



TAMIL NADU GOVERNMENT GAZETTE

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Part II—Section 2

Notifications or Orders of interest to a Section of the public
issued by Secretariat Departments.

NOTIFICATIONS BY GOVERNMENT

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

GUIDELINES FOR AVAILING FOURTEENTH FINANCE COMMISSION PERFORMANCE GRANT BY VILLAGE
PANCHAYATS FROM THE YEAR 2017-2018 TO 2019-2020.

[G.O. Ms. No. 147, Rural Development and Panchayat Raj (PR-1), 20th December 2017.]

No. II(2)/RDPR/1026(a)/2017.

The 14th Finance Commission has recommended Grants-in-aid to the Village Panchayats under two categories, as Basic Grant and Performance Grant. Out of the total grants-in-aid to Village Panchayats, 90% of the Grant is released as Basic Grant and the balance 10% of Grant is sanctioned as Performance Grant. As per the recommendations of the 14th Finance Commission, the Performance Grant is being released from the year 2016-17 onwards based on the performance of the Village Panchayats as it is a conditional grant.

The share of Tamil Nadu on grants-in-aid to Village Panchayats for the period from 2015-16 to 2019-20 is given below:-

(Rs. in crore)

Grants	2015-16	2016-17	2017-18	2018-19	2019-20	Total (2015-20)
Basic Grant	947.65	1312.19	1516.12	1753.87	2369.86	7899.69
Performance Grant	---	172.12	194.78	221.20	289.64	877.74
Total	947.65	1484.31	1710.90	1975.07	2659.50	8777.43

2. Mandatory Conditions to avail Performance Grant:

Based on the recommendation of the 14th Finance Commission, Government of India has earlier communicated detailed procedure and operational criteria, including quantum of incentives to be given for the distribution of Performance Grant to the Village Panchayats. Now the Ministry of Panchayat Raj organised a Workshop on the 24th May 2017 for drawing up a scheme for disbursement of Fourteenth Finance Commission Performance Grants for the period 2017-18 to 2019-20 in which representatives of the Panchayat Raj Departments of the States and other stakeholders participated. Based on the

deliberations of the workshop and other inputs received, the scheme has been finalised with the approval of Ministry of Finance. In this connection, the Government of India has communicated the mandatory conditions and the scoring criteria to avail the Performance Grant from the year 2017-18.

The Village Panchayats shall fulfill the following mandatory conditions to avail the Performance Grant from the year 2017-18.

- (1) Submission of audited accounts that relate to year not earlier than two years preceding the year in which the Village Panchayat seeks to claim the Performance Grant;
- (2) Increase in Own Source of Revenue (OSR) over the preceding year as reflected in the audited accounts;
- (3) Completion of Village Panchayat Development Plan (VPDP) of year of Performance Grant disbursement and upload on Plan Plus portal.
- (4) Display of sector wise Fourteenth Finance Commission Expenditure in Dashboard/website Uniform Resource Locator of Ministry of Panchayati Raj of previous year to Performance Grant claim.

2.1. Submission of Audit Report of annual accounts by Village Panchayats:

The Village Panchayat shall submit the audited accounts that relate to the year not earlier than two years preceding the year in which the Village Panchayat seeks to claim the Performance Grant.

2.1.1. Existing arrangements for audit of Village Panchayat accounts:

- (i) Government have issued orders for rationalization of Village Panchayats Accounts and procedure for the operation of accounts *vide* G.O.Ms.No.146, Rural Development and Panchayat Raj (C4) Department, dated 17-8-2007, G.O.Ms.No.60, Rural Development and Panchayat Raj (PR-1) Department, dated 16-4-2015 and G.O.Ms.No.89, Rural Development and Panchayat Raj (PR-1) Department, dated 15-6-2015.
- (ii) As per the Tamil Nadu Panchayats (Issue and Disposal of Audit Report of Village Panchayats) Rules, 2000, the Deputy Block Development Officer (Audit) is the Auditor of Village Panchayats;
- (iii) Assistant Director of Rural Development (Audit) checks the audit reports of the Village Panchayats in the district to verify the correctness of the Audit done by the Deputy Block Development Officer (Audit);
- (iv) The Local Fund Audit Department conducts test audit in 22% of Village Panchayats annually;
- (v) In addition, the Office of the Accountant General conducts audit in selective Village Panchayats on a regular basis.

2.2. Increase in own revenue generation by the Village Panchayats:

Own source of revenue of Village Panchayats would include both **tax and non-tax revenue**. The Village Panchayats should ensure 100% assessment of House Tax, Professional Tax, Dangerous and Offensive Trade and other own source of revenue, finalise the demand and complete collection before the end of March of every year. The Village Panchayats should show better progress in augmentation of the own source of revenue as compared to the preceding year, for example, increase in the 2015-16 comparing to the year 2014-15 as reflected in the audited accounts for availing the Performance Grant for the year 2017-18.

In other words, if T1 is the total Revenue in 2014-15 i.e.,

T1 = Tax and Non-tax revenue collection in 2014-15.

T2 = Tax and Non-tax revenue collection in 2015-16.

Then, the Village Panchayat is eligible for Performance Grant amount in 2017-18 **only if T2 > T1**.

2.3. Uploading Village Panchayat Development Plan (VPDP) on Plan Plus portal:

1. The Village Panchayat Development Plan for the year for which Performance Grant is applied should be uploaded in the Plan Plus portal / (<http://planningonline.gov.in>) website of Ministry of Panchayat Raj.
2. The Block Development Officer (Village Panchayat) will be responsible for uploading the Village Panchayat Development Plan in the Plan Plus portal. The District Programme Management Unit created in the office of the Assistant Director of Panchayats shall co-ordinate all activities related to uploading the Village Panchayat Development Plan.

2.4. Display of sector wise Fourteenth Finance Commission Expenditure in Dashboard/website Uniform Resource Locator of Ministry of Panchayati Raj:-

- (1) Display of sector wise Fourteenth Finance Commission expenditure in dashboard / website Uniform Resource Locator of Ministry of Panchayati Raj of previous year to Performance Grant claim is one of the criteria for the scoring system to be adopted for the evaluation of Village Panchayats.
- (2) The works taken up under the Fourteenth Finance Commission Basic Grant, sector wise and category wise should be uploaded in the website Uniform Resource Locator of Ministry of Panchayat Raj, <http://planningonline.gov.in>. The Physical and Financial Progress of the works taken up under the Fourteenth Finance Commission should be entered in the above Uniform Resource Locator. The Block Development Officer (Village Panchayat) will be responsible for uploading the progress.

The Performance Grant claim year and the corresponding base year that will be assessed for sanction of Performance Grant.

Sl.No.	Mandatory Conditions	Performance Grant claim year		
		2017-18	2018-19	2019-20
1.	Submission of Audited Accounts that relate to year not earlier than two years preceding the year in which the Village Panchayat seeks to claim the Performance Grant	2015-16	2016-17	2017-18
2.	Show increase its Own Source Revenue (OSR) over the preceding year as reflected in the audited accounts.	2015-16 over 2014-15	2016-17 over 2015-16	2017-18 over 2016-17
3.	Completion of Village Panchayat Development Plan (VPDP) of year of Performance Grant disbursement and upload on Plan Plus portal	2017-18	2018-19	2019-20
4.	Display of sector wise Fourteenth Finance Commission Expenditure in Dashboard/ website Uniform Resource Locator of Ministry of Panchayat Raj of previous year to Performance Grant claim.	2016-17	2017-18	2018-19

Those Village Panchayats which fulfill the above mandatory conditions only will be considered for further evaluation. The evaluation of those Village Panchayats should be done with scoring system as intimated by the Ministry of Panchayat Raj.

3. Evaluation of Village Panchayats by Scoring System:-

The Ministry of Panchayat Raj, Government of India has suggested a scoring system to avail the Performance Grant. The following scoring system will be adopted in the State to sanction Performance Grant for the period from 2017-18 to 2019-20.

Sl. No.	Criteria	Scoring method
1.	Increase its Own Source Revenue (OSR) quantum	0.1 to 10% = 5 10.01 to 25.00 % = 10 25.01 to 50.00 % = 15 More than 50.00% = 20
2.	% of Own Source Revenue (OSR) quantum generated with reference to FFC Basic Grant amount of previous financial year to the Performance Grant claim year as per audited accounts.	0.1 to 10% = 15 10.01 to 20.00 % = 20 20.01 to 30.00 % = 30 More than 30.00% = 40
3.	Open Defecation Free (ODF) status of Village Panchayats in the previous financial year to Performance Grant claim year	If yes = 30 if No = 0
4.	Immunization in Village Panchayats in the previous financial year to Performance Grant claim year full immunization (0-2 year age children)	If yes = 10 if No = 0

3.1. Open Defecation Free (ODF) status of Village Panchayats:-

Open Defecation Free status of Village Panchayats in the previous financial year to Performance Grant claim year is one of the criteria of the scoring system for the evaluation. The Ministry of Drinking Water and Sanitation provides the following definition to the Open Defecation Free status of Village Panchayats:-

“ODF is the termination of faecal-oral transmission, defined by-

- (a) no visible faeces found in the environment/village; and
- (b) every household as well as public/community institutions using safe technology option for disposal of faeces.

Safe technology option means no contamination of surface soil, ground water or surface water; excreta inaccessible to flies or animals; no handling of fresh excreta; and freedom from odour and unsightly condition.

The Village Panchayat which has been declared as Open Defecation Free by the concerned Grama Sabha will be treated as Open Defecation Free Panchayat for this evaluation purpose. The Village Panchayat while applying for Performance Grant should enclose a copy of the Grama Sabha resolution duly certified by the Village Panchayat President from the year 2017-18 onwards. In addition to this, for availing Performance Grant from the year 2018-19 onwards the sustainability of the ODF status will be the criteria for Village Panchayats having become ODF in the year.

3.2. Immunization in Village Panchayat:

Immunization of all children in the age group 0-2 years in the Village Panchayat in the previous financial year to Performance Grant claim year is one of the scoring criteria to avail Performance Grant. The immunization status of the children less than two years of age, in the Village Panchayat should be certified by the concerned Village Health Nurse and countersigned by Block Medical Officer (BMO).

4. Distribution criteria for the release of 14th Finance Commission Performance Grant:

The Fourteenth Finance Commission has recommended that the **Basic Grant** for Village Panchayats will be distributed among them, using the formula prescribed by the respective State Finance Commissions for the distribution of resources. Accordingly, the same formula is being adopted for the distribution of Fourteenth Finance Commission Basic Grant and the same may also be adopted for Performance Grant. The distribution of Performance Grant to Village Panchayats shall be based on their score as per the details given in the following table:-

TABLE

Sl. No.	Score	Eligible Quantum of Performance Grant
1.	Up to 49	50 % of the allocation
2.	50 to 60	70 % of the allocation
3.	61 to 70	80% of the allocation
4.	71 and above	100 % of the allocation

Any undistributed amount, after the above allocations including those of ineligible Village Panchayats, will be redistributed only amongst Village Panchayats scoring 50 or above proportionately on the basis of weighted average of the score obtained by the Village Panchayats with respect to the overall weightage.

5. Procedure for application for Performance Grant and evaluation of claim:

- Each Village Panchayat should fill-up the format in Annexure I under joint signature of the Village Panchayat President, Zonal Deputy Block Development Officer and Block Development Officer (Village Panchayat).
- Both filled-up format shall be collected from the Village Panchayats by the respective Zonal Deputy Block Development Officer in accordance with the checklist as per Annexure-I and the same shall be handed over to the Block Development Officer (Village Panchayat).
- Both submission of audit report of annual accounts of the relevant year as well as increase in the collection over the previous year by the Village Panchayats is to be certified by the Deputy Block Development Officer (Audit) with specific recommendation for eligibility to avail Performance Grant as per the format for certification in Annexure-I and forward the same to Block Development Officer (Village Panchayats).
- The Block Development Officer (Village Panchayats) will check all the proposals submitted by the Deputy Block Development Officer (Audit) and then forward the proposals to the office of the District Collector.

- The Assistant Director (Panchayats) shall consolidate the proposals received from the Block Development Officer (Village Panchayats) after conducting 10% super-check. In addition to that, the Assistant Director (Audit) should also conduct 10% super check of proposals received from Block Development Officer (Village Panchayats). The District Collector shall finalise the list of eligible Panchayats.
- The consolidated list of Village Panchayats eligible for the receipt of Performance Grant shall be sent by the District Collector as in Annexure-II to the Director of Rural Development and Panchayat Raj.
- The timeline for submitting the proposals will be sent by the Director of Rural Development and Panchayat Raj to the District Collectors each year.
- The District Collector should ensure that Audit Report of the relevant year have been placed before the Grama Sabha and Village Panchayats have made Online submission of Village Panchayat Form 30 in the official website of Rural Development and Panchayat Raj Department (www.tnrd.gov.in) and completion of PRIA Soft online entry in the Government of India website (www.accountingonline.gov.in) regularly.

6. Utilisation of Performance Grant:

Fourteenth Finance Commission Grant is intended to be used to support and strengthen the delivery of basic civic services such as water supply, sanitation, street-lighting etc. Also, as per section 110 of the Tamil Nadu Panchayats Act, 1994 (Tamil Nadu Act 21 of 1994), Village Panchayats are entrusted with the functions of provision of basic civic services such as water supply, sanitation, street-lighting etc. Considering the need for continuity in the provision of funds for delivery of basic services, the Performance Grant is to be utilized by the Village Panchayats to perform the following functions **as per the priority** given below:-

- (1) Operation & Maintenance of water supply, street lights and sanitation. The first charge of the grant is to the Current Consumption charges due to Tamil Nadu Generation and Distribution Corporation and water charges due to Tamil Nadu Water Supply and Drainage Board.
- (2) Filling up gaps in the provision of basic amenities in accordance with the guidelines issued by the Government for the utilization of Fourteenth Finance Commission Basic Grant.

7. Release of funds:

- (i) The District Collector shall furnish the consolidated list of Village Panchayats eligible for the receipt of Performance Grant to the Director of Rural Development and Panchayat Raj as per the prescribed timeline.
- (ii) The Director of Rural Development and Panchayat Raj will release 14th Finance Commission Performance Grant to the District Collectors based on the scoring criteria mentioned under paragraph 4.
- (iii) The District Collectors shall release grants to the Village Panchayats concerned as per their entitlement immediately after receipt of funds from the Directorate. Prior to such release, the District Collector should **ascertain the quantum of amount to be sent to Village Panchayat Account No. 2 in the Panchayats where the Current Consumption Charges / water charges are heavy based on the half yearly average demand and the balance, if any, be released to Account No. 3 of the Village Panchayat concerned. In Village Panchayats where such charges are not heavy, the entire amount shall be released to Village Panchayat Account No.3 for execution of permissible works as per the Fourteenth Finance Commission Basic Grant Guidelines.**
- (iv) No amount should be kept at District level at any point of time since the Grant is the entitlement of Village Panchayats and any delay in timely release will attract penal interest.

8. Documentation/Submission of Utilisation Certificates:-

The expenditure incurred under 14th Finance Commission Performance Grant should be properly documented at District level. Utilisation Certificates should be obtained from all the Village Panchayats and consolidated report should be sent by the District Collectors to the Directorate.

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

HANS RAJ VERMA,
Additional Chief Secretary to Government.

Annexure – I

**Format for claiming 14th Finance Commission Performance Grant by the Village Panchayats
for the year 2017-18**

Name of the District:

Name of the Block:

Name of the Village Panchayat:

Part A

All the Village Panchayats have to mandatorily fulfill the following conditions to be eligible for consideration of allocation of share of Performance Grant.-

Sl. No.	Mandatory Criteria	Weightage
1.	Submission of audited accounts that relate to the year not earlier than 2 years preceding the year in which the Village Panchayat seeks to claim the Performance Grant	Yes
2.	Show increase its Own Source Revenue (OSR) over the preceding year as reflected in the audited accounts.	Yes
3.	Completion of Village Panchayat Development Plan (VPDP) of year of Performance Grant disbursal and upload on Plan Plus portal	Yes
4.	Display of sector wise Fourteenth Finance Commission Expenditure in Dashboard/website URL of Ministry of Panchayati Raj of previous year to PG claim	Yes

Part B

The evaluation of those Village Panchayats who have satisfied all the above four criteria will be carried out as per the scoring system given below:-

Sl. No.	Criteria (Year to be taken as Financial Year)	Weightage
1.	Increase its OSR quantum	
	% of increase	
	Score	
2.	% of OSR quantum generated: With reference to FFC Basic Grant amount of previous financial year to the Performance Grant claim year as per audited accounts % of OSR quantum generated:	
	Score	
3.	Open Defecation Free (ODF) status of Village Panchayats in the previous financial year to PG claim year YES /NO, If yes =30, No= 0	
4.	Immunization in Village Panchayats in the previous financial year to PG claim year Full immunization (0-2 year age children) Yes /No, If yes =10, No=0	
5	Total Max. Score (1+2+3+4) above	

Note:

Score for criteria in serial number 1 & 2 to be mentioned based on the range given in the guidelines.

#ODF status – Grama Sabha resolution to be attached.

#Certificate from Village Health Nurse and Block Medical Officer to be obtained regarding immunization of all children (0-2 years) in the Village Panchayat.

**Panchayat
President/
Secretary,**
.....
Village Panchayat

**Zonal Deputy Block
Development Officer**
.....
**Panchayat
Union.**

**Deputy Block Development
Officer (Audit)**
.....
Panchayat Union

**Block Development
Officer (Village
Panchayat)**
.....
**Panchayat
Union**

Annexure – II**Consolidated list of Village Panchayats claiming 14th Finance Commission Performance Grant for the year 2017-18**

Name of the District:

Sl.No.	Name of the Block	Name of the Village Panchayat	Score (from Annexure-I)				Total Score
			Score in Increase in OSR	Score in OSR quantum generated	Score in ODF Status	Score in Full Immunization in Village Panchayats (0-2 years)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

**Assistant Director
(Audit),**
.....District.

**Assistant Director
(Panchayats),**
.....District.

District Collector,
.....District.

HANS RAJ VERMA,
Additional Chief Secretary to Government.