



## ABSTRACT

Rural Development and Panchayat Raj Department – 6<sup>th</sup> State Finance Commission Grant – sanction a sum of Rs.843.40 Crore under Operations, Maintenance and Deficit Grant Fund for the year 2023-24 and Release the first installment of Rs.421,70,00,000/- as per the Sixth State Finance Commission Recommendation - Orders - Issued.

### Rural Development and Panchayat Raj (PR-1(2)) Department

G.O. (Ms) No.121

Dated: 04.10.2023

சோபகிருது, புரட்டாசி 17

திருவள்ளூர் ஆண்டு 2054

Read:

1. G.O. (Ms) No.60, Finance (SFC–MC) Department, dated 28.02.2023.
2. G.O. (Ms) No.39, Rural Development and Panchayat Raj (PR-1) Department, dated 25.03.2023.
3. From Director of Rural Development and Panchayat Raj letter No.30791/2023/PRI 2-2, dated 28.07.2023 and 21.09.2023.

\* \* \* \* \*

### ORDER:

In the Government Order first read above, the Government have ordered that the vertical sharing ratio for devolution of State Finance Commission Grant to Rural and Urban Local Bodies will be 51:49 for the Sixth State Finance Commission award period from 2022-23 to 2026-27. 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 55:39:6 respectively. As per the Sixth State Finance Commission recommendations, the horizontal distribution of State Finance Commission (SFC) devolution to Rural Local Bodies should be done on the basis of the following multiplier formula:-

|                       |   |     |
|-----------------------|---|-----|
| a. Population         | - | 65% |
| b. Area               | - | 15% |
| c. SC / ST Population | - | 20% |

2. In the Government Order 2<sup>nd</sup> read above, the Government have Sanctioned a sum of Rs.414,68,04,000/- as second installment towards Operations, Maintenance and Deficit Grant Fund for the year 2022-23 as per the 6<sup>th</sup> State Finance Commission recommendation.

(P.T.O)

3. In the letter 3<sup>rd</sup> read above, the Director of Rural Development and Panchayat Raj has stated as follows:-

**I. Operations, Maintenance and Deficit Grant Fund (OMDGF) to the Tamil Nadu Water Drainage Board:**

The Sixth State Finance Commission in its recommendation has stated that

*“Para. 7.44.a: Rs. 100 Crore should be allocated to TWAD Board in the first year with an annual increase of Rs.10 Crore over the previous year allocation for the next four year making the total allocation of Rs.600 Crore during the entire award period. This Fund should be spent for meeting the water charge requirements of those weaker local bodies which are not able to pay annual charges from their existing resources. The grant can be made directly to the board.”*

Hence, sanction and release is requested for an amount of Rs.110 Crore towards settling of water charges to Tamil Nadu Water Drainage Board (TWAD Board) through Tamil Nadu Simplified Panchayat Accounting System (TNPASS) by the concerned Village Panchayats which have long standing water charges dues.

**II. Operations, Maintenance and Deficit Grant Fund (OMDGF) to the TANGEDCO:**

The Sixth State Finance Commission in its recommendation has stated that *Para 7.44.d: “Rs.200 Crore should be allocated in the first year with an annual increment of Rs.20 Crore over the previous year allocation for meeting the electricity bill requirements of those local bodies which are not able to pay the electricity charges with their existing resources.”*

Hence, the allocated amount of Rs.220 Crore for the year 2023-24 may be settled to TANGEDCO by the concerned Village Panchayats through Tamil Nadu Simplified Panchayat Accounting System (TNPASS) by the concerned Village Panchayats. Hence, sanction and release of Rs. 220 Crore is requested to settle the long pending dues of the Village Panchayats to TANGEDCO.

**III. Operations, Maintenance and Deficit Grant Fund (OMDGF) to the Advance Library Cess:**

In terms of release of Grant under **Operations, Maintenance and Deficit Grant Fund (OMDGF) to the Advance Library Cess**, the Sixth State Finance Commission in its recommendation has stated that

*“Para 7.44.e: Huge arrears of library cess have accumulated over the years. Collecting this amount from a large number of local bodies causes administrative issues as well. Hence this Commission recommends that Rs.28 crore should be allocated to the Department of Public Libraries in the first year as advance*

payment of library cess collection with an annual increase of Rs.2.8 crore over the previous year allocation for the next four years. Having collected the advance library cess from the local body devolution subsequently the local bodies can retain the actual library cess collected at their level”.

Hence, an amount of Rs.30.80 Crore may be settled to Directorate of Libraries in respect of Advance Library cess for the year 2023-24 and the corresponding local bodies will collect the library cess and appropriate them in their general fund proportionate to the settled amount.

**IV. Operations, Maintenance and Deficit Grant Fund (OMDGF) to Regional Institute of Rural Development and Panchayat Raj:**

In terms of this, the Sixth State Finance Commission in its recommendation has stated that

“7.44.b:Rs.60 lakh should be allocated annually to rural regional training institutes for capacity building of officials working for RLBs and the public representatives”

Hence an amount of Rs.60 Lakh may be transferred to Director General, Training of Rural Development and Panchayat Raj to undertake capacity building of officials working for RLBs and the public representatives.

**V. Operations, Maintenance and Deficit Grant Fund (OMDGF) to Deficit RLBs:**

Sixth State Finance Commission Grant recommends the following para and the same has been accepted by the Government vide its Action Taken Report.

*“Rs. 280 crore in the first year with an annual increase of Rs. 28 crore over the previous year’s allocation should be allocated to RLBs with deficit for two consecutive financial years subject to a maximum grant of Rs. 10 lakh per local body per year. This Fund should be untied and should not be intercepted for any other purposes at the state level or the district level.”*

As per the Governments order, the Deficit panchayats will be identified based on the following criteria and this grant may be restricted to Village Panchayats.

- The Village Panchayats which have more outstanding water charges dues accumulated over the period of time and the Village panchayats which don't have adequate financial resources to meet the gap.
- The Village Panchayats which receive very less population grant dues from the State Finance Commission Grant for the past two years.

- The Village Panchayats which are small in size and receives less devolution and don't have adequate Own Sources of Revenue and struggling to meet even the Local Body Contribution portion of the AGAMT scheme over the year may be given priority.
- The identification of Village Panchayats and distribution of the OMDGF fund to the concerned Local Body may be decided by the Director of Rural Development and Panchayat Raj based on the above criteria.

VI. **In respect of Peri urban panchayats and Hill area Panchayats**, the allocated amount of Rs.69 Crore and Rs.30 Crore respectively may be transferred to the concerned Village Panchayats for execution and implementation of the scheme. In this regard, separate guidelines will be issued in due course for the above two schemes.

VII. **Operations, Maintenance and Deficit Grant Fund (OMDGF) to Sanitary Workers Welfare Board**

In budget provisions for the year 2023-24, the Government has earmarked an amount of Rs. 5 Crore (Rupees Five Crore Only) to Sanitary Workers Welfare Board under Operations, Maintenance and Deficit Grant Fund for the year 2023-24 out of the Sixth State Finance Commission Grant. The same may be released to the Tamil Nadu Sanitary Workers Welfare Board to undertake welfare activities. The guidelines for the same may be followed as per the Government order issued vide G.O (Ms) No.14, Rural Development and Panchayat Raj (CGS-4) Department, Dated 20.02.2023.

VIII. **Operations, Maintenance and Deficit Grant Fund (OMDGF) to school infrastructure:**

The Sixth SFC in its report recommended as detailed below,

*“Rs. 60 crore shall be allotted proportionately each year among districts based on the number of schools within the RLBs in each district. This Fund should be used for minor works and maintenance of school infrastructure.”*

*The Commission recommends that the schools selection should not be restricted to Panchayat union schools alone. Even the high schools and higher secondary schools falling under the jurisdiction of the local bodies serve the population of the local bodies. Hence, the fund can be spent on high schools and higher secondary schools as well. This should serve as a first step towards increasing further functional delegation to the local bodies. The Public Works Department can have parallel jurisdiction. The requirement of obtaining no objection should be done away with.*

Hence, an amount **Rs.60 Crore** for the year 2023-24 may be sanctioned and it may be used for minor works and maintenance of school infrastructure.

**IX. Operations, Maintenance and Deficit Grant Fund (OMDGF) to implement Forest Rights Act:**

The Sixth SFC in its report recommends the following:

*Implementation of Forest Rights Act should be given top priority in the districts with tribal population. Rs.20 lakh should be given for each hamlet in which majority of individual Forest rights have been given and majority of community rights have been settled. This Fund should be spent by the District Collector for meeting basic infrastructure requirements of the hamlets based on the recommendations of the Joint Forest Management Committee.*

Hence an amount of **Rs.10 Crore** for the year 2023-24 may be sanctioned and the same may be devolved to the districts identified for this purpose.

4. The Director of Rural Development and Panchayat Raj has requested the Government to issue orders for the sanction of **Rs.843.40 Crore** and release first instalment amount of **Rs.421.70 Crore (Rupees Four Hundred and Twenty one Crore seventy lakh)** towards Operations, Maintenance and Deficit Grant Fund for the year 2023-24.

5. The Director of Rural Development and Panchayat Raj has also requested the Government to issue orders on the following:-

- i. To sanction Rs.843.80 Crore as Operations, Maintenance and Deficit Grant Fund for the year 2023-24 and to release the amount of Rs.421.70 Crore as first installment as per the Sixth State Finance Commission recommendations.
- ii. To draw and disburse an amount of Rs.55 Crone as first installment and directly released to TWAD Board to settle Water charges of the Village Panchayats. The list of Village Panchayat wise dues will be communicated by the Director of Rural Development and Panchayat Raj to TWAD Board to adjust the amount.
- iii. To draw and disburse an amount of Rs.110.00 Crore as first installment directly to TANGEDCO and it should be utilised for settlement of Current consumption charges of Village Panchayats. The list of Village Panchayat wise Service Connections will be sent to TANGEDCO by the Village Panchayats concerned for settlement of CC dues.
- iv. To draw and disburse an amount Rs.30 Lakh as first instalment and it may be transferred to Director General, Training of Rural Development and Panchayat Raj to undertake capacity building of officials working for RLBs and the elected representatives.

- v. To draw and disburse an amount of Rs.15.40 Crore in respect of Advance Library cess and it may be settled directly to Directorate of Libraries.
- vi. To sanction Rs.308 Crore towards OMDGF of RLBs and draw and disburse an amount of Rs.154 Crore to Deficit Village Panchayats identified by the Director of Rural Development and Panchayat Raj as per the above conditions.
- vii. To release an amount of Rs.30.00 Crore to the section concerned in the Directorate of Rural Development and Panchayat Raj to undertake School infrastructure works.
- viii. To sanction and release Rs.5 Crore towards reward for Forest Rights Act implementation and the fund initially given to Director of Rural Development and Panchayat Raj and after finalization of the hamlets at the District level it may be given to District Collectors for implementation.
- ix. To draw and disburse the first instalment amount of Rs.34.50 Crore and Rs.15 Crore respectively to Peri-Urban Panchayats and Hill area Panchayats execution and implementation of the scheme.
- x. To draw and disburse the first instalment amount of Rs.2.5 Crore directly to Tamil Nadu Sanitary Workers Welfare Board to undertake welfare activities.
- xi. To empower the Principal Secretary to Government Rural Development and Panchayat Raj to modify these guidelines wherever necessary in consultation with the Director of Rural Development and Panchayat Raj.

6. The Government after careful examination of the proposal of the Director of Rural Development and Panchayat Raj have decided to accept the same and issue orders as follows:-

- a. Sanction is accorded to allocate a sum of Rs.843.40 Crore under Operations, Maintenance and Deficit Grant Fund for the year 2023-24 and to release the amount of Rs.421,70,00,000/- (Rupees Four Hundred Twenty One Crore and Seventy Lakhs only) as first installment under Operations, Maintenance and Deficit Grant Fund as per the Sixth State Finance Commission recommendations.
- b. Permission is given to draw and disburse an amount of Rs.55 Crore as first installment and the amount may be credited into the following account of the TWAD Board:

|             |                     |
|-------------|---------------------|
| Account No. | 332502010094093     |
| Bank        | UNION BANK OF INDIA |
| IFSC Code   | UBIN0533254         |

so as to settle Water charges of the Village Panchayats as per the list communicated by the Director of Rural Development and Panchayat Raj.

- c. Permission is given to draw and disburse an amount of Rs.110.00 Crore as first installment and the amount may be credited into the following account of the TANGEDCO:

|             |               |
|-------------|---------------|
| Account No. | 0911201003004 |
| Bank        | CANARA BANK   |
| IFSC Code   | CNRB0000911   |

it should be utilised for settlement of Current consumption charges of Village Panchayats as per the list communicated by the Director of Rural Development and Panchayat Raj.

- d. Permission is given to draw and disburse an amount Rs.30 Lakh as first installment and it may be transferred to Director General, Training of Rural Development and Panchayat Raj to undertake capacity building of officials working for RLBs and the elected representatives.
- e. Permission is given to draw and disburse an amount of Rs.15.40 Crore as first instalment and the amount may be credited into the following account of the Directorate of Libraries in respect of Advance Library cess.

|             |             |
|-------------|-------------|
| Account No. | 7463241406  |
| Bank        | INDIAN BANK |
| IFSC Code   | IDIB000C032 |

- f. Sanction is accorded to allocate a sum of Rs.308 Crore towards OMDGF of RLBs and permission is given to draw and disburse an amount of Rs.154 Crore to Deficit Village Panchayats identified by the Director of Rural Development and Panchayat Raj as per the above conditions.
- g. An amount of Rs.30.00 Crore is released to the section concerned in the Directorate of Rural Development and Panchayat Raj to undertake School infrastructure works.
- h. Sanction is accorded to release of Rs.5 Crore towards reward for Forest Rights Act implementation and the fund initially given to Director of Rural Development and Panchayat Raj and after finalization of the hamlets at the District level it may be given to District Collectors for implementation.
- i. Permission is given to draw and disburse the first installment amount of Rs.34.50 Crore and Rs.15 Crore respectively to Peri-Urban Panchayats and Hill area Panchayats execution and implementation of the scheme.
- j. Permission is given to draw and disburse the first installment amount of Rs.2.5 Crore as first instalment and the amount may be credited into the following account of the Tamil Nadu Sanitary Workers Welfare Board to undertake welfare activities.

|             |              |
|-------------|--------------|
| Account No. | 300020007000 |
| Bank        | RBL BANK     |
| IFSC Code   | RATN0000245  |

7. The expenditure sanctioned in para '6' above shall be debited under the following head of account:-

| Head of Account   | BE 2023-24    | Total Releases made so far | Current Release Sought for |
|---|---------------|----------------------------|----------------------------|
| <p><b>3604-00</b> – Compensation and Assignments to local Bodies and Panchaya Raj Institutions – <b>200</b> - Other Miscellaneous Compensations and Assignments State's Expenditure – <b>BY</b> - Operations, Maintenance Deficit Grant Fund(OMDGF) – TWAD – <b>309</b> - Grants-in-Aid – <b>02</b> - Grants for Creation of Capital Assets.</p> <p><b>DPC 3604 00 200 BY 30902</b></p>                               | 110,00,00,000 | 0                          | 55,00,00,000               |
| <p><b>3604-00</b> – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – <b>200</b> - Other Miscellaneous Compensations and Assignments State's Expenditure – <b>BZ</b> - Operations, Maintenance Deficit Grant Fund(OMDGF) - Rural Regional Training Institute – <b>309</b> - Grants-in-Aid – <b>02</b> - Grants for Creation of Capital Assets.</p> <p><b>DPC 3604 00 200 BZ 30902</b></p> | 60,00,000     | 0                          | 30,00,000                  |
| <p><b>3604-00</b> – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – <b>200</b> - Other Miscellaneous Compensations and Assignments State's Expenditure – <b>CA</b> - Operations, Maintenance Deficit Grant Fund(OMDGF) - Deficit Fund or RLBs – <b>309</b> - Grants-in-Aid- <b>02</b>- Grants for Creation of Capital Assets.</p> <p><b>DPC 3604 00 200 CA 30902</b></p>                | 308,00,00,000 | 0                          | 154,00,00,000              |
| <p><b>3604-00</b> – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – <b>200</b>-Other Miscellaneous Compensations and Assignments State's Expenditure - <b>CB</b> - Operations, Maintenance Deficit Grant Fund(OMDGF) – TANGEDCO – <b>309</b> - Grants-in-Aid - <b>02</b> - Grants for Creation of Capital Assets.</p> <p><b>DPC 3604 00 200 CB 30902</b></p>                            | 220,00,00,000 | 0                          | 110,00,00,000              |



|  |              |   |              |
|--|--------------|---|--------------|
| <p><b>3604-00</b> – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – <b>200</b> - Other Miscellaneous Compensations and Assignments State's Expenditure - <b>CC</b> - Operations, Maintenance Deficit Grant Fund(OMDGF) – Advance Library Cess – <b>309</b> -Grants-in-Aid - <b>02</b>- Grants for Creation of Capital Assets.</p> <p><b>DPC 3604 00 200 CC 30902</b></p>           | 30,80,00,000 | 0 | 15,40,00,000 |
| <p><b>3604-00</b> – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – <b>200</b> - Other Miscellaneous Compensations and Assignments State's Expenditure - <b>CD</b> - Operations, Maintenance Deficit Grant Fund(OMDGF) – Sanitary Workers Welfare Board – <b>309</b> - Grants-in-Aid- <b>02</b>- Grants for Creation of Capital Assets.</p> <p><b>DPC 3604 00 200 CD 30902</b></p> | 5,00,00,000  | 0 | 2,50,00,000  |
| <p><b>3604-00</b> – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – <b>200</b>-Other Miscellaneous Compensations and Assignments State's Expenditure - <b>CE</b> - Operations, Maintenance Deficit Grant Fund(OMDGF) – Peri Urban Panchayats – <b>309</b> - Grants-in-Aid - <b>02</b>- Grants for Creation of Capital Assets.</p> <p><b>DPC 3604 00 200 CE 30902</b></p>           | 69,00,00,000 | 0 | 34,50,00,000 |
| <p><b>3604-00</b> – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – <b>200</b> - Other Miscellaneous Compensations and Assignments State's Expenditure - <b>CF</b> - Operations, Maintenance Deficit Grant Fund(OMDGF) - Hill Area Panchayats – <b>309</b> - Grants-in-Aid – <b>02</b> - Grants for Creation of Capital Assets.</p> <p><b>DPC 3604 00 200 CF 30902</b></p>         | 30,00,00,000 | 0 | 15,00,00,000 |
| <p><b>3604-00</b> – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – <b>200</b> - Other Miscellaneous Compensations and Assignments State's Expenditure - <b>CG</b> - Operations, Maintenance Gap Fund (OMGF) – Schools – <b>309</b> - Grants-in-Aid - <b>02</b> - Grants for Creation of Capital Assets.</p> <p><b>DPC 3604 00 200 CG 30902</b></p>                                | 60,00,00,000 | 0 | 30,00,00,000 |

|  |                      |          |                      |
|--|----------------------|----------|----------------------|
| <b>3604-00</b> – Compensation and Assignments to local Bodies and Panchayat Raj Institutions – <b>200</b> - Other Miscellaneous Compensations and Assignments State's Expenditure – <b>CH</b> - Operations, Maintenance Gap Fund (OMGF) - Reward for Forest Rights Act – <b>309</b> - Grants-in-Aid- <b>02</b> - Grants for Creation of Capital Assets.<br><b>DPC 3604 00 200 CH 30902</b> | 10,00,00,000         | 0        | 5,00,00,000          |
| <b>Total - OMDGF</b>   | <b>843,40,00,000</b> | <b>0</b> | <b>421,70,00,000</b> |

8. The Principal Secretary to Government Rural Development and Panchayat Raj has empowered to modify the guidelines wherever necessary in consultation with the Director of Rural Development and Panchayat Raj.

9. The utilization of funds under the Operations, Maintenance and Deficit Grant Fund shall be adopted for the year 2023-24.

10. This order issues with the concurrence of Finance Department vide its U.O.No.4544/Fin(RD)/2023, dated 03.10.2023.

(By Order of the Governor)

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

To

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

The Secretary, Sanitary Workers Welfare Board, Chennai.

All District Collectors.

The Chairman cum Managing Director, Tamil Nadu Generation and Distribution Corporation Limited, Chennai – 600 002.

The Managing Director, Tamil Nadu Water Supply and Drainage Board, Chennai –620 005.

All District Treasury Officers.

The Director of Treasuries and Accounts, Chennai–35.

The Director of Local Fund Audit, Chennai -35.

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

Copy to:

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

The Principal Private Secretary to Principal Secretary to Government,

Rural Development and Panchayat Raj Department, Chennai-9.

The Finance (RD/FC.II) Department, Chennai -9.

The Rural Development and Panchayat Raj (B&C/OP II/CGS-IV/  
SGS-I/SGS-II/PR-III) Department, Chennai-9.

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// Forwarded by Order //

*K. Sanjay*  
Section Officer

*8/10/23*