



ABSTRACT

Rural Development and Panchayat Raj Department – Grants – Award under Fifteenth Central Finance Commission – Release of Rs.836,97,91,000/- towards first installment of Tied Grant for the year 2023-24 to Rural Local Bodies – Sanction – Orders – Issued.

Rural Development and Panchayat Raj (PR-1(2)) Department

G.O. (Ms) No.132

Dated: 08.11.2023

சேய்கிருது, ஐப்பசி 22

திருவள்ளூர் ஆண்டு 2054

Read:

1. G.O. (Ms) No.18, Rural Development and Panchayat Raj (PR-1) Department, dated 03.02.2021.
2. The Director (FCD), Department of Expenditure, Ministry of Finance, Government of India, New Delhi Letter No.15(4)FC-XV/FCD/2020-25 dated: 01.11.2023.
3. From the Director of Rural Development and Panchayat Raj, Letter Roc.No.40898/2023/CFC 1.1, dated 01.11.2023.

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ORDER:

In the Government Order first read above, the Government have approved the guidelines for the utilization of the grants under 15th Central Finance Commission Grant to Rural Local Bodies.

2. In the letter second read above, the Ministry of Finance, Department of Expenditure, Government of India has released a sum of Rs.836.9791 crore towards first installment of Tied Grant for the year 2023-24 to Rural Local Bodies recommended by the Fifteenth Central Finance Commission with the following conditions:-

- i. The States (State Finance Department) shall transfer grants-in-aid to the concerned RLBs within ten working days of receipt from the Union Government without any deduction.
- ii. Any delay beyond ten working days will require the State Government to release the above grant instalment with interest as per the effective rate of average interest on market borrowings/State Development Loans (SDLs) for the previous year.

(P.T.O)

- iii. The above FC-XV recommended RLBs Tied can be utilised by the local bodies for the basic services of (a) sanitation and maintenance of open defecation free status including management and treatment of household waste and human excreta and faecal management and (b) supply of drinking water, rainwater harvesting and water recycling. The local bodies shall, as far as possible earmark one half of these tied grants to each of these two critical services. However, if any local body has fully saturated the needs of one category, it can utilise the funds for the other category.
- iv. The above local body Grant shall be governed as per the recommendations of the FC-XV[Final Report], contained in Chapter-7 'Empowering Local Governments' and the provisions contained in the Operational Guidelines on the Subject issued by the Department of Expenditure vide OM No.F.15(2) FC- XV /FCD/2020-25, dated 14/07/2021.

3. In the letter third read above, the Director of Rural Development and Panchayat Raj has stated that as per reference second cited, 1st instalment of Tied grant for Rs.836.9791 crore (Rupees Eight hundred and thirty six crore ninety seven lakh and ninety one thousand only) for the year 2023-24 has been released to 12519 Village Panchayats, 388 Block Panchayats and 36 District Panchayats as follows:-

Amount (Rs.crore)		Amount recommended for release (Rs.crore)	Remarks
Total Allocation	837.30		
Allocation for Gram Panchayats	80% 669.840	669.5191	For 12519 eligible GPs out of 12525 GPs on pro-rata basis.
Allocation for Block Panchayats	15% 125.595	125.5950	All 388 BP are eligible
Allocation for Zilla Panchayats	5% 41.865	41.8650	All 36 DPs are eligible
Total		836.9791	

4. The Director of Rural Development and Panchayat Raj has also stated that as per the Budget Estimate for the year 2023-24, the State Government has made a provision in the Budget Estimate for the year 2023-24 as detailed below:-

Tied Component	Provision made in BE 2023-24 (in Rupees)
Village Panchayats (DPC 3604-00-198-SD-30903)	1366,49,40,000
Block Panchayats (DPC 3604-00-197-SB -30903)	251,19,00,000
District Panchayats (DPC 3604-00-196-SB-30903)	83,73,00,000
Total	1701,41,40,000

5. He has further stated that, the Fifteenth Finance Commission in its report (Para 7.84) has recommended that the Grants for Rural Local Bodies (RLBs) are in two parts, namely, Basic (Untied) and Tied Grants, in the ratio of 40:60.

- i. 40 per cent of the total grants to be disbursed to rural local bodies shall be untied and can be used by them for locally felt needs except for salaries and other establishment costs. The expenditure required for auditing of accounts by external agencies approved by the State Government, however, may be borne from this grant.
- ii. 30 per cent of the total grants to be disbursed to rural local bodies shall be earmarked for drinking water, rainwater harvesting and water recycling.
- iii. 30 per cent of the total grants to be disbursed to rural local bodies shall be earmarked for sanitation and maintenance of ODF status, and this should include management and treatment of household waste, and human excreta and faecal sludge management in particular.

Allocation:

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.

The Government of India in addition stated that intra alia distribution among the relevant entities in a tier across the State should be on the basis of population and area in the ratio of 90:10 or as per the accepted recommendations of the latest SFC.

In this context, the following sharing/ Distribution formula have been approved by the Government in G.O. (Ms) No.60, Finance (SFC-MC) Department, dated: 28.02.2023 in respect of 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, Block Panchayats and Village Panchayats respectively.
- Horizontal Distribution of Fifteenth Finance Commission Grant within the tier will be as per the Horizontal Distribution formula – Multiplier factor recommended by Sixth State Finance Commission.

6. The Director of Rural Development and Panchayat Raj has therefore requested the Government to issue orders for the sanction and release an amount of Rs.836,97,91,000/- crore (Rupees Eight hundred and thirty six crore ninety seven lakh and ninety one thousand only) towards first installment of Tied Grant for the year 2023-24 under the 15th Central Finance Commission Grant for 12,519 Village Panchayats, 388 Block Panchayats and 36 District Panchayats.

7. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj accord sanction for an amount of Rs.836,97,91,000/- (Rupees Eight hundred and thirty six crore ninety seven lakh and

ninety one thousand only) towards first installment of Tied Grant for the year 2023-24 under the 15th Central Finance Commission Grant for 12,519 Village Panchayats, 388 Block Panchayats and 36 District Panchayats.

8. The expenditure sanctioned at para 7 shall be debited to the following heads of account:-

(in Rupees)

Head of Account	BE 2023-24	Total Releases made so far	Current release sought for	Balance available after current release
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 Panchayats as per the recommendations of the 15 th Finance Commission - 309 Grants-in-aid – 03 Grants for Specific Schemes. IFHRMS(DPC 3604-00-196-SB-30903)	83,73,00,000	41,41,50,000	41,86,50,000	45,00,000
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 15 th Finance Commission - 309 Grants-in-aid – 03 Grants for Specific Schemes. IFHRMS(DPC 3604-00-197-SB-30903)	251,19,00,000	124,24,50,000	125,59,50,000	1,35,00,000
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 15 th Finance Commission - 309 Grants-in-aid – 03 Grants for Specific Schemes. IFHRMS(DPC 3604-00-198-SD-30903)	1366,49,40,000	662,64,00,000	669,51,91,000	34,33,49,000
Total - Tied / Performance Grants	1701,41,40,000	828,30,00,000	836,97,91,000	36,13,49,000

9. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned at para 7 above immediately to the 12,519 Village Panchayats, 388 Block Panchayats and 36 District Panchayats without any delay so as to avoid penal interest. The Director of Rural Development and Panchayat Raj is directed to follow the operational guidelines on the subject issued by the Department of Expenditure vide Letter No.15(4) FC-XV/FCD/2020-25 dated: 01.11.2023 for the implementation of the recommendations on Rural Local Body(RLB) grants.

10. The Guidelines issued vide G.O. (Ms) No.18, Rural Development and Panchayat Raj Department, dated 03.02.2021 shall be followed while utilizing the grant under 15th Central Finance Commission.

11. This order issues with the concurrence of Finance Department vide its U.O. No.6346/Fin(Infra-IV)/2023, dated 07.11.2023.

(By Order of the Governor)

P. SENTHILKUMAR,
Principal Secretary to Government.

To

The Director of Rural Development and Panchayat Raj, Chennai – 15.
The Commissioner General, Rural Development and Panchayat (Training),
Chennai – 15.

All District Collectors,

All District Treasury Officers.

The Commissioner of Treasuries and Accounts, Chennai-15.

The Commissioner 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, Principal 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 Commissioner, Finance Commission Division, Ministry of Finance,
Department of Expenditure, CGO Complex, Lodhi Road, New Delhi-110003

The Finance (Infra-IV/FC.I) 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 Commissioner, State Institute of Rural Development, Maraimalai Nagar,
Chengalpattu District.

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// Forwarded by Order //

K. Sanjay
Section Officer.
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8/11/23