



Abstract

Thirteenth Finance Commission – Release of balance of second instalment of General Basic Grant and release of General Performance Grant to Local Bodies – Sanction of payment of interest at the rate of 9.5% to the local bodies in lieu of delay in release of grants to local bodies – Orders – Issued.

FINANCE (FC.II) DEPARTMENT

G.O.Ms.No.174

Dated 25<sup>th</sup> May 2012  
Vaikasi 12  
Tiruvalluvar Aandu 2043

Read the following:-

- 1) Government of India, Ministry of Finance, Department of Expenditure, Finance Commission Division Letter No.F.12(2) FCD/2010, dated 23-09-2010
- 2) G.O.Ms.No.85, Rural Development and Panchayat Raj (PR.I) Department, dated 08-11-2011
- 3) G.O.(D) No.512, Municipal Administration and Water Supply (MA-2) Department, dated 27-12-2011
- 4) G.O.(D) No.2, Municipal Administration and Water Supply (TP-2) Department, dated 04-01-2012
- 5) G.O.(D) No.78, Municipal Administration and Water Supply (MA-2) Department, dated 26-03-2012
- 6) Government of India, Ministry of Finance, Department of Expenditure, Finance Commission Division Letter F.12 (3)/FCD/2010, dated: 30-03-2012 (Local bodies Grant release No.34/2011-12)
- 7) Government of India, Ministry of Finance, Department of Expenditure, Finance Commission Division Letter F.12 (3)/FCD/2010, dated: 31-03-2012 (Local bodies Performance Grant release NO.4/2011-12)
- 8) G.O.(D) No.116, Municipal Administration and Water Supply (TP-2) Department, dated 04-05-2012
- 9) G.O.(D) No.117, Municipal Administration and Water Supply (MA-2) Department, dated 04-05-2012
- 10) G.O.Ms.No.32, Rural Development and Panchayat Raj (PR.I) Department, dated 07-05-2012
- 11) G.O.Ms.No.33, Rural Development and Panchayat Raj (PR.I) Department, dated 07-05-2012

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ORDER:

In the letter first read above, the Government of India have issued guidelines towards the utilisation of grants recommended by the Thirteenth Finance Commission for Rural and Urban Local Bodies.

2) In the references second to fifth read above, the State Government have released the second instalment of General Basic Grants to the local bodies pending receipt of grants from Government of India.

3) As per the guidelines issued by Government of India in the letter first read above, among other things, the Local Body Grant must be transferred within the stipulated number of days i.e. five days of receipt from the Central Government in case of States with easily accessible banking infrastructure and ten days in case of States with inaccessible banking infrastructure. Any delay will require the State Government to release the instalment with interest, at the Bank rate of Reserve Bank of India for the number of days of delay. This would be applicable from the second instalment of 2010-11 onwards.

4) In the references sixth and seventh read above, the Government of India have released second instalment of General Basic Grant for the year 2011-12 and General Performance Grant for the year 2011-12. The amount released by the Government of India as second instalment of General Basic Grant for 2011-12 is on the higher side as against the funds released by the State Government as General Basic Grant for 2011-12 pending receipt of grant from Government of India. In the references eighth to eleventh read above, the State Government have released the balance of second instalment of General Basic Grant for 2011-12 and General Performance Grant for 2011-12 to the local bodies.

5) Based on the Government of India's guidelines and release of grant made by Government of India, the State Government have released funds to the local bodies and interest to be paid for delayed payment of grant to local bodies, are tabulated below:-

	Government of India Release		State Government Release		Delay in release by State Government	Head of Department	Rate of Interest @ 9.5% (in Rs.)
	Amount (Rs. In lakhs)	Date	Amount (Rs. In lakhs)	Date			
<b>Balance of second instalment of General Basic Grant</b>							
Urban Local Bodies	560.00	30-3-12	173.60000	4-5-12	29 days	Commissioner of Municipal Administration (Corporations)	131032
			181.28670	4-5-12		Commissioner of Municipal Administration (Municipalities)	136834
			47.96778	4-5-12		Commissioner of Municipal Administration (Grade III Municipalities)	36206
			157.14552	4-5-12		Director of Town Panchayats	118613
Panchayat Raj Institutions	727.00	30-3-12	727.00000	7-5-12	32 days	Commissioner of Rural Development and Panchayat Raj	605501

	Government of India Release		State Government Release		Delay in release by State Government	Head of Department	Rate of Interest @ 9.5% (in Rs.)
	Amount (Rs. In lakhs)	Date	Amount (Rs. In lakhs)	Date			
<b>General Performance Grant</b>							
Urban Local Bodies	1702.85	31-3-12	527.88350	4-5-12	28 days	Commissioner of Municipal Administration (Corporations)	384704
			551.25724	4-5-12		Commissioner of Municipal Administration (Municipalities)	401738
			145.86060	4-5-12		Commissioner of Municipal Administration (Grade III Municipalities)	106298
			477.84866	4-5-12		Director of Town Panchayats	348240
Panchayat Raj Institutions	1787.32	31-3-12	1787.32000	7-5-12	31 days	Commissioner of Rural Development and Panchayat Raj	1442098
<b>TOTAL INTEREST (in Rs.)</b>							<b>3711264</b>

6) Government after careful consideration, have decided to accord sanction and release a sum of Rs.37,11,264/- (Rupees thirty seven lakhs, eleven thousand, two hundred and sixty four only) to the Heads of Departments as detailed below towards payment of interest to the respective local bodies at the rate of 9.5% in lieu of delay in release of balance amount of second instalment of General Basic Grant for the year 2011-12 and General Performance Grant for the year 2011-12 :-

- i) Commissioner of Municipal Administration : Rs.11,96,812
- ii) Director of Town Panchayats : Rs. 4,66,853
- iii) Commissioner of Rural Development and Panchayat Raj : Rs.20,47,599

7) The expenditure sanctioned in paragraph 6 above shall be debited to the following head of account:-

"2049. Interest Payments – 60. Interest on Other Obligations – 800. Others – AA. Interest on Finance Commission transfers to Local Bodies – 25. Interest (DPC 2049 60 800 AA 2509) (Charged)"

8) Necessary funds will be provided in RE / FMA 2012-2013. Pending provision of funds in RE / FMA 2012-13, the Pay and Accounts Officer (Secretariat) is requested to admit the bills as and when presented, if otherwise found in order.

9) The Section Officer (Bills), Finance department is authorised to draw and disburse the amount sanctioned in paragraph 6 above to the concerned head of departments by account payee cheque.

10) The Commissioner of Municipal Administration is requested to disburse the amount to Corporation, Municipalities and Erstwhile Grade-III Municipalities as per the amount mentioned in paragraph 5 above.

11) This order issues with the Additional Sanction Ledger No.248 (Two hundred and Forty Eight)

(BY ORDER OF THE GOVERNOR)

K. SHANMUGAM  
Principal Secretary to Government

To

The Additional Chief Secretary to Government, Municipal  
Administration and Water Supply Department, Chennai-9.

The Principal Secretary to Government, Rural Development and  
Panchayat Raj Department, Chennai-9.

The Commissioner of Rural Development and Panchayat Raj, Chennai-15

The Commissioner of Municipal Administration, Chennai-5.

The Director of Town Panchayats, Chennai-108.

The Pay and Accounts Officer (Secretariat), Chennai-9.

The Director, Finance Commission Division, Department of Expenditure,  
Ministry of Finance, 11<sup>th</sup> Block, 5<sup>th</sup> Floor, CGO Complex, Lodhi Road,  
New Delhi – 110 003.

The Accountant General, Chennai-18 / 35.


The Accountant General (CAB), Chennai-9.

The Finance (Bills) Department, Chennai-9. (2 copies)

Finance (RD / MAWS / BG.II / W&M-I & II) Department, Chennai-9.

Stock File / Spare Copies.

Forwarded / By order

  
28/5/2012  
SECTION OFFICER  
28/5/12