

Release of State Finance Commission Grant to Rural Local Bodies for the months February and March, 2008.

Rural Development and Panchayat Raj (PR.I) Department

G.O.(Ms.) No.28

Dated 25.2.2008

Read:

1. G.O.Ms.No.199, Finance (FC IV) Department, dated 25.5.2007.
2. G.O.Ms.No.126, Rural Development and Panchayat Raj Department, dated 12.7.2007.
3. From the Director of Rural Development and Panchayat Raj, Letter Rc.No.31787/2007/PRI.II-2, dated 30.1.2008.

* * *

ORDER

The Hon'ble Minister for Rural Development and Local Administration, while presenting the Rural Development and Local Administration demand on 11th and 12th April, 2007, announced that the Village Panchayats' share will be raised to 60% of the Devolution grant allocated for Panchayat Raj Institutions to enable them to discharge their onerous duties of provision and maintenance of basic amenities such as drinking water supply, sanitation, roads and street lights. The Hon'ble Minister also announced that a minimum grant of Rs.3.00 lakhs each, will be given to all the Village Panchayats from the shared amount of the Village Panchayats and the balance amount shall be apportioned on the basis of population.

2. Based on the announcement, the Director of Rural Development and Panchayat Raj has sent proposal in which he has stated that a sum of Rs.1,586 crores have been provided during the year 2007-2008 for Rural Local Bodies as State Finance Commission grant. He has also stated that out of the Village Panchayats share of devolution, a floor amount of Rs.3.00 lakhs be given to all the Village Panchayats and balance amount be apportioned to the Village Panchayats in proportion to population.

3. Accordingly in the reference second read above Government have distributed the State Finance Commission grant as follows:

Budget provision for the year 2007-2008 for
Devolution of State Finance Commission grant. .. Rs.158358.71 lakhs

Ratio of distribution between Village Panchayats,
Panchayat Unions and District Panchayats .. 60:32:8

Rs.95015.23 : 50674.79 : 12668.69
lakhs.

60% of State Finance Commission grant to
Village Panchayats .. Rs.95015.23 lakhs

Out of this 5% infrastructure gap Filling fund .. Rs.7917.94 lakhs

55% State Finance Commission grants to Village Panchayats .. Rs.87097.29 lakhs

Minimum grant (Rs.3.00 lakhs x 12618 Village Panchayats) from the share of State Finance Commission grant to Village Panchayats .. Rs.37854 lakhs

Balance State Finance Commission grant to Village Panchayats .. Rs.49243.29 lakhs

Further the Government have sanctioned a minimum grant of Rs.3.00 lakhs at the rate of Rs.25,000/- p.m. to each Village Panchayat in 12 monthly instalments. The Government also sanctioned the State Finance Commission grant for 10 months from April 2007 to January 2007 to Rural Local Bodies on the basis of 2001 population as detailed below:

(I) Minimum grant to Village Panchayats from April 2007 to March 2008 (Rs.25,000 x 12 = 12618) Rs.37854 lakhs

(ii) State Finance Commission devolution grant from April 2007 to January 2008

District Panchayats Rs. 9049.06 lakhs
Panchayat Unions Rs.36196.27 lakhs
Village Panchayats Rs.35173.78 lakhs

4. Based on the above orders, the Director of Rural Development and Panchayat Raj in his letter third read above have requested the Government to release State Finance Commission minimum grant to Village Panchayats and grant based on population for February and March, 2008 to Rural Local Bodies as detailed below:

Name of the Local Body	Amount sanctioned as per Revised Estimate 2007-08	Funds released for April 2007 to January 2008.	Balance available	Funds to be released for February and March 2008.	
				(Rupees in lakhs)	
Village Panchayats	870,97.29	730,27.78	140,69.51	State Finance Commission minimum grant	Rs.63,09.00
Panchayat Unions	506,74.79	361,96.27	144,78.52	144,78.52	
District Panchayats	126,68.69	90,49.06	36,19.63	36,19.63	
Total	1504,40.77	1182,73.11	321,67.66	321,67.66	

5. The Government have carefully examined the proposal of the Director of Rural Development and Panchayat Raj and decided to accept the above proposal with a modification that the entire balance grant intended for Village Panchayats shall be distributed based on population since the minimum grant of Rs.3 lakhs per Panchayat per annum have already been distributed to all Village Panchayats in the Government Order second read above. The Government accordingly direct that the State Finance Commission grant to Village Panchayats, Panchayat Unions and District Panchayats based on population for February and March, 2008 shall be distributed as follows:

Name of the Local Body	Amount sanctioned as per Revised Estimate 2007-2008	Funds released for April 2007 to January 2008.	Balance available	Funds to be released for February and March 2008. (Rupees in lakhs)	
Village Panchayats	870,97.29	730,27.78	140,69.51	Population based grant	Rs.14069.51
Panchayat Unions	506,74.79	361,96.27	144,78.52		144,78.52
District Panchayats	126,68.69	90,49.06	36,19.63		36,19.63
Total	1504,40.77	1182,73.11	321,67.66		321,67.66

6. The amount sanctioned in para 5 above shall be debited to the following heads of accounts:

District Panchayats:

"3604-00. Compensation and Assignments to local bodies and Panchayat Raj Institutions 196 - Assistance to Zilla Parishads/District level Panchayats - I - Non-Plan - AA. Grants to District Panchayats as per the recommendations of State Finance Commission controlled by the Director of Rural Development - 09. Grants-in-aid - 02. Grants for Capital Expenditure" (DPC 3604 00 196 AA 0921) Rs.3619.63 lakhs

Panchayat Unions:

"3604-00. Compensation and Assignments to local bodies and Panchayat Raj Institutions 197 - Assistance to Block Panchayats - Intermediate level Panchayats - I - Non-Plan - AA. Grants to Panchayat Unions as per the recommendations of State Finance Commission controlled by the Director of Rural Development - 09. Grants-in-aid - 02. Grants for Capital Expenditure" (DPC 3604 00 197 AA 0929) Rs.14478.52 lakhs

Village Panchayats:

"3604-00. Compensation and Assignments to local bodies and Panchayat Raj Institutions 198 - Assistance to Gram Panchayats - I - Non-Plan - AA. Grants to Village Panchayat as per the recommendations of State Finance Commission controlled by the Director of Rural Development - 09. Grants-in-aid - 02. Grants for Capital Expenditure" (DPC 3604 00 198 AA 0927) Rs.14069.51 lakhs

7. The Director of Rural Development and Panchayat Raj is authorized to draw and disburse the amount sanctioned above and he is requested to make necessary deductions for pension contribution and funds for "Panchayat Union School Renovation Programme".

8. The Pay and Accounts Officer / Treasury Officers concerned are requested to admit and honour the bills as and when presented by the Director of Rural Development and Panchayat Raj, if they are found otherwise in order.

9. This order issues with the concurrence of Finance Department vide its U.O. No.37/DS(B)/2008-1, dated 20.2.2008.

(BY ORDER OF THE GOVERNOR)

K. ASHOK VARDHAN SHETTY
SPECIAL COMMISSIONER &
SECRETARY TO GOVERNMENT.