



Government of Odisha
Housing & Urban Development Department

No. 13211 /HUD., Date. 7/8/2020
HUD-FUND-COMM-0003-2020

From

G. Mathi Vathanan, IAS
Principal Secretary to Government

To

All the Commissioners of Municipal Corporations
All the Executive Officers of Municipalities & N.A.Cs

Sub:- Guidelines on Utilization of Devolution of funds recommended by the 5th State Finance Commission to ULBs for the period from 2020 - 21 to 2025 - 26 (6 years).

Madam/ Sir,

I am directed to say that on the recommendations of 5th State Finance Commission and the Action Taken Report thereof, Government have decided to devolve a sum of Rs.1830.30 crore for the period from 2020-21 to 2025-26 to be allocated among Municipal Corporations, Municipalities and NACs on the basis of population of each ULB, as per latest Census Report.

The year wise and level of Urban Local Body wise devolution of funds are given below:

[Rs. in Crore]

| ULB | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2020-26 |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Municipal Corporations | 123.95 | 123.95 | 123.95 | 123.95 | 123.95 | 123.95 | 743.70 |
| Municipalities | 130.00 | 130.00 | 130.00 | 130.00 | 130.00 | 130.00 | 780.00 |
| N.A.Cs | 51.10 | 51.10 | 51.10 | 51.10 | 51.10 | 51.10 | 306.60 |
| Total: | 305.05 | 305.05 | 305.05 | 305.05 | 305.05 | 305.05 | 1830.30 |

1. Objectives:

Decentralised Governance is the basic objective underlying the very functioning of Local Self Government. Within the Constitutional framework, the State Government is to empower the Local Bodies by enacting the Law which provides for devolution of powers and authority both for the Panchayats and Municipal Bodies in order to enable them to function

effectively as institutions of self-government. With this objective a sum of Rs.1830.30 crore has been provisioned for a period of six years which is untied in nature.

2. Mode of Release:

The funds under devolution to ULBs will be released directly to the PL account of the concerned ULBs through PL module of IFMS.

3.Mode of Transfer:

The funds for Devolution will be released in two tranches i.e. in April and October during a financial year with following conditions:

- The ULB should submit the opening balance of the last financial year under Double Entry Accrual Based Accounting System (DEABAS).
- The ULB should certify that, they have created the ULB web site and usage of e-Municipality/ SUJOG modules.
- Revenue generation from internal sources to increase by 6% annually vis-à-vis corresponding period in last financial year.

4. Essential features of devolution of funds:

- The Devolution fund is untied in nature.
- Devolution funds shall be utilised by the ULBs in discharging their duties as mandated under the Constitution.
- Utilisation of funds shall be decided by the concerned ULBs taking into account the prioritised local needs.

5. Utilisation and implementation of Devolution of fund:

- Devolution funds for the Urban Local bodies under 5th SFC shall be utilized on prioritised local needs by formulating the Annual Activity Plan duly approved by the Municipal Council which is to be uploaded online.
- The Project approved by the concerned Municipal Council is to be taken up under direct supervision of the N.A.C., Municipality and Municipal Corporation (as the case may be) and to be reviewed from time to time till completion of the work.
- Provisions as laid down in Odisha Municipal Act & Rules/ Municipal Corporation Act &Rule, Municipal Accounting Procedure Rules/ OPWD Code etc. and the basic guidelines issued by Govt. from time to time will be followed strictly during execution of works.
- No Utilization Certificate is required to be submitted towards utilization of devolution of funds. However, the Administrative Department may ask for End Use Report from the respective Urban Local Bodies.
- Maintenance of Inventory Assets has been made an obligatory condition for release of all kinds of Grant in favour of Local Bodies by the Commission. The List of Inventory to be maintained in the prescribed format shall be uploaded online.
- Geo-tagging of completed projects is to be made mandatory.

6. Maintenance of Accounts & Audit

- Separate Book of Account to be maintained by the ULBs for Devolution of Fund.
- The utilisation of Devolution fund is subject to audit by the Local Fund Audit Organisation of State, internal audit of the H & UD Department as well as Annual Technical Inspection of C & AG.

7. Monitoring and Supervision:

- The District Level Monitoring Committee in each district which has been constituted vide Finance Department Resolution No 16885/F dated 4.6.2020 under the Chairmanship of Collector & DM with PD, DUDA and Representatives of the line Department as Members and PD, DRDA as Member Convenor shall review the demand and collection of own sources of revenue, progress of expenditure, End Use Report etc. on quarterly basis.
- Photographs of the projects utilising devolved fund before commencement, during execution and after completion should be taken and kept in the Case Record and to be uploaded in MIS before release of final payment to the executant.

8. Inadmissible projects:

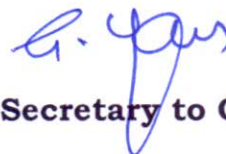
- The negative aspects like Individual benefit to any organization or person, any religious activity or structure, any charitable works, feast and festivities, donation to any organization, purchase of vehicle etc. are strictly prohibited as recommended by 5th State Finance Commission.

This Guideline supersedes all other instructions communicated by H & UD Department as well as Finance Department earlier in this regard. However, on-going projects taken up under the previous guidelines will continue to be governed by the said guidelines.

Housing & Urban Development Department, Government of Odisha will be competent to issue any clarification regarding implementation of State Finance Commission Grants with due approval of High Level Monitoring Committee constituted for the purpose and concurrence of Finance Department.

This has duly been vetted by Finance Department after obtaining necessary approval of High Level Monitoring Committee (HLMC).

Yours faithfully,



Principal Secretary to Government

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Memo No. 13212 /HUD, Date 7/8/2020

Copy forwarded to the Finance (Budget-6) Department for information & necessary action.

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7/8/2020

Joint Secretary to Government

Memo No. 13213 /HUD, Date 7/8/2020

Copy forwarded to all Collectors & District Magistrate/ all Project Directors of District Urban Development Agencies for information & necessary action.

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7/8/2020

Joint Secretary to Government

Memo No. 13214 /HUD, Date 7/8/2020

Copy forwarded to PS to Principal Secretary to Government/ PS to F.A.-cum-Additional Secretary to Government, H & UD Department for kind information of Principal Secretary / F.A.-cum-Additional Secretary

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7/8/2020

Joint Secretary to Government

Memo No. 13215 /HUD, Date 7/8/2020

Copy forwarded all Sections of H & UD Department (except Issue Section/ Diary Section) for information & necessary action.

The RTI Section is requested to upload the guidelines in public domain under section 4(1)(b) of the RTI Act,2005

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7/8/2020

Joint Secretary to Government