grants for Current Expenditure **IFHRMS (DPC 3604-00-196-SA-30901)**	**Rs. 27,42,40,000/-**
Total	**Rs. 548,48,00,000/-**

10. Necessary additional funds of Rs.15,28,00,000/- will be provided in RBE/RE/FMA 2021-2022, as following Head of Accounts. Pending

(Rupees in thousands)

Head of account	BE 2021-22	Additional Fund now required
3604 00 198 SC 30901	853,12,00	12,22,40
3604 00 197 SA 30901	159,96,00	2,29,20
3604 00 196 SA 30901	53,32,00	76,40
Total	1066,40,00	15,28,00

However, this expenditure shall be brought to the notice of the Legislative (by Specific Inclusion) in the Supplementary Estimates 2021-22. Pending provision of such funds, the Commissioner of Rural Development and Panchayat Raj is authorized to incur the expenditure sanctioned in para 8 above. He is directed to include this item of expenditure while sending the budget proposal for RBE/RE/FMA 2021-2022 and also send necessary draft explanatory note for inclusion of this expenditure in the supplementary Estimates 2021-22 to Government in Finance(L&E/B.G-1) Department at the appropriate time without fail.

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11. The Commissioner of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 8 above to the 12,525 Village Panchayats and 388 Panchayat Unions and 36 District Panchayats. The utilisation of the above Grant should be made as per the guidelines issued by Government of India and subsequently in the Guidelines issued vide G.O (Ms) No.18, Rural Development and Panchayat Raj (PR-1) Department, dated 03.02.2021.

12. This order issues with the concurrence of Finance Department vide its U.O.No.22094/DS(RR)/Fin(RD)/2021, dated:21.05.2021 and ASL No.92(Ninety two).

(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 (except Chennai).
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, 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/L&E/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.

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