



**Government of Odisha**  
**Housing & Urban Development Department**

\*\*\*\*\*

No. 13277 /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 INNOVATIVE PRACTICES RECOMMENDED BY 5<sup>TH</sup> 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 5<sup>th</sup> State Finance Commission and the Action Taken Report thereof, Government have decided to transfer fund to Urban Local Bodies amounting to Rs.25.00 crore as Grants-in-aid under "Innovative Practices" 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
4.16	4.16	4.17	4.17	4.17	4.17	25.00

**1. OBJECTIVE:**

The Constitution of India has empowered the Urban Local Bodies for discharging their duties as envisaged in the 12<sup>th</sup> Schedule. In order to function as an effective unit of local self-government, the ULBs needs to have think out of track for taking new initiative / innovative practices which in turn will strengthen themselves financially and meet the aspiration of people of urban bodies. The 5<sup>th</sup> State Finance Commission has recommended for funding of the innovative initiative of ULBs.

With this objective Grants-in-Aid of Rs25.00 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 grants-in-aid under the scheme will be allocated against such activities of the Urban Local Body which is innovative in nature and self-sustainable with due approval of the Committee constituted under the Chairmanship of Director, Municipal Administration. The grants-in-aid for an ULB will be released in one go during a financial year with following conditions.

- The ULBs have to submit their proposal of such initiative/ activity in shape of DPR by end of 2<sup>nd</sup> quarter i.e. 30<sup>th</sup> September each year duly approved by the Municipal Council.
- The H & U.D. Department has to scrutinise the proposals submitted by different Urban Local Bodies through a Committee under the Chairmanship of Director Municipal Administration and recommend for sanction of the grant-in-aid.
- While scrutinising the proposal due care should be taken for selection of at least one activity from each level of ULB i.e. Municipal Corporation, Municipality & NAC respectively and importance will be given to the self-sustainable activity.
- 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.
- Revenue generation from internal sources to increase by 6% annually vis-à-vis corresponding period in last financial year.
- The GIA will be released against selected projects of the ULBs in two instalments.
- 2<sup>nd</sup> instalment shall be released after utilisation of at least 50% of the Grant released earlier.
- Photographs of the project 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.
- 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 approved Projects 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 upload 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 each of the projects.

### **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.

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. Y. An*

**Principal Secretary to Government**

Memo No. 13278 /HUD, Date 7/8/2020

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

*G. Y. An*  
7/8/2020

**Joint Secretary to Government**

Memo No. 13279 /HUD, Date 7/8/2020

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

*G. Y. An*  
7/8/2020

**Joint Secretary to Government**

Memo No. 13280 /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

*G. Y. An*  
7/8/2020

**Joint Secretary to Government**

Memo No. 13281 /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

*G. Y. An*  
7/8/2020

**Joint Secretary to Government**