

किरण धीगरा

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सत्यमेव जयते

सचिव
भारत सरकार
आवास और शहरी गरीबी उपशमन मंत्रालय
निर्माण भवन, नई दिल्ली-110108
SECRETARY
GOVERNMENT OF INDIA
MINISTRY OF HOUSING
& URBAN POVERTY ALLEVIATION
NIRMAN BHAWAN, NEW DELHI-110108

I draw your attention to the reform "*Internal Earmarking of 25% of Municipal budget for providing Basic Services to the Urban Poor*" under JNNURM. A detailed advisory on the action to be taken for successful implementation of this and other pro-poor reforms has been circulated to all the States in March, 2010, as also the models of a few States (e.g. Tamil Nadu and West Bengal). However, implementation across the States continues to be varied and does not have the force of law. In this regard, a Model Amendment has been prepared and is appended with this letter. The salient features of the Model Amendment are the sources of the Fund, its utilization, preparation of P-budget, maintenance of separate primary books of accounts, maintenance of a separate bank account, and non-lapsable nature of the fund.

2. I may alert you to the possibility of this reform being made a condition precedent to releases under the Rajiv Awas Yojana, and request to take the necessary measures to expeditiously carry out the amendment to your Municipal Acts for earmarking of at least 25% of Municipal budgets for providing Basic Services to the Urban Poor.

3. I would appreciate it if the action taken at your end is also communicated to us along with legal amendment made/proposed.

With regards,

Yours sincerely,


(Kiran Dhingra)

Encl: As above

Model Amendment Act for amendment to the respective Municipal Act(s) for communication to the States:

Section 1: Constitution of 'Basic Services to the Urban Poor' Fund

1) *A separate fund called the "Basic Services to the Urban Poor Fund" shall be constituted by every Municipality for delivery of basic services to the urban poor including the inhabitants of slum areas.*

2) *A minimum of twenty five percent of the funds within the municipality's budget shall be earmarked and used for providing basic services to the urban poor, including inhabitants of slum areas on a yearly basis. The allocation to the fund shall be made from the following municipal budgetary resources:*

- a) Municipality's own sources of revenue e.g. taxes, fees, user charges and rent etc.;*
- b) Assigned revenues;*
- c) Allocations from Central / State Finance Commissions/ other inter-governmental transfers;*
- d) Contributions in cash/ kind, gifts from individuals, organizations, donors for services to the poor;*
- e) Grants from externally aided projects;*
- f) Sale of municipal assets;*
- g) Others sources as determined by the Municipality.*

Explanation- *For the purpose of this section any grant or contribution by whatever name called, received by the Municipality which is exclusively for the development of slum areas shall not be a part of the above earmarked funds.*

Section 2: Utilization of the earmarked funds

The earmarked funds under section 1 shall be for providing basic services to the urban poor including the inhabitants of the slum areas.

Explanation- *For the purposes of this section 'basic services' shall include expenditure on capital and revenue account directly incurred on Water supply, Drainage, Sewerage, Construction of community toilets, Solid waste management, Connecting roads, Street lighting, Public parks and play grounds, Community and livelihood centers, Community health centers, Pre-primary and primary education centers, Affordable housing for poor, and other services as determined by the Municipality but shall not include establishment expenses, including salary and wages, not directly and specifically incurred for delivery of basic services to the poor..*

Section 3: The allocation of the funds and its utilization for providing basic services to the urban poor should be detailed and enclosed with the Municipal Annual Budget as P-budget along with the corresponding figures for the previous year.

Section 4: The fund shall be in the nature of a non-lapsable fund. In the event of the annual allocations not fully utilized, the balance funds should not be transferred to the municipal general fund but carried forward for utilization in the subsequent year(s). The fund allocation in the subsequent years shall be considered in addition, and shall not be reduced by the unspent funds of the previous year(s).

Section 5: A separate bank account shall be opened with a nationalized bank called— 'Basic Services to Urban Poor Fund' account wherein funds earmarked under section 1 shall be periodically deposited ensuring that the yearly allocation is equal to the allocation as in the Municipal budget.

Section 6: There shall be maintained separate primary books of accounts with detailed accounting heads in line with the National Municipal Accounts Manual for operation of special fund accounts.