



Government of Odisha
Housing & Urban Development Department

No. 13232 /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 UTILISATION OF GRANTS-IN-AID FOR CREATION OF CAPITAL ASSETS FOR REVENUE GENERATION RECOMMENDED BY 5TH STATE FINANCE COMMISSION TO URBAN LOCAL BODIES 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 transfer fund to Urban Local Bodies amounting to Rs.207.00 crore as Grants-in-aid under "Creation of Capital Assets for Revenue Generation" covering a period of six years. The year wise allocation of fund is given below:

(Rs. in Crore)

2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2020-26
34.50	34.50	34.50	34.50	34.50	34.50	207.00

1. OBJECTIVE:

The 5th State Finance Commission in their report have pointed out that it is necessary that ULBs should have sufficient OSR (Own Source of Revenue) so as to fund different schemes under public service delivery system in order to fulfil constitutional obligations. They felt that allocation of funds has to be made to ULBs for creation of capital assets which would generate sufficient revenue.

With this objective Grants-in-Aid of Rs.207.00 crore has been provisioned for a period of six years which is tied in nature and shall not be diverted for any other purposes without prior approval of Government.

2. Mode of Release:

The grant-in-aid will be released in two tranches i.e. in April and October during a financial year with following conditions.

- The grants-in-aid earmarked for Creation of Capital Assets for Revenue Generation will be allocated among different Urban Local Bodies by H&UD Department on the basis of population.
- The funds under grants-in-aid to ULBs will be released directly to the PL account of the concerned ULBs through PL module of IFMS.
- 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.
- The Utilisation of grant is permissible for investment in creation of capital assets which would generate revenue for the Urban Local Bodies with due approval of Municipal Council.
- After receipt of 1st instalment, the ULBs must submit Action plan immediately to H&UD Department prioritising the local needs duly approved by the Council resolution for appraisal.
- While releasing the 2nd instalment of 1st year, AD is to ensure utilisation of at least 30% of the fund allocated in 1st instalment.
- From 2nd year onwards, on account release is to be made for the 1st instalment of the year and the 2nd instalment shall be released on the receipt of UC for at least 50% of the Grant released during previous year.
- Revenue generation from internal sources to increase by 6% annually vis-à-vis corresponding period in last financial year.
- Photographs of the project before commencement, during execution and after completion should be taken and kept in the Case Record and to be uploaded online before release of Final payment to the executant.
- Projects taken up under this grant should not overlap with any existing State or Central Scheme. In such cases, where there is provision of fund under any State or Central Schemes, then equivalent amount as recommended by the Commission shall be deducted from the State Scheme or it may be treated as contribution/share of State Government/Local Bodies in case of Central Scheme.

3. Maintenance of Accounts & Audit

- Separate Book of Account to be maintained by the ULBs for each sector specific grant-in-aid.

- 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.
- Inventory assets register has to be maintained by the ULB in the prescribed format/Form OGFR 30A in terms of Rule-17 (5)(i) of the OGFR and to be uploaded online.
- The utilisation of grant 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.
- Provision laid down in Odisha Municipal Corporation Act & Rules /Orissa Municipal Act & Rules / Municipal Accounting Procedures/ OPWD code etc. as the case may, will be followed strictly at the time of execution of work.

4. 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 Departments as Members and PD, DRDA as Member Convenor shall review the demand and collection of own sources of revenue, progress of expenditure, submission of utilisation certificate etc. on quarterly basis.
- Under public disclosure law as incorporated in OM Act, 1950 and OMC Act, 2003, every ULB need to share with public through Notice Board, paper advertisement and web information on quarterly basis their work plan, on-going projects, projects to be taken up, cost of project and status of the project.

5. Submission of Utilisation Certificate

- The Utilisation Certificate in duplicate shall be furnished by the grantee Urban Local Bodies in Form OGFR-7A duly countersigned by the countersigning authority as per the FDOM No.21241/F, dated 17.07.2014 and such other instructions issued from time to time.

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.

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Housing & Urban Development Department will be competent to clarify doubts, if any, and ensure removal of the bottlenecks, if any, for implementation of the scheme and utilisation of funds and relaxing any of the conditionality for release of grants under special circumstances with due approval of HLMC 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,

G. Yan
Principal Secretary to Government

Memo No. 13233 /HUD, Date 21/8/2020

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

[Signature] 21/08/2020
Joint Secretary to Government

Memo No. 13234 /HUD, Date 21/8/2020

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

[Signature] 21/08/2020
Joint Secretary to Government

Memo No. 13235 /HUD, Date 21/8/2020

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

[Signature] 21/08/2020
Joint Secretary to Government

Memo No. 13236 /HUD, Date 21/8/2020

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

[Signature] 21/08/2020
Joint Secretary to Government