



ABSTRACT

Rural Development and Panchayat Raj Department – Grants Award under Fifteenth Finance Commission – Basic Grant (Untied) fund for the year 2022-23 - Release of second installment of Rs.552.20 Crore to Rural Local Bodies - Sanction – Orders – Issued.

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

G.O. (Ms) No.41

Dated: 25.03.2023

சுபகிருது, பங்குனி 11

திருவள்ளூர் ஆண்டு 2054

Read:

1. G.O.(Ms)No.73, Rural Development and Panchayat Raj Department (PR-1(2)) Department, dated 22.06.2022.
2. From the Deputy Director (FCD), Department of Expenditure, Ministry of Finance, Letter No.15(4)FC-XV/FCD/2020-25, dated 23.03.2023.
3. From the Commissioner of Rural Development and Panchayat Raj, Letter No.26077/2021/PRI 2-1, dated 23.03.2023.

* * * * *

ORDER:

In the Government Order 1st read above, the Government have sanctioned a sum of Rs.552,20,00,000/- to Rural Local Bodies as 1st installment of Basic Grant (Untied) fund as recommended by 15th Finance Commission for the year 2022-23.

2. In the letter 2nd read above, the Ministry of Finance, Department of Expenditure, Government of India, has released a sum of Rs.552.20 Crore as 2nd instalment of Basic Grant – Untied grant to Rural Local Bodies under Fifteenth Finance Commission Grant for the year 2022-23.

3. In the letter 3rd read above, the Commissioner of Rural Development and Panchayat Raj has stated that the Ministry of Finance, Government of India has released a sum of Rs.552.20 crore as 2nd installment of Basic Grant (Untied) under 15th Central Finance Commission Grant for the year 2022-23 for Tamil Nadu. He has also stated that the State Government has made a provision in the Revised Budget Estimate for the year 2022-23 as detailed below:-

Component	Provision made in RBE 2022-23 (In Rupees)
District Panchayats (DPC 3604-00-196-SA-30901)	55,22,00,000
Panchayat Unions (DPC 3604-00-197-SA -30901)	165,66,00,000
Village Panchayats (DPC 3604-00-198-SC-30901)	883,52,00,000
Total	1104,40,00,000

(P.T.O)

4. The Commissioner of Rural Development and Panchayat Raj 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 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 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.

The Basic (Untied) Grant:

Basic Grants are untied and can be used by RLBs for location-specific felt needs, except for salary or other established expenditure. In the letter of the Ministry of Finance, Government of India, dated 23.03.2023, the fund has now been released as second installment for the year 2022-23 under this category.

Allocation:

The XV Finance Commission Grant of Rs.552.20 Crore has already been released as first instalment of Basic Grant (Untied) for the Financial Year 2022-23 to the state of Tamil Nadu in G.O. (Ms) No.73, Rural Development and Panchayat Raj Department (PR-1(2)) Department, dated 22.06.2022.

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 State Finance Commission (SFC).

In this context, the following sharing / Distribution formula have been approved by the Government in G.O.Ms.No.84, Finance (FCIV) Department, dated 31.03.2017 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, Panchayat Unions 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.

Now, the Fifteenth Finance Commission has released an amount of Rs.552.20 Crore as second instalment of Basic Grant (Untied) for the Financial Year 2022-23 to the state of Tamil Nadu vide the Deputy Director (FCD), Department of Expenditure, Ministry of Finance, letter dated 23.03.2023.

5. 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.552.20 Crore (Rupees Five Hundred and fifty two crore and twenty lakh only) towards second installment of Basic Grant (Untied) for 12,525 Village Panchayats and 388 Panchayat Unions and 36 District Panchayats.

6. The Government after careful examination of the proposal of the Commissioner of Rural Development and Panchayat Raj have decided to accept the same and to accord sanction for a sum of Rs.552,20,00,000/- (Rupees Five hundred and fifty two crore and twenty lakh only) to Rural Local Bodies as second installment of Basic Grant (Untied) under the Fifteenth Central Finance Commission for the year 2022-23.

7. The amount sanctioned in para 6 above shall be debited to the following heads of account:-

Heads of Account	Sanction of amount requested
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 198 Assistance to Gram Panchayats - State's Expenditure - SC Basic Grants to Village Panchayats as per the recommendations of the 15 th Finance Commission - 309 Grants-in-aid - 01 Grants for Current Expenditure (DPC 3604-00-198-SC-30901)	Rs. 441,76,00,000/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 197 Assistance to Block Panchayats/Intermediate Level Panchayats - State's Expenditure - SA Basic Grants to Block Panchayats as per the recommendations of the 15 th Finance Commission - 309 Grants-in-aid - 01 Grants for Current Expenditure (DPC 3604-00-197-SA-30901)	Rs. 82,83,00,000/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 196 Assistance to Zilla Parishads/District level Panchayats - State's Expenditure- SA Basic Grants to District Panchayat as per the recommendations of the 15 th Finance Commission - 309 Grants-in-aid - 01 Grants for Current Expenditure (DPC 3604-00-196-SA-30901)	Rs. 27,61,00,000/-
Total	Rs. 552,20,00,000/-

8. The Government authorize the Commissioner of Rural Development and Panchayat Raj to draw the amount sanctioned in para 6 above and disburse the same to the 12,525 Village Panchayats and 388 Panchayat Unions and 36 District Panchayats.

9. 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 Finance Commission.

10. This order issues with the concurrence of Finance Department vide its U.O.No.32/DS(RR)/2023, dated 25.03.2023.

(By Order of the Governor)

P. AMUDHA,
Principal Secretary to Government.

To

The Commissioner 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 (RD/FC.I/SFC-MC/FC.II/W&M.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 Director, SIRD, Maraimalai Nagar, Chengalpattu District.

Stock File / Spare Copy

// Forwarded by Order //

Amudha
25/3/23

Section Officer