



ABSTRACT

Fourteenth Finance Commission Grant- Release of General Basic Grant of Rs.473.83 crore to Rural Local Bodies for the year 2015-16 as first instalment – Issue of guidelines for the utilization of Fourteenth Finance Commission Grants- Sanction – Orders – Issued.

Rural Development and Panchayat Raj (PRI) Department

G.O.(Ms) No.108

Dated: 24.07.2015

Read:

- 1) Government of India, Ministry of Finance, Department of Expenditure, Release order No: F13(1) FFC/FCD 2015-2 dated: 13.07.2015.
- 2) The Director of Rural Development and Panchayat Raj Chennai -15, letter No: 20909/2015/PRI2.1 dated: 16.7.2015.

ORDER:

The Director of Rural Development and Panchayat Raj in his letter second read above has stated that the Secretary, Ministry of Panchayat Raj, Government of India has informed that Tamil Nadu is eligible to get Rs.947.65 crore as Fourteenth Finance Commission General Basic Grant for the year 2015-16 and the "Basic Grant" is to be devolved to the Village Panchayats only. The Commission has also recommended that the distribution pattern of Basic Grant should be the pattern being followed by the State for devolution of State Finance Commission Grant. The Basic Grants should be spent only on the basic services such as water supply, street lights, roads of Local Bodies, parks, sanitation, sewage, storm water drainage and solid waste management and burial/cremation grounds and he has requested the orders from Government to release the General Basic Grant to the tune of Rs.947.65 crore under Fourteenth Finance Commission General Basic Grant. The Director of Rural Development and Panchayat Raj also requested to issue necessary Guidelines for utilization of funds released under Fourteenth Finance Commission Grant.

2. In the release order first read above, Government of India has released a sum of Rs.473.83 crore as first instalment of General Basic Grant to Panchayat Raj Institutions for 2015-16.

3. The Government have examined the proposal of the Director of Rural Development and Panchayat Raj carefully. Based on the Government of India release, the Government now accord sanction for the release of Rs.473.83 crore (Rupees Four hundred seventy three crore and eighty three lakhs only) as first installment under Fourteenth Finance Commission General Basic Grant for the year 2015-16. The Guidelines for the utilization of funds released under Fourteenth Finance Commission Grant shall be as per annexure to this order.

4. The expenditure sanctioned in para 3 shall be debited to the following head of account:-

“ 3604-00- Compensation and Assignments to Local Bodies and Panchayat Raj Insitutions-197 Assistance to Block Panchayats/ Intermediate level Panchayats- Schemes in the Twelfth Five Year Plan-II State Plan- JG. Grants to Village Panchayats as per the recommendations of 14th Finance Commission -09. Grants-in -aid -01. Grants for Current Expenditure. (DPC 3604-00- 197-JG-0919)”

5. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned in para 3 above to all the Village Panchayats and the Grant shall be utilized in conformity with the guidelines annexed to this order. He is also requested to furnish necessary utilization certificate towards the utilization of funds sanctioned in para 3 above at the appropriate form for forwarding the same to the Government of India.

6. This order issues with the concurrence of Finance Department vide its U.O.No.211/S(E)/15 dated 22.7.2015.

(By Order of the Governor)

Gagandeep Singh Bedi
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–15.
The Director of Local Fund Audit, Chennai -118.

Copy to:

The Senior Personal Assistant to Hon'ble Minister,
MA, RD, Law, Courts and Prisons, Chennai-9
The Senior Personal Secretary , Secretary to Government,
Rural Development and Panchayat Raj Department, Chennai-9
The MAWS Department, Chennai-9
The Revenue Department, Chennai 9.
The Commercial Taxes and Registration Department, Chennai- 9
All Sections of Rural Development and Panchayat Raj
Department, Chennai-9
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//forwarded by order//

Dugganachand
Under Secretary to Government

Annexure

(G.O.(Ms) No. 108,RD&PR(PR1) Department,dated: 24.07.2015.)

Guidelines for implementation of 14th Finance Commission Basic Grant for the year 2015-16.

1. Introduction:

The Ministry of Panchayat Raj, Government of India has informed that as per the recommendations of 14th Finance Commission, Tamil Nadu will get 14th Finance Commission 'Basic Grants' of Rs.7,899.69 crore from the year 2015-16 to 2019-20 as detailed below:

Year	Allocation (Rs. in crore)
2015-16	947.65
2016-17	1,312.19
2017-18	1,516.12
2018-19	1,753.87
2019-20	2,369.86
Total	7,899.69

The Ministry of Panchayat Raj has also informed that all the Basic Grants should be released to the Village Panchayats to enable delivery of basic services such as water supply, street lights, roads, sanitation including storm water drainage and solid waste management, parks, burial and cremation grounds. The criteria for distribution of grants to the Village Panchayats will be the same pattern adopted by the State Government for devolution of State Finance Commission Grants. As such, Basic Grants to the State for the year 2015-16 will be Rs.947.65 crore.

2. Allocation of grants to the Village Panchayats:

The Fourteenth Finance Commission has recommended that the Basic Grants will be released to the Village Panchayats on the formula which is being followed by the State for devolution of State Finance Commission Grants. The Fourth State Finance Commission constituted by the State Government has recommended that the minimum lumpsum grant to Village Panchayats be increased from Rs.3 lakh to Rs.5 lakh per Panchayat. The balance amount from out of the share of Village Panchayats in the State Finance Commission devolution be distributed on the horizontal sharing ratio as below:

- a) Total population (2011 census) : 60%
- b) SC/ST population : 20%
- c) Area : 20%

The State Government has accepted the recommendations of 4th State Finance Commission and issued orders accordingly for release of devolution grants to Village Panchayats. In respect of distribution of 14th Finance Commission Basic Grants to the Village Panchayats, following formula is adopted:

a) Minimum lumpsum grant of Rs.3 lakh to each Village Panchayat:

The devolution grant for the year 2015-16 as per the recommendations of 4th State Finance Commission is Rs.5,222.07 crore. Out of this allocation, 60% is entitled for the Village Panchayats. Out of 60% share, Rs.5 lakh is released to each Village Panchayat as minimum lumpsum grant. Whereas, the 14th Finance Commission Basic Grant is Rs.947.65 crore only and hence, the minimum grant will be Rs.3 lakh for each Village Panchayat.

b) The balance Grant will be released to Village Panchayats on the following basis which is being adopted for the release of SFC Grant:

i)	Total population	:	60%
ii)	SC/ST population	:	20%
iii)	Area	:	20%

The above is the formula for distribution of SFC grants to the Village Panchayats and hence, the same is adopted for 14th CFC Grants.

3. Preparation of plan and Identification of the requirement of basic amenities:

As per the recommendations of Fourteenth Finance Commission, the Basic Grants are allocated for 5 year period from the year 2015-16. Total allocation as Basic Grant to the Village Panchayats for five year period will be Rs.7,899.69 crore. Hence, the District Collectors should give instructions to Village Panchayats to prepare **plan for 5 year period from the year 2015-16 and to prioritise the requirements for implementation every year.** The Panchayats should be asked to prepare plan for an amount that is approximately **five times of 2015-16 allocation** in the order of priority. Works should be sanctioned by the District Collector on the basis of priority given by the Village Panchayats for the yearly allocation.

The State Government is implementing Tamil Nadu Habitations Improvement Scheme (THAI) from the year 2011-12 to provide basic amenities taking into account the habitation as the unit. Under the scheme, detailed survey has been taken in all the Village Panchayats, habitation wise on the availability/ requirement of all minimum required facilities like water supply, street lights, roads, burial grounds, path way to burial grounds etc. The survey details available in the Village Panchayats should be taken into account for preparation of the Village plan and selection of works for the expenditure of 14th Finance Commission Grant.

4. Sensitisation of Village Panchayat Presidents and the Rural Development officials:

Since the size of 14th Finance Commission Basic Grant allocation is more, there is a need of sensitisation of the Village Panchayat Presidents, Block Development Officers (Village Panchayat), Engineers, Overseers and the Panchayat Secretaries who are directly responsible for implementation of the scheme. District level/ Block level sensitisation should be conducted for selection of works/ utilization of grants under 14th Finance Commission.

5. Executing Agency for utilisation of grants:

Village Panchayat is the only local body which is eligible to get the Basic Grant of 14th Finance Commission. Since Village Panchayat is the local body which is responsible for provision of basic amenities in rural areas, this amount will also be administered by the Village Panchayats and works will be executed through Village Panchayats.

6. Type of works to be taken up:

The amount allocated as 14th Finance Commission Basic Grant may be utilized for the following works/ purposes.

i) Settlement of **long pending current consumption charges** to be paid to TANGEDCO and **water charges** to TWAD Board.

ii) Water Supply works:

- a) Water Supply works should be planned to ensure provision of 55 LPCD of water in rural areas.
- b) No. of OHTs construction should be restricted to the requirement for storage of water to the size of population. [Total capacity of all OHTs should not exceed Total Population x 55 litres for a single filling purpose. If there are 2 fillings of a tank per day, the Total Capacity of OHTs is to be accordingly reduced.]
- c) Mini power pumps should **not** be taken from this Grant.
- d) Alternative sources/ extension of pipelines, deepening of openwells wherever necessary and feasible may be taken up.

iii) Street lights:

- a) New/ extended areas should be given priority with **LED lights**.
- b) LED lights may be provided wherever current consumption charges are heavy by **replacing** bulbs, sodium and mercury lamps in the existing poles.

iv) Roads:

- a) BT road between the habitations within the Panchayat, including culverts.
- b) **Paver Blocks** may be provided in the streets where there is no heavy vehicular movement. Outside residential area should not be taken up for Paver Block.
- c) Pathway to burial ground upto WBM standard can be taken up.

- v) Any other permitted works such as **burial/ cremation ground** as per need and requirement may be taken up. Non-essential works should **not** be taken up utilizing the Basic Grant.
- vi) **Convergence of other funds / schemes:** The Village Panchayat can take up works from the gaps identified in Village Panchayats by dovetailing funds under MGNREGS, SFC Grant, Pooled Assigned Revenue and the general funds of Village Panchayats in addition to the CFC Basic Grant to create / improve infrastructure facilities in rural areas. Through proper convergence and dovetailing of different funds, the Village Panchayats can create more number of infrastructure facilities.
- vii) The works which are not eligible under Rural Development Schemes should not be taken up from this fund also.
- viii) Out of the allocation communicated to the Village Panchayats, **not less than 25% should be earmarked for provision of basic amenities** in SC/ST habitations.

7. Placement of works list in the Gram Sabha and approval:

The work lists shortlisted by the Village Panchayat for the amount allocated as Basic Grant of the 14th Finance Commission should be placed before Grama Sabha .

8. Preparation of Estimates:

After identification of works by the Village Panchayat to the amount allocated to the respective Village Panchayat and approval by the Gram Sabha, actual estimates should be prepared by the technical officers after visiting the site. No estimate should be prepared without verification at the field. Estimates prepared by the Engineers should be randomly checked by the Assistant Executive Engineer and the Executive Engineer (RD) in order to ensure actual and correct estimates only are prepared. **The Estimate for Roads should compulsorily have the photograph of the site** at every 100 m distance and the photographs should be attached to the Estimate itself to enable the AEE / EE and BDO / PD, DRDA test verify the need of the work.

9. Administrative sanction:

The District Collector will accord administrative sanction for the works after detailed scrutiny of the estimates by the Project Director, DRDA and the Executive Engineer(RD). No sanction should be given without proper estimates and no estimate of Road works should be without photographic record incorporated alongwith.

10. Mode of Execution:

The works will be executed by the Village Panchayats through tender as per Transparency in Tender Act, 1998 and Rules 2000 and the procedures prescribed in GO.Ms.No.203, Rural Development and Panchayat Raj Department dt.20.12.2007. The Block Development Officer (Village Panchayats) is the monitoring officer at Block level and the Project Director, DRDA is the monitoring officer at District level. The Overseer, Assistant Engineer / Junior Engineer and

the Assistant Executive Engineer are responsible for quality of works. The Executive Engineer (RD) should inspect the works with reference to quality and timely execution. District Collector is the overall authority for implementation of scheme at District level.

11. Release of funds:

- i) The Director of Rural Development and Panchayat Raj will release 14th Finance Commission basic grant to the District Collectors.
- ii) The District Collectors will release grants to the Village Panchayats as per the allocation immediately after receipt of funds from the Directorate and after ascertaining the amount to be sent to Account 2 & 3 of the Village Panchayat concerned.
- iii) The District Collectors should get the list of Village Panchayats which have pending CC charges for TANGEDCO and water charges to TWAD Board. For the Village Panchayats, which have long pending dues of CC charges and water charges, the District Collectors should compulsorily earmark the part or full portion of the Basic Grant to Account No.2 of the Village Panchayat for those dues and then only release the balance amount to Account No.3.
- iv) The Village Panchayats which do not have pending CC charges and water charges should be given the entire amount in Account No.3 maintained for Central Schemes.
- v) No amount should be kept at District level at any point of time since the Grant is the entitlement of Village Panchayat and any delay in timely release of funds will attract penal interest.

12. Documentation/ Utilisation Certificates:

The works taken up under 14th Finance Commission Grant should be properly documented at District level. The amount available as interest in the Village Panchayats may be utilized for this purpose. Utilisation Certificates should be got from all the Village Panchayats and consolidated report should be sent by the District Collectors to the Directorate for utilisation of funds.

13. The Secretary to Government, Rural Development and Panchayat Raj Department is empowered to modify the guidelines issued for utilisation of 14th Finance Commission basic grant whenever necessary in consultation with the Director of Rural Development and Panchayat Raj.

Gagandeep Singh Bedi
Secretary to Government.

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J. Subramanian
Section Officer.

24/11/11

