



GOVERNMENT OF TAMIL NADU

ABSTRACT

State Finance Commission – Recommendations of the State Finance Commission relating to resources allocation to local bodies – Financial devolution from State Government – Basis for distribution among urban local bodies and guidelines for utilisation of the Funds – Orders – Issued.

Municipal Administration and Water Supply (Elections) Department

G.O.Ms.No. 109

Dated 3.5.1997

1. From the Director of Municipal Administration D.O.Lr.No. 21038/97/P3 Dated 25.3.97
2. G.O.Ms.No. 225, Finance (Resources) Department, Dated 2.5.1997

ORDER:

In the G.O. second read above, among others, the following decisions of the Government, on the recommendations of the State Finance Commission relating to financial devolution from the State Government to the urban local bodies have been taken:-

90% of the entertainment tax receipts shall be assigned to local bodies from the year 1997-98.

8% of the total revenue from the State taxes excluding entertainment tax shall be transferred to the local bodies from the year 1997-98.

15% of the amount referred to in para 3(ii) above shall be set apart for an Equilisation and Incentive Fund with a view to correct deficiencies arising out of the implementation of the principle of distribution and to continue the incentive grants now available for improvement of local tax collection efforts and resources in the local bodies. This will be allocated among rural and urban local bodies in the ratio of 60:40.

Balance 85% of the amount referred to in para 3(ii) above shall be allocated to the rural and urban local bodies in the ratio of 55:45.

The funds allocated for rural local bodies will be shared in the ratio of 10:45:45 among the district panchayats, panchayat unions and village panchayats respectively.

The funds allocated for urban local bodies will be distributed in the ratio of 38:31:31 among town panchayats, municipalities and municipal corporations respectively.

Orders regarding basis of distribution of funds amongst various local bodies in each category would be issued separately by Rural Development and Municipal Administration and Water Supply Departments.

The release of funds as per paragraph 3(iv) shall be on a quarterly basis. The sanction orders in this regard will be issued in consultation with Finance Department by Rural Development and Municipal

Administration and Water Supply Departments, Based on actual, final adjustments, if any, would be made in the first quarter of the succeeding year.

2. The Government have examined the basis of distribution of funds among

the urban local bodies viz., Corporation, Municipalities and Town Panchayats based on the recommendations made by the State Finance Commission in this regard and direct that the distribution by made as follows:-

	Town Panchayats	Municipalities	Corporations
i) Total Population (1991)	45%	45%	40%
ii) Total Scheduled Caste/Scheduled Tribe Population(1991)	20%	10%	10%
iii) Financial indicator per capita receipt under own resources (Average of both Tax and Non-Tax resources for the last 3 Years ending with 31.3.94)	15%	15%	15%
iv) Service indicator existing per capita expenditure on core civic services (for the last 3 years ending with 31.3.94)	20%	30%	35%

However for the year 1997-98, because of administrative reasons, the weight age to service indicator shall be transferred to weight age on population (total and SC/ST) in the same proportion.

3. The Government also direct that the following guidelines be followed for utilisation of the fund:-

This amount should be utilised only for revenue expenditure, i.e., for the purposes mention in item (4) below. A separate account shall be maintained with separate Cash Book, Pass Book and Cheque Book for these funds.

These accounts should be audited separately and separate audit report issued.

The Corporations/Municipalities/Town Panchayats should work out the total requirement of funds for maintaining infrastructure services under road, water supply, street lights, conservancy, drainage, underground drainage and interest on loans to be repaid to Government and items listed in item (4) below including staff salary. The difference, if any, between actual requirement and the amount allocated under devolution package should be credited in this account from general funds of concerned municipalities/Town Panchayats/Corporations in four quarterly instalments to meet the expenditure.

The funds (devolved from Government) shall be utilised for the following purposes only:

Payment of current consumption charges for street lights and water supply maintenance:

Payment of maintenance charges for water supply schemes by Tamil Nadu Water Supply and Drainage Board and for incurring the expenditure towards water supply maintenance by Municipalities including materials such as bleaching powder, Alum, etc., required for the purpose;

Maintenance of Roads;

Maintenance of Street Lights;

Maintenance of Conservancy and other public health services including materials such as lime, phenyl, bleaching powder and other public health materials;

Maintenance of underground drainage or open drainage;

Maintenance of other facilities like compost yard, sewage farm, slaughter house, maternity centres, dispensaries, community centres, public toilets etc.,

Payment of pension and other retirement benefits to retired employees for whom payments are made from the local bodies funds;

Payment of salary of staff including sanitary workers;

Payment of interest on loans obtained from Government for Municipal purposes;

4. This order issues with the concurrence of the Finance Department vide its U.O.No.1877/FS/P/97, Dated 29.4.1997.

(By order of the Governor)

S. MALATHI
Secretary to Government.

To

The Director of Municipal Administration, Chennai-5
The Director of Town Panchayats, Chennai – 108.
The Commissioners of all Municipal Corporations thro' the Mayor.
All Regional Directors of Municipal Administrations.
All Assistant Directors of Town Panchayats.
The Commissioners of all Municipalities thro' the Chairman.
The Executive Officers of Town Panchayats.

Copy to:

All Sections in MA & WS Department,
The Accountant General, Chennai – 18.
The Accountant General, Chennai – 35.
The Director of Local Fund Audit, Chennai – 108.
The Director of Treasuries and Accounts, Chennai – 15.
The Pay and Accounts Officer(North) Chennai – 79.
The Rural Development Department, Chennai – 9.
The Finance (MA & WS) Department, Chennai – 9.
The Finance (Res) Department, Chennai – 9.
The PA to JS (SKS) Finance Department, Chennai – 9.
The PA to DS (B) Finance Department, Chennai – 9.

/Forwarded / By Order /

Sd/-
Section Officer.