



**Government of Odisha**  
**Housing & Urban Development Department**  
3rd floor, Kharavel Bhavan, Unit-V, Bhubaneswar, PIN:751001

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No. 20617 /HUD, Date 02.12.2021  
**HUD-FUND-POLICY-0003-2020**

From

**G. Mathi Vathanan, IAS**  
**Principal Secretary to Government**

To

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

Sub: **GUIDELINES ON UTILISATION OF GRANTS-IN-AID FOR INCENTIVE GRANTS RECOMMENDED BY 5<sup>TH</sup> STATE FINANCE COMMISSION FOR THE PERIOD FROM 2021-22 TO 2025-26 (5 YEARS).**

Madam /Sir

I am directed to say that on the recommendation of 5<sup>th</sup> State Finance Commission and the Action Taken Report thereof, Government has decided to transfer fund amounting to Rs.50.00 crore as Grants-in-aid covering the period of five years towards Incentive grants to Urban Local Bodies during the award period of 2021-22 to 2025-26. The year wise allocation of fund is detailed below:

(Rs. in Crore)					
2021-22	2022-23	2023-24	2024-25	2025-26	2021-26
10.00	10.00	10.00	10.00	10.00	50.00

**1. OBJECTIVE OF THE SCHEME:**

The 5<sup>th</sup> State Finance Commission have recommended for an incentive structure to incentivise the Urban Local Bodies to augment their Own Sources of Revenue (OSR). The Commission recommended that the ULBs which achieve higher rate of growth from their own source of revenue than the State's average growth rate need to be incentivised. While awarding the incentive grants, the performance of ULBs should be assessed on the basis of the audited accounts.

**2. Eligibility Condition for accessing Performance Incentive:**

The Urban Local Bodies which achieved higher rate of growth in their own source of revenue than the State's average growth rate shall be eligible for the incentive grant. The ULB which achieved minimum amount of Rs.10, 000/- in OSR during year before previous year are eligible to get the incentive grants.

For the purpose ULBs have to claim the incentive grants by submitting following document:

- Copy of the Audited Accounts of the year before previous year showing own sources of Income not below the Rs.10,000/- (Rupees Ten thousand)only &

*G. Mathi Vathanan*

- Provisional Accounts of the previous year showing own sources of Income

(For Example to claim the Incentive grants for the year 2021-22, ULB has to submit audited accounts of the year 2019-20 and provisional accounts for the year 2020-21)

### 3. Mode of distribution of grant:

The inter se distribution of the grants among the eligible ULBs under the scheme will be done proportionately on the basis of percentage of growth achieved by them during previous year.

### 4. Utilization of Incentive Grants:

- The incentive grants made available to the ULBs shall be utilised for creation and maintenance of Income generating assets of the ULBs.
- The grant under the scheme may be dovetailed with other admissible government grant for expenditure.
- The projects approved by respective Municipal Councils are to be taken up under direct supervision of the ULBs and to be reviewed from time to time till completion of the work.
- List of projects as approved by the Municipal Councils are to be submitted to H & UD Department.
- The codal provisions will be followed strictly at the time of execution of the work.

### 5. Mode of Selection & Release of funds:

The incentive grant to the eligible ULB will be released directly to the PL account of the concerned ULBs through PL module of IFMS in one go during a financial year subject to receipt of following information and documents for evaluation.

- The ULBs have to submit their proposals along with required documents by end of November each year.
- The H & UD Department has to scrutinise the proposals submitted by different Urban Local Bodies through a Committee under the Chairmanship of Director Municipal Administration and select the eligible ULBs.

### 6. Maintenance of Accounts & Audit

- Separate book of Account to be maintained by the ULBs for Incentive Grants.
- 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 shall be uploaded online.
- The utilisations of fund under Incentive grants are 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:

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- 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.
- Every ULB need to share under public disclosure law as incorporated in OM Act, 1950 and OMC Act, 2003, 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.

#### 8. Submission of Utilisation Certificate:

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

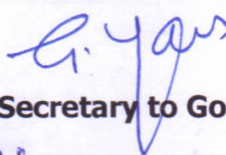
This Guideline supersedes all other instructions communicated by H & UD Department as well as Finance Department earlier in this regard.

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 and approved by High Level Monitoring Committee (HLMC).

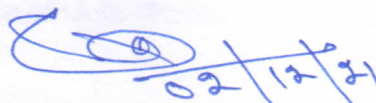
Yours faithfully,



**Principal Secretary to Government**

Memo No. 20618 /HUD, Date 02.12.2021

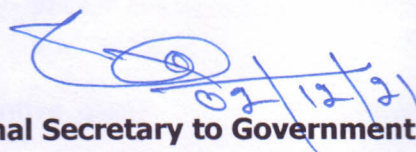
Copy forwarded to Finance (Budget-6) Department for information and necessary action.



**Additional Secretary to Government**

Memo No. 20619 /HUD, Date 02.12.2021

Copy forwarded to all Collectors & District Magistrates / all Project Director, District Urban Development Agencies for information and necessary action.



**Additional Secretary to Government**

Memo No. 20620 /HUD, Date 02.12.2021

Copy forwarded to S.O. to Principal Secretary to Government/ P.S. to F.A.-cum-Special Secretary, H & UD Department for kind information of the Principal Secretary and F.A.-cum-Special Secretary.

**Additional Secretary to Government**

Memo No. 20621 /HUD, Date 02.12.2021

Copy forwarded to all Section of H & UD Department (Except Issue & Diary Section) for information and necessary action.

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

**Additional Secretary to Government**