



ABSTRACT

Rural Development and Panchayat Raj Department – State Finance Commission Grants for the year 2021-22 – Sanction and release of Rs.1037,38,23,000/- towards Minimum Grant for Village Panchayats, Panchayat Unions and Population Grant for all three tiers of Panchayats for three months from April 2021 to June 2021 - Orders – Issued.

Rural Development and Panchayat Raj (PR-1) Department

G.O. (Ms) No.66

Dated: 12.05.2021

பிலவ, சித்திரை 29

திருவள்ளூர் ஆண்டு 2052

Read:

- 1) G.O.Ms.No.84, Finance (FC-IV) Department, dated 31.03.2017.
- 2) From the Commissioner of Rural Development and Panchayat Raj Letter No.21291/2021/PRI 2-2, dated 20.04.2021.

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. The Government have ordered that the vertical 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 2nd read above, the Commissioner of Rural Development and Panchayat Raj has stated that in Budget Estimate 2021-22, the following provisions have been made under the head of accounts pertaining to SFC Devolution Grant for Rural Local Bodies for the year 2020-21 vide Demand No.42 of Rural Development and Panchayat Raj Department.

Component	Provision made in BE 2021-22 (In Rupees)
District Panchayats (DPC 3604-00-196-AA-30902)	372,64,06,000
Panchayat Unions (DPC 3604-00-197-AA -30902)	1,723,46,27,000
Village Panchayats (DPC 3604-00-198-AA-30902)	2,561,90,41,000
Capital Grant Fund (DPC 3604-00-200-BP-30902)	1,330,85,92,000
Pooled Fund Deficit (DPC 3604-00-200-BQ-30902)	665,42,96,000
Total	6,654,29,62,000

- (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 Lump sum 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 balance 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 SFC recommendations, the Government have issued orders and release of Minimum Lump sum 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 balance remaining amount out of the share of Panchayat Unions under SFC devolution will be distributed on the horizontal sharing ratio as mentioned in para 3 above.
- (iii) **District Panchayat - Population Grant:** As per the Fifth State Finance Commission recommendations, the amount earmarked for District Panchayats will be distributed on the basis of sharing mechanism as mentioned in para 3 above.

5. The Commissioner of Rural Development and Panchayat Raj has also stated that the Government have to issue orders for the release of share of Devolution Grant to Village Panchayats, Panchayat Unions, and District Panchayats in monthly installments from April 2021 to January 2022 as detailed below:

(In Rupees)

Total share of Devolution Grant under SFC to three tiers of Panchayats for the year 2021-22		4,658,00,74,000
a) Village Panchayats		
1	State Finance Commission Grant to Village Panchayats	2,561,90,41,000
2	Minimum Grant: 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	Population Grant: State Finance Commission Devolution Grant to Village Panchayats based on population (14 installments) i.e., Sl. No. 1-2	1,685,15,41,000
4	Out of total amount which is entitled for 14 installments as in Sl.No.3, 10 installments for the period from April 2021 to January 2022 to be released now	1203,68,15,000
5	Balance of 4 installments for the months of February and March 2022 to be released later, based on Revised Estimate i.e., Sl.No.3-4	481,47,26,000
b) Panchayat Unions		
1	State Finance Commission Grant to Panchayat Unions	1,723,46,27,000
2	Minimum Grant: 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 202 (2 months)	155,20,00,000
3	Population Grant: State Finance Commission Devolution Grant to Panchayat Unions based on population i.e., Sl.No.1-2	1,568,26,27,000
4	Out of the total amount which is entitled for 14 installments as in Sl.No.3, 10 installments for the period from April 2021 to January 2022 to be released now	1,120,18,76,428
5	Balance of 4 installments for the months of February and March 2022 to be released later, based on Revised Estimate i.e., Sl.No.3-4	448,07,50,572

c) District Panchayats		
1	Population Grant: State Finance Commission Grant to District Panchayats based on population	372,64,06,000
2	Out of the total amount which is earmarked for 14 installments, 10 installments for the period from April 2021 to January 2022 to be released now	266,17,18,571
3	Balance of 4 installments for the months of February and March 2020 to be released later, based on Revised Estimate i.e., Sl.No.1-2	106,46,87,429

6. The Commissioner of Rural Development and Panchayat Raj has further stated that the Government has to issue orders for the sanction of Minimum Grant of Rs.876,75,00,000/- (Rupees Eight hundred and seventy six crore and seventy five lakh only) at the rate of Rs.7.00 lakh per year to each Village Panchayat. In respect of Village Panchayats, Minimum Grant may be released @ Rs.60,000/- per month from April 2021 to January 2022 for 10 months and Rs.50,000/- per month for February and March 2022. An amount of Rs.155,20,00,000/- (Rupees One hundred and fifty five crore and twenty lakh only) at the rate of Rs.40.00 lakh per year may be released to Panchayat Union. This Minimum Grant to Panchayat Unions will be released @ Rs.3,00,000/- per month from April 2021 to January 2022 for 10 months and Rs.5,00,000/- per month for February and March 2022 as per the recommendations of Fifth State Finance Commission.

Thus a total sum of Rs.1031,95,00,000/- (Rupees One thousand and thirty one crore and ninety five lakh only) may be sanctioned towards the Minimum Grant for Village Panchayats and Panchayat Unions from April 2021 to March 2022 for twelve months under Fifth State Finance Commission for the year 2021-22.

7. The Commissioner of Rural Development and Panchayat Raj has also stated that sanction orders has to be issued for the Population Grant of Rs.1203,68,15,000/- (Rupees One thousand two hundred and three crore sixty eight lakh and fifteen thousand only), to Village Panchayats, Rs.1120,18,76,428/- (Rupees One thousand one hundred and twenty crore eighteen lakh seventy six thousand four hundred and twenty eight only) to Panchayat Unions and Rs.266,17,18,571/- (Rupees two hundred and sixty six crore seventeen lakh eighteen thousand five hundred and seventy one only) for District Panchayats and totally Rs.2590,04,09,999/- **towards the Population Grant** for all the three tiers of Panchayats from April 2021 to January 2022 may be sanctioned. Totally, an amount of Rs.3621,99,09,999/- (Rupees Three thousand six hundred and twenty one crore ninety nine lakh nine thousand nine hundred and ninety nine only) for the Minimum Grant for three tier Panchayats for 12 months and Population Grant for three tier Panchayats for 10 months.

8. 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.3621,99,09,999/- (Rupees Three thousand six hundred and twenty one crore ninety nine lakh nine thousand nine hundred and ninety nine only) towards Minimum Grant for 12,525, Village Panchayats and 388 Panchayat Unions for 12 months and Population Grant for all three tiers of Panchayats for ten months and also requested to authorize the Commissioner of Rural Development and Panchayat

Raj to draw the amount of Rs.3621,99,09,999/- (Rupees Three thousand six hundred and twenty one crore ninety nine lakh nine thousand nine hundred and ninety nine only) and to disburse the same to three tiers of Panchayat Raj Institutions and also to make necessary deductions for committed expenditure such as pension commitment.

9. The Government have carefully examined the proposal of the Commissioner of Rural Development and Panchayat Raj hereby accord sanction for the release of a sum of Rs.1037,38,23,000/- (Rupees One thousand thirty seven crore thirty eight lakh and twenty three thousand only) as State Finance Commission Grant to Village Panchayats, Panchayat Unions and District Panchayats for the month of April 2021 to June 2021 out of total allocation of State Finance Commission Grant of Rs.6654,29,62,000/- for the year 2021-22.

10. The amount sanctioned in para 9 above shall be debited to the following respective Heads of Accounts.

Head of Account	Amount sanctioned
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions - 198 Assistance to Gram Panchayats - State's Expenditure AA. Grants to Village Panchayats as per the recommendations of SFC controlled by Director of Rural Development - 309 Grants-in-aid-02-Grants for Creation of Capital Assets. (DPC 3604-00-198-AA-30902)	Minimum Grant for 3 months Rs.225,45,00,000/-
	Population Grant for 3 months Rs.361,10,44,500/-
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 Panchayat Unions as per the recommendation of SFC controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for Creation of Capital Assets. (DPC 3604-00-197-AA -30902)	Minimum Grant for 3 months Rs.34,92,00,000/-
	Population Grant for 3 months Rs.336,05,62,929/-
3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions- 196 Assistance to Zilla Parishads/District level Panchayats - State's Expenditure - AA - Grants to District Panchayats as per the recommendation of SFC controlled by Director of Rural Development 309 Grants-in-aid-02-Grants for Creation of Capital Assets. (DPC 3604-00-196-AA-30902)	Population Grant for 3 months Rs.79,85,15,571/-
Total	Rs.1037,38,23,000/-

11. The Commissioner of Rural Development and Panchayat Raj is authorized to draw the amount sanctioned in para 9 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. The Pay and Accounts Officer / Treasury Officers concerned are requested to admit and honour the bills as and when presented by the Commissioner of Rural Development and Panchayat Raj, if they are found otherwise in order.

13. This order issues with the concurrence of Finance Department vide its U.O.20504/Fin(RD)/2021, dated 10.05.2021.

(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 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,
Kancheepuram 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) Department, Chennai-9.

The Senior Principal Private Secretary to the Additional Chief 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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Section Officer