## ABSTRACT

Rural Development and Panchayat Raj Department - Fifth State Finance Commission Grant – Pooled Fund for Deficit Rural Local Bodies – Sanction of Rs.578,92,38,000/- for the year 2021-22 and Release of a sum of Rs.231,56,95,200/- as second instalment for the year 2021-22 - Orders - Issued.

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

**G.O. (Ms) No.9** **Dated: 31.01.2022**
**பிலவ, தை 18**
**திருவள்ளுவர் ஆண்டு 2053**

**Read:**

1. G.O. (Ms) No.84, Finance (Finance Commission–IV) Department, Dated: 31.03.2017.
2. G.O. (Ms) No.94, Rural Development and Panchayat Raj (PR-1) Department, dated 23.08.2017.
3. G.O. (Ms) No.118, Rural Development and Panchayat Raj (PR-1) Department, dated 23.09.2021.
4. From the Director of Rural Development and Panchayat Raj Letter No.21293/2021/PRI 2-2, dated 23.12.2021.

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**ORDER:**

In the Government Order 1st read above, as per the recommendations of Fifth State Finance Commission, the Government have ordered to apportion the Devolution Grant of Rural Local Bodies among the Village Panchayats, Panchayat Unions and District Panchayats in the ratio of 55:37:8 and stated that the funds will be distributed as follows:

| | | |
|---|---|---|
| i) | Capital Grant Fund | 20% |
| ii) | Pooled Fund for Deficit Rural Local Bodies | 10% |
| iii) | Devolution Grant to Rural Local Bodies | 70% |

2. The Government have also ordered that the horizontal distribution of the State Finance Commission devolution to Rural Local Bodies should be done on the basis of following formula:-

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

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3. In the Government Order 2nd read above the Government have created the Pooled Fund for Deficit Rural Local Bodies and distributed to deficit panchayats with following criteria:-

(i) Out of fund earmarked, 40% of the amount available in this pooled fund for deficit RLBs, shall be released to deficit Panchayat Unions and Village Panchayats.

(ii) 20% retained by the DRD&PR and 20% is distributed amongst the District Collectors based on the horizontal District Panchayat wise share.

(iii) 20% of the Pooled Fund for Deficit Rural Local Bodies shall be provided to TWAD to meet the deficit on Combined Water Supply Schemes.

4. In the Government Order 3rd read above the Government have accorded sanction for a sum of Rs.578,92,38,000/- towards Pooled Fund for Deficit Rural Local Bodies Grant for the year 2021-22 and release the first installment for a sum of Rs.289,46,19,000/- (Rupees Two Hundred and Eighty Nine Crore Forty Six Lakhs and Nineteen Thousand only) being the 50% of total grant under Pooled Fund for Deficit Rural Local Bodies for the year 2021-22.

5. In the letter 4th read above the Director of Rural Development and Panchayat Raj has stated that that in G.O. (Ms) No.118, Rural Development and Panchayat Raj (PR-1) Department, dated 23.09.2021 the Government have sanctioned an amount of Rs.578,92,38,000/- (Rupees Five hundred and seventy eight crore ninety two lakh and thirty eight thousand only) provided under the Head of Account 3604-00-200-BQ-30902 pertaining to Pooled Fund for Deficit Rural Local Bodies for the year 2021-22 to utilize for the following components.

a) To distribute Rs.231,56,95,200/- (Rupees Two hundred and thirty one crore fifty six lakh ninety five thousand and two hundred only) (40%) for the deficit 127 Panchayat Unions and 3921 Village Panchayats. The fund may be utilized to settle the current consumption charges to TANGEDCO as one time settlement as per the mechanism adopted by the Director of Rural Development and Panchayat Raj.

b) To retain (20%) an amount of Rs.115,78,47,600/- (Rupees One hundred and fifteen crore seventy eight lakh forty seven thousand and six hundred only) by the DRD&PR and utilize the same to provide grants to those Village Panchayats and Panchayat Unions who have special problems which cannot be addressed under any of the existing transfer mechanisms or schemes.

c) Distribute (20%) an amount of Rs.115,78,47,600/- (Rupees One hundred and fifteen crore seventy eight lakh forty seven thousand and six hundred only) to District Collectors based on the horizontal District Panchayat wise share to provide grants to those Village Panchayats and Panchayat Unions for addressing special problems which cannot be addressed under any of the existing schemes. The portion of the fund i.e Rs. 38.69 Crore may be utilized for the maintenance of PMGSY Roads for the year 2021-22.

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d) To release (20%) a total amount of Rs.115,78,47,600/- (Rupees One hundred and fifteen crore seventy eight lakh forty seven thousand and six hundred only) to TWAD on quarterly basis to meet the deficit on CWSSs in addition to the water charges levied and collected from RLBs.

6. The Director of Rural Development and Panchayat Raj has stated that the Government have already released an amount of Rs.289,46,19,000 as first installment out of Rs.578,92,38,000/- for the year 2021-22 vide G.O. (Ms) No.118, Rural Development and Panchayat Raj (PR-1) Department, dated 23.09.2021. He has, therefore, requested the Government to release the second instalment of Rs.289,46,19,000/- being the 50% of total grant under Pooled Fund for Deficit Rural Local Bodies for the year 2021-22 as mentioned below:-

**(in Rupees)**

| **Category** | **Total Revised allocation (as per RBE) for the year 2021-22** | **Release of 1st installment vide G.O Ms No118, RD & P R Dept, Dt: 23.09.2021** | **Now, second installment requested** |
|---|---|---|---|
| 40% for Deficit RLBs | 231,56,95,200 | 115,78,47,600 | 115,78,47,600 |
| 20% vested with DRD & PR | 115,78,47,600 | 57,89,23,800 | 57,89,23,800 |
| 20% vested with District Collectors | 115,78,47,600 | 57,89,23,800 | 57,89,23,800 |
| 20% for TWAD to meet Deficit on CWSSs | 115,78,47,600 | 57,89,23,800 | 57,89,23,800 |
| **Total** | **578,92,38,000** | **289,46,19,000** | **289,46,19,000** |

7. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj has already accorded sanction for a sum of Rs.578,92,38,000/- towards Pooled Fund for Deficit Rural Local Bodies Grant for the year 2021-22 and now accord sanction to release the second installment for a sum of Rs.231,56,95,200/- (Rupees Two Hundred and Thirty One Crore Fifty Six Lakhs Ninety Five Thousand and Two Hundred only) being the 80% of the balance amount under Pooled Fund for Deficit Rural Local Bodies for the year 2021-22.

8. The Government authorize the Director of Rural Development and Panchayat Raj, Chennai–15 to draw the amount in PFMS Account maintained at the Directorate of Rural Development and Panchayat Raj and disburse the grant later as per above mentioned components under the following Head of Account:-

| Head of Account | Amount in Rupees |
|---|---|
| 3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 200 – Other Miscellaneous Compensations and Assignments – State's Expenditure – BQ Pooled Fund Deficit - Rural Local Bodies – 309 Grants in Aid – 02-Grants for Creation of Capital Assets<br>IFHRMS (DPC 3604-00-200-BQ-30902) | Rs.231,56,95,200/- |
| Total | Rs.231,56,95,200/- |

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9. This order issues with the concurrence of Finance Department vide its U.O.745/Fin(RD)/2022, dated 25.01.2022.

(By Order of the Governor)

**P. AMUDHA,**
**Principal Secretary to Government.**

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 Accounts 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/ BG.I/BG.II) Department, Chennai -9.
The Rural Development and Panchayat Raj (B&C/OP II/SGS-II/SGS-III) Department, Chennai-9.
The Tamil Nadu Water Supply and Drainage Board, Chennai-5.
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// Forwarded by Order //

31/1/2022

Section Officer

31/1/22

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