

**Government of West Bengal**  
**Department of Panchayats and Rural Development**  
**63, N.S. Road, Jessop Building (1<sup>st</sup> Floor),**  
**Kolkata – 700001**

No. 5160/PN/O/I/4-F/2010

Date: 21.6.10

**ORDER**

The Third State Finance Commission, West Bengal (constituted by the Government Order No. 4000-F.B. dated 22<sup>nd</sup> 2006) recommends for an 'untied' fund allocation to the tune of Rs. 800 crore constituting around 5% of the State's own net tax revenue to the Local Self Governments, both rural and urban, of the State. The commission also recommends a progressive increase of the 'untied' fund allocation at the minimum rate of 12% per annum on a cumulative basis for the subsequent four financial years and splitting of the total 'untied' fund allocation at the State level into two segments – 24% for Urban Local Bodies and 76% for Panchayati Raj Institutions. Consequent upon the recommendation of the Third State Finance Commission the Governor is pleased, in exercise of the power conferred by section 212 read with sub-section (2) of section 207B of the West Bengal Panchayat Act, 1973 (West Ben. Act XLI of 1973), to lay down procedure for entitlement and allocation of grants under 'untied' fund and utilization of the said fund by the Zilla Parishads, Panchayat Samitis and Gram Panchayats in the following manner.

1. Entitlement of fund shall be guided by the recommendations of the Third State Finance Commission, West Bengal (constituted under Notification No.4000-FB dated 22<sup>nd</sup> February, 2006) and subsequent Action Taken Report of the Government of West Bengal.
2. Grants under Third S.F.C. will be divided into two segments- 98% and 02%.
  - (a) Fund under first segment (98%) will be termed as **Bangla Gram Bikash Prakalpa**.
  - (b) Fund under second segment (02%) will be allotted among PRIs of all tiers as Incentive Grant in proportion to the 'Own Source Revenue' collected by PRI body in excess of the collection of the last year. This incentive grant will henceforth be termed as **Panchayat Sampad Bikash Prakalpa**.
3. (a) Fund under *Bangla Gram Bikash Prakalpa* will be allocated to the Zilla Parishads, Panchayat Samitis and Gram Panchayats in the ratio of 12 : 18 : 70. All Zilla Parishads taken together will be allocated 12% of the fund. All Panchayat Samitis will get 18% and all Gram Panchayats taken together will get 70% of this Untied Fund. Criteria for allocation to PR bodies within any tier will be guided by the formula shown in the table under para 4.
  - (b) Modus Operandi of *Panchayat Sampad Bikas Prakalpa* will be notified in due course
4. Entitlement of fund *Bangla Gram Bikash Prakalpa* to any PR body will depend 50% on its population as per Census 2001. Remaining 50% of allocation will be guided by other indicators like – 1) Backward population segment, 2) Female non-literate, 3) Food insecurity 4) Marginal workers 5) Total population without drinking water or paved approach or power supply, 6) Sparseness of population (inverse of population density), 7) Backwardness reflected by HDI.

Different weightage has been assigned to these indicators for different tiers of PRIs details of which are given in the table below. For backward population segment – SC, ST and minority population has been given weightage in the ratio of 1: 2: 1.

Indicators used for calculation of entitlements of PRIs under 3 <sup>rd</sup> SFC		Weightage		
		Zilla Parishads	Panchayat Samitis	Gram Panchayats
1a)	Undifferentiated Population	0.500	0.500	0.500
1b)	Backward population segments	0.137	0.137	0.098
1)	Weighted Population	0.637	0.637	0.598
2)	Female Non-Literates	0.070	0.090	0.100
3)	Food Insecurity	0.070	0.090	0.100
4)	Marginal Workers	0.070	0.090	0.100
5)	Total Population without drinking water or paved approach or power supply	0.035	0.0465	0.051
6)	Sparseness of Population [inverse of population density]	0.035	0.0465	0.051
7)	Backwardness reflected by the HDI	0.083	n.a.	n.a.
<b>Sum(1-7)</b>		<b>1.000</b>	<b>1.000</b>	<b>1.000</b>

#Backward population segments

SC	ST	Minority Population	Rural Population (excluding Census Town)
0.25	0.5	0.25	0.1

5. An allocation of 0.726% of the total untied fund of the State will be made to the PRIs of Hill area. This allocation will be made as soon as the Panchayats in the existing DGHC areas are made functional.
6. All PR bodies should prepare an integrated plan for economic development and social justice and District Planning Committee should be consulted for preparation of holistic plan for the district and while implementing such plan there shall be no deviation from the finally approved plan.
7. The Action Plan shall conform to the principle of subsidiarity communicated under this Department Order No.2360/PN/O/I/1S-1/2003 dated 07.07.2003 and technical support, if any, may be obtained from the Panchayat Samiti or Zilla Parishad or Line Departments as the case may be. A team shall be formed at the District or Sub-Division level to assist the Gram Panchayats and Panchayat Samitis to frame appropriate plans keeping in mind the overall priorities for development.
8. The grants under *Bangla Gram Bikash Prakalpa* shall be utilized primarily to meet the responsibilities of the PRIs towards the citizen in respect of those activities, which have been assigned or devolved on those bodies as well as for economic development and social justice including reduction of gender inequality or disparities in general. Priority should be given on eradication of poverty through augmentation of **livelihood opportunities** like agriculture and allied activities, irrigation, promotion of small enterprises suitable for the SHGs and poor families, providing basic amenities to the citizen like drinking water etc., for **eradication of poverty, human development** related to **universalization of elementary education, prevention of common diseases and promotion of public health including improving nutritional status of mother and children and improvement of sanitation in respective areas. The available fund should also be utilized for dovetailing with fund available from other sources like MGNREGA, SGSY, TSC, own resources of the PRIs for better achievement of the goal of development.** Fund should not be used for those activities for which adequate support is available from existing Government programmes. Special attention should also be given on improvement of various civic services to the citizens such as **drinking water supply, water testing and purification measures, drainage facilities**

**and sanitation facilities in public places, conservancy including disposal of solid and liquid waste, road connectivity, streetlights, local hats and markets, health care and such other facilities for betterment of quality of the life of the citizen.** Untied Fund may also be utilized for promotion of sports and culture and development of infrastructure related to its own office as well as building quarters for those who are working for those bodies as own employees or on ex-officio capacities or on deputation basis. Setting up of infrastructure for training and capacity building including equipments can also be done. However, no infrastructure should be created which will require extra manpower to utilize the same.

9. The Fund shall be utilized by PRIs to bridge critical gaps in implementing various activities mentioned in para 8 above. Importance should be given on convergence of this fund with other programmes like NREGA, BRGF etc. Priorities should be given to social sectors particularly for women and child development. Inputs in the form of material, not cash, can be given to Self-help Groups.
10. The Fund should not be spent for those activities, responsibility of which is not entrusted upon the PRIs. This fund should be utilized basically to create new assets for faster economic and human development of the areas. However, 20% of this fund may be utilized for maintenance of assets by the PRIs.
11. In special cases where purchase of land is essential for development of infrastructure for Health centre, Anganwadi centre, hat, market, bus stand Sishu Siksha Kendra, Madhyamik Siksha Kendra, own building of PR body, development of habitat etc., that can be done provided suitable vested lands are not available and 10% of the cost of such land should be borne by the PRI from own resource. Permission for such purchase may be obtained following this office Memo. No. 701/PN/O/ I/ IL-19/09 Dated 10.02.2010.
12. No amount can be spent on salary, purchase of vehicles, construction of religious institutions, monuments and auditorium etc. Also no amount shall be utilized for any activity in any urban area, excepting that within the office complex of the Panchayati Raj Institutions, if situated in an urban area. However, remunerative assets and marketing infrastructure for the Self Help Groups may be created in Municipal areas with the approval of the State Government. Development of infrastructure for other Departments and not directly of use to the Panchayati Raj Institutions for discharging their responsibilities will not be permitted.
13. Priority should also be given in taking up schemes in the backward villages (identified by the State as well as by the districts) so that investment in those villages far exceeds the per capita investment in rest of the districts. Zilla Parishad may invest a portion of its entitlement to meet special needs of backward villages and areas facing unprecedented problems like river erosion etc .
14. For incurring contingent expenditure, up to 3% of the grants under Untied Fund can be spent by PRIs for preparation of plan, different projects etc. Outsourcing, if required, can also be done out of this.
15. Untied Fund under the 3<sup>rd</sup> State Finance Commission (i.e. Bangla Gram Bikash Prakalpa & Panchayat Sampad Bikas Prakalpa) will be available for the next five financial years. In each year, grants will be available in two equal instalments Thus in total, there will be 10 instalments. District will be considered as a unit and thus instalment for all the PRIs in a district will be released at a time.

Sd/- T. Singh  
Principal Secretary  
to the Govt. of West Bengal

Copy forwarded for information and necessary action to-

1. The Commissioner, Panchayats and Rural Development, West Bengal
2. The Director, State Institute of Panchayats and Rural Development, Kalyani
3. Sabhadhipati, .....Zilla Parisad (all)/Mahakuma Parisad
4. District Magistrate,.....(all)
5. Additional Executive Officer,.....(all)
6. Sub Divisional Officer,.....(all)
7. District Panchayat and Rural Development Officer,.....(all)
8. Sabhapati, ..... Panchayat Samiti (all)
9. Block Development Officer, ..... Block (all) He is requested to communicate to concerned Pradhans
10. Private Secretary to the MIC/MOS
11. .... Cell of this department

Joint Secretary  
to the Govt. of West Bengal