

11. STATE FINANCE COMMISSION

11.24 Release of SFC grant to rural Local Bodies for the months of April 2007 to January 2008 and a minimum grant of Rs.3 lakhs to each Village Panchayat

Rural Development and Panchayat Raj (C2) Department

G.O. (Ms) No. 126

Dated : 12.7.2007

Read :

1. Director of Rural Development and Panchayat Raj Letter Rc.No.31787/2007/PRI 1.2 dated 25.4.2007.
2. G.O. (Ms) No. 199 Finance (FC-IV) Department, dated 25.5.2007.

ORDER

The Hon'ble Minister for Rural Development & 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. The Government have carefully examined the proposal of the Director of Rural Development and Panchayat Raj in the light of the orders issued in G.O. 2nd read above and the Budget provision of Rs.158358.71 lakhs, the State Finance Commission grant is distributed as follows:

Budget provision for the year 2007-08	Rs.158358.71 lakhs
for Devolution of State Finance Commission grant	
Ratio of distribution between Village Panchayats, Panchayat Unions and District Panchayats	60:32:08
	Rs.95015.23 :50674.79 : 12668.69 lakhs
60% of State Finance Commission grants 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

4. The Government have decided and sanction 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 sanction the State Finance Commission grant for 10 months from April 2007 to January 2008 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 x 12618)	= Rs. 37854 lakhs
---	-------------------

11. STATE FINANCE COMMISSION

(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

5) The amount sanctioned in para 4 above shall be debited to the following head of accounts.

District Panchayats :

3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions 196-Assistance to Zilla Parishads / District level Panchayats - 1-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. 9049.06 lakhs

Panchayat Unions :

3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions 197-Assistance to Block Panchayats - Intermedia level Panchayats - 1-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. 36196.27 lakhs

Village Panchayats :

3604-00-Compensation and Assignments to Local Bodies and Panchayat Raj Institutions 198-Assistance to Gram Panchayats - 1 Non Plan-AA-Grants to Village 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 3604-00-198-AA-0927) Rs. 35173.78 lakhs & Rs. 378.54 Crores (minimum grant to 12618 Village Panchayats for 12 months)

6. The Director of Rural Development is authorised to draw and disburse the amount sanctioned in para 4 (i) in 12 monthly instalments and the amount sanctioned in para 4 (ii) in 10 equal monthly instalments from April '07 to January '08 to the Rural Local Bodies immediately.

7. The Director of Rural Development is also requested to make necessary adjustments / deductions for committed expenditure such as pension commitment excess devolution made to Rural Local bodies from the devolution meant for the respective local bodies instead of respective tiers, while distributing the State Finance Commission devolution grant sanctioned in item (ii) in para 4 above to the concerned Rural Local Bodies following the orders issued in this regard by the Government after duly reconciling the amount to be deducted with concerned local bodies / Heads of Departments. The minimum grant to Village Panchayats will be used for payment of Electricity Consumption and water charges so that these services do not suffer.

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, if they are found otherwise in order.

9. This order issued with the concurrence of Finance Department vide its U.O. No.37593/RD/07, Dated 10.7.2007.

(By order of the Governor)

K.ASHOK VARDHAN SHETTY
SECRETARY TO GOVERNMENT