



## ABSTRACT

Rural Development and Panchayat Raj Department – 5<sup>th</sup> State Finance Commission Grants for the year 2021-22 – Sanction and release a sum of Rs.1356,62,39,572/- towards Minimum Grant for Village Panchayats, Panchayat Unions and Population Grant for all three tiers of Panchayats for three months January 2022 to March 2022 - Orders – Issued.

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

G.O. (Ms) No.30

Dated: 17.03.2022.

பிலவ, பங்குனி-3

திருவள்ளூர் ஆண்டு 2053

Read:

- 1 G.O.Ms.No.84, Finance (FC-IV) Department, dated 31.03.2017.
- 2 G.O. (Ms) No.66, Rural Development and Panchayat Raj (PR-I) Department, dated 12.05.2021.
- 3 G.O. (Ms) No.101, Rural Development and Panchayat Raj (PR-I) Department, dated 10.08.2021.
- 4 G.O. (Ms) No.130, Rural Development and Panchayat Raj (PR-I(2)) Department, dated 02.11.2021.
- 5 G.O. (Ms) No.149, Rural Development and Panchayat Raj (PR-I(2)) Department, dated 14.12.2021.
- 6 From the Director of Rural Development and Panchayat Raj Letter No.21291/2021/PR-I 2-2, dated 03.01.2022, 05.02.2022 and 09.03.2022.

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### ORDER:

In the Government Order first read above, as per the recommendations of Fifth State Finance Commission, the Government have decided to continue the devolution of 10% of the net State's Own Tax Revenue (SoTR) to Local Bodies based on the recommendations of Fifth State Finance Commission. As per the recommendations of Fifth State Finance Commission, the Government have ordered that the horizontal sharing ratio for devolution of State Finance Commission Grant to Rural and Urban Local Bodies will be 56:44 for the Fifth State Finance Commission Award period from 2017-18 to 2021-22.

2. The Government have also 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 of Rural Local Bodies under Fifth State Finance Commission will be distributed as follows:

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



3. As per the Fifth State Finance Commission recommendations, the horizontal distribution of 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%

4. In the letter 6<sup>th</sup> read above, the Director of Rural Development and Panchayat Raj has stated that the following provisions have made under the head of accounts pertaining to SFC Devolution Grant for Rural Local Bodies for the year 2021-22 in Revised Budget Estimate for the year 2021-22:-

Component	Provision made in BE 2021-22 ( In Rupees)	Revised BE Allocation 2021-22 (In Rupees)	FMA for the year 2021-22 (In Rupees)
District Panchayats (DPC 3604-00-196-AA-30902)	372,64,06,000	308,19,73,000	344,35,73,000
Panchayat Unions (DPC 3604-00-197-AA - 30902)	1,723,46,27,000	1,425,41,25,000	1,592,65,26,000
Village Panchayats (DPC 3604-00-198-AA-30902)	2,561,90,41,000	2,118,85,66,000	2,367,45,65,000
<b>Total</b>	<b>4,658,00,74,000</b>	<b>3,852,46,64,000</b>	<b>4,304,46,64,000</b>

- (i) **Village Panchayat - Minimum Grant & Population Grant:** As per the Fifth State Finance Commission recommendations, the Government have issued orders for the release of Minimum Lumpsum Grant of Rs.7.00 lakh per Village Panchayat per annum and this amount will be deducted from the share of State Finance Commission devolution earmarked for Village Panchayats as the first charge and distributed to all Village Panchayats on monthly basis. The remaining amount out of the share of Village Panchayats under SFC devolution will be distributed on the horizontal sharing ratio as mentioned in para 3 above.
- (ii) **Panchayat Union - Minimum Grant & Population Grant:** As per the Fifth State Finance Commission recommendations, the Government have issued orders and release of Minimum Lumpsum Grant of Rs.40.00 lakh per annum per Panchayat Union and this amount will be deducted from the share of State Finance Commission devolution grant earmarked for Panchayat Unions as first charge and distributed to all Panchayat Unions on monthly basis. The remaining amount out of the share of Panchayat Unions under State Finance Commission devolution will be distributed on the horizontal sharing ratio as mentioned in para 3 above.
- (iii) **District Panchayat - Population Grant:** As per the Fifth SFC recommendations, the amount earmarked for District Panchayats will be distributed on the basis of sharing mechanism as mentioned in para 3 above.



5. In the Government Orders second, third, fourth and fifth read above, the Government have issued orders for Minimum Grant and Population Grant for all the three tiers of Panchayats for the months from April 2021 to December 2021 under the 5<sup>th</sup> State Finance Commission.

6. The Director of Rural Development and Panchayat Raj in his letter dated 09.03.2022 has now sent a revised proposal for release of 5<sup>th</sup> State Finance Commission Grants for the months of January 2022 to March 2022 as follows:-

		Amount to be released (Amount in Rupees)	
Total share of Devolution Grant under SFC to three tiers of Panchayats for the year 2021-22		4,304,46,64,000	
<b>a) Village Panchayats</b>			
1	State Finance Commission Grant to Village Panchayats	2,367,45,65,000	
2	<b>Minimum Grant:</b> Minimum Grant of Rs.7,00,000/- per year x 12,525 V.Pts. from the share of State Finance Commission Grant to Village Panchayats i.e., i) Rs.60,000/- per month from April 2021 to January 2022 (10 months) and ii) Rs.50,000/- per month for February and March 2022 (2 months)	876,75,00,000	
3	<b>Amount to be released as Minimum Grant for the months of January 2022 to March 2022</b> Rs.60,000/- per month for January 2022 (i.e., Rs.60,000 x 12,525 Village Panchayats = 75,15,00,000)  Rs.50,000 per month for the months of February and March 2022 (i.e., Rs.50,000 X 12,525 Village Panchayats X 2 =125,25,00,000)	75,15,00,000  125,25,00,000	
75,15,00,000 + 125,25,00,000			200,40,00,000
4	<b>Population Grant:</b> State Finance Commission Devolution Grant to Village Panchayats based on population (14 installments) i.e., Sl. No. 1-2	1490,70,65,000	
5	Out of total amount which is entitled for 12 installments as in Sl.No.4, Population Grant has been released from April to August @ Rs.120,36,81,500 per month (5 Months).	601,84,07,500	



6	Population Grant has been released for the months of September to December @ Rs.91,46,65,500 per month (4 Months).	365,86,62,000	
7	Amount released as Population Grant upto the month of December 2021 (Sl.no.5+6)	967,70,69,500	
8	<b>Amount to be released as Population Grant for the months of January 2022 to March 2022 @ Rs.174,33,31,833/- per month</b>		522,99,95,500
<b>b)</b>	<b>Panchayat Unions</b>		
1	State Finance Commission Grant to Panchayat Unions	1,592,65,26,000	
2	<b>Minimum Grant:</b> Minimum Grant of Rs.40,00,000/- per year x 388 Pt. Unions from the share of State Finance Commission to Panchayat Unions. i.e., i) Rs.3,00,000/- April 2021 to January 2022 (10 months) & ii) Rs.5,00,000/- per month for February and March 2022 (2 months)	155,20,00,000	
3	<b>Amount to be released as Minimum Grant for the month of January 2022 to March 2022</b>  Rs.3,00,000/- per month for January 2022 (i.e., Rs.3,00,000 x 388 Pt. Unions = 11,64,00,000)  Rs.5,00,000/- per month for the months of February and March 2022 (i.e., 5,00,000 X 388 X 2 = 38,80,00,000)	11,64,00,000  38,80,00,000	
	11,64,00,000+38,80,00,000		50,44,00,000
4	<b>Population Grant:</b>  State Finance Commission Devolution Grant to Panchayat Unions based on population i.e., Sl.No.1-2	1,437,45,26,000	
5	Out of total amount which is entitled for 12 installments as in Sl.No.4, Population Grant has been released from April to August @ Rs.112,01,87,643/- per month (5 Months).	560,09,38,215	



6	Population Grant has been released for the months of September to December @ Rs.101,44,55,255/- per month (4 Months).	405,78,21,020	
7	Amount released as Population Grant upto the month December 2021(SI.No.5+6)	965,87,59,235	
9	Amount to be released as Population Grant for the months of January to March 2022 @ 157,19,22,255/- per month		471,57,66,765
c)	District Panchayats		
1	Population Grant: State Finance Commission Grant to District Panchayats based on population	344,35,73,000	
2	Out of total amount which is entitled for 12 installments as in SI.No.1, Population Grant has been released from April to August @ Rs.26,61,71,857/- per month (5 Months).	133,08,59,285	
3	Population Grant has been released for the months of September to December @ Rs.25,01,59,102/- per month (4 Months).	100,06,36,408	
4	Amount released as Population Grant upto the month of December 2021 (SI.No.2+3)	233,14,95,693	
5	Amount to be released as Population Grant for the months of January to March 2022 @ Rs.37,06,92,435/- per month (3 Months)		111,20,77,307
<b>Grand Total</b>			<b>1356,62,39,572</b>

7. The Director 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.1356,62,39,572/- (Rupees One thousand three hundred and fifty six crore sixty two lakh thirty nine thousand five hundred and seventy two only) towards Minimum Gant for 12,525 Village Panchayats and 388 Panchayat Unions for 3 months and Population Grant for all three tiers of Panchayats for three months of January 2022 to March 2022.



8. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj hereby accord sanction for the release of a sum of Rs.1356,62,39,572/- (Rupees One thousand three hundred and fifty six crore sixty two lakh thirty nine thousand five hundred and seventy two only) as 5<sup>th</sup> State Finance Commission Grant to Village Panchayats, Panchayat Unions and District Panchayats for the months of January 2022 to March 2022 out of total allocation of 5<sup>th</sup> State Finance Commission Grant of Rs.4304,46,64,000/- for the year 2021-22.

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

(in Rupees)

Head of Account	Grant	Sanctioned amount
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 198 Assistance to Gram Panchayats –State's Expenditure – AA - Grants to <b>Village Panchayats</b> as per the recommendation of State Finance Commission controlled by Director of Rural Development - 309 Grants-in-aid-02-Grants for creation of Capital Assets.  <b>( IFHRMS - DPC 3604-00-198-AA-30902)</b>	Minimum Grant for 3 months	200,40,00,000/-
	Population Grant for 3 months	522,99,95,500/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 197 Assistance to BlockPanchayats/Intermediate level Panchayats – State's Expenditure – AA - Grants to <b>Panchayat Unions</b> as per the recommendation of State Finance Commission controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for creation of Capital Assets.  <b>(IFHRMS - DPC 3604-00-197-AA -30902)</b>	Minimum Grant for 3 months	50,44,00,000/-
	Population Grant for 3 months	471,57,66,765/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 196 Assistance to ZillaParishads/District level Panchayats-State's Expenditure - AA- Grants to <b>District Panchayats</b> as per the recommendation of State Finance Commission controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for creation of Capital Assets.  <b>(IFHRMS - DPC 3604-00-196-AA-30902)</b>	Population Grant for 3 months	111,20,77,307/-
<b>Total</b>		<b>1356,62,39,572/-</b>



10. Necessary funds of Rs.60,00,00,000/- will be provided under the head of account by way of Re-appropriation as detailed below:-

(Rupees in Thousands)

Head of account	Revised Estimate 2021-22	Available fund in Revised Estimate 2021-22	Additional fund	After Reappropriation
3604 00 200 BP 30902	1269,84,75	1269,84,75	(-) 40,00,00	1229,84,75
3604 00 198 AA 30902	2334,45,66	2334,45,66	(+) 32,99,99	2367,45,65
3604 00 196 AA 30902	339,55,73	339,55,73	(+) 4,80,00	344,35,73
3604 00 197 AA 30902	1570,45,25	1570,45,25	(+) 22,20,01	1592,65,26
3604 00 200 BQ 30902	634,92,38	634,92,38	(-) 20,00,00	614,92,38
<b>Net Result</b>	<b>6149,23,77</b>	<b>6149,23,77</b>	<b>NIL</b>	<b>6149,23,77</b>

Pending provision of funds the Director of Rural Development and Panchayat Raj is authorized to incur the expenditure. The Director of Rural Development and Panchayat Raj should include the above expenditure while sending the proposal for FMA 2021-22 and to surrender the re-appropriated amount to Finance(RD) Department at appropriate time.

11. The Director of Rural Development and Panchayat Raj is authorized to draw the amount sanctioned in para 8 above from the above mentioned Head of Accounts and to disburse the same to the three tiers of Panchayat Raj Institutions after making necessary deductions for committed expenditure such as Pension Contribution and other deductions specifically authorised by the Government Orders.

12. This order issues with the concurrence of Finance Department vide its U.O.12234/Fin(RD)/2022, dated 15.03.2022 with ASL No.1828 (One thousand eight hundred and twenty eight)

(By Order of the Governor)

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

To

The Director of Rural Development and Panchayat Raj, Chennai-15.

The Additional Chief Secretary / Director General

Rural Development and Panchayat Raj (Training), Chennai-15.

All District Collectors (Except Chennai)

The Director, State Institute of Rural Development, Maraimalai Nagar,  
Chengalpattu District.

All Project Directors, District Rural Development Agencies.

The Pay and Accounts Officer (South), Chennai-35.

The Principal Accountant General (G&SSA)/(A&E)/(E&RSA), Chennai -18.

The Principal Accountant General, Chennai - 9.

The Pay and Accounts Officer, Madurai.

All District Treasury Officers.

**Copy to:**

The Special Personal Assistant to Hon'ble Minister (Rural Development),  
Chennai-9.



The Finance (RD/FC.IV/BGI/BG II/W&M-I) Department, Chennai-9.  
The Principal Private Secretary to the Principal Secretary to Government,  
Rural Development and Panchayat Raj Department, Chennai-9.  
The Rural Development and Panchayat Raj (B&C / SGS.1/SGS.2/  
SGS.3/SGS.4/PR.3/OP.II) Department, Chennai-9.  
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// Forwarded by Order //

*[Handwritten Signature]*  
17/3/2022

Section Officer

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17/3/22