

Urban Development Fund (UDF) Operation and Management Guidelines, 2016

Whereas Ministry of Urban Development (MoUD), Government of India, vide its Order No. J-20011/12/77-LII dated 14th February, 1992, conveyed the sanction of the President of India for the conversion of leasehold properties in Delhi into freehold on payment of conversion charges, subject to certain conditions mentioned therein;

And whereas it was decided that the proceeds from one time conversion in respect of properties leased by DDA will be utilized for housing and urban development in Delhi, for which a separate fund, namely, the Delhi Urban Development Fund (UDF) would be established, and separate instructions will be issued regarding the procedure for the operation and management of the said fund;

And whereas guidelines for UDF were issued by MoUD vide Order No. J-20011/12/77-LII dated 28th April, 1994, wherein a Project Approval Committee (PAC) for approving sanction of funds for projects was constituted;

And whereas MoUD partially modified the guidelines vide Order No. J-20011/12/77-LII dated 17th July, 1996;

And whereas MoUD reconstituted the PAC vide Order No. G-20011/4/99-DDIB dated 30th July, 1999 and revised the guidelines for the operation of UDF vide Order No. G-20011/4/99-DDIB dated 14th September, 1999;

And whereas in supersession of the existing guidelines and existing constitution of the PAC, MoUD hereby makes the following guidelines for operation, management and funding of projects from Urban Development Fund and related aspects thereto:

1. Short title and commencement

- 1.1 These Guidelines may be called the “Urban Development Fund (UDF) Operation and Management Guidelines, 2016”.
- 1.2 They shall come into force with effect from the date of their approval by the Competent Authority in the Ministry of Urban Development.

2. Definitions

- 2.1 “1999 Guidelines” include MoUD’s orders for (i) reconstitution of the PAC issued vide Order No. G-20011/4/99-DDIB dated 30th July, 1999, and (ii) revision of the guidelines for the operation of UDF, issued vide Order No. G-20011/4/99-DDIB dated 14th September, 1999;

- 2.2 “Competent Authority” means the Minister of Urban Development, Government of India whose approval shall be required for sanctioning/ approving the projects for funding from UDF; and
- 2.3 “urban local bodies”, in the context of these Guidelines, include East Delhi Municipal Corporation (EDMC), North Delhi Municipal Corporation (NrDMC), South Delhi Municipal Corporation (SDMC), New Delhi Municipal Council (NDMC) and Delhi Development Authority (DDA).

3. Objective of UDF

- 3.1 UDF shall be utilised for providing financial assistance, in the form of grants, for housing and urban development in the National Capital Territory of Delhi. For the purpose of urban development, by way of augmentation of services, the grants shall be given to the following social and physical infrastructure projects with priority to measures to decongest the National Capital Territory of Delhi:
- (i) **Transportation:** Roads, ROBs, RUBs, flyovers, bye-passes, bicycle-sharing, multi-modal integration, Intelligent Transport System, etc.;
 - (ii) **Sanitation:** Sewage treatment, Solid based disposal, Storm water drainage, etc.;
 - (iii) **Water:** Water conservation and re-cycling, Water distribution etc.;
 - (iv) **Power:** Renewable energy, Power distribution, Energy efficiency initiatives, etc.; and
 - (v) **Social Infrastructure:** Primary Health Centres/ Dispensaries and Primary/ Secondary / Senior Secondary Schools for economically weaker sections, etc.
- 3.2 The financial assistance from UDF shall be available only for the purpose of meeting the capital expenditure.
- 3.3 The financial assistance from UDF shall not be given for meeting the land acquisition cost and the expenditure of revenue nature such as O&M expenditure, salaries & allowances, establishment cost, etc.

4. Agencies/ organisations eligible to avail UDF funding:

- 4.1 All Ministries/ Departments/ Organisations/ Statutory Bodies/ PSUs wholly owned by and under the control of the Central Government or Govt. of NCT of Delhi (GNCTD) or any of the urban local bodies, or the urban local bodies themselves can avail funds under UDF either for the projects being implemented by them, or towards Viability Gap Funding for Public-Private Partnership projects in which they have equity stakes in the project.

5. Procedure for examination of projects

- 5.1 The Implementing Agency, desirous of availing funds from UDF, shall submit a proposal for funding along with Detailed Project Report (DPR), to DDA. The DPR should contain detailed objectives and the benefits that will result from the project, project schedule, detailed cost estimate, detailed funding pattern clearly showing the proposed contribution from all sources including UDF along with the nature of contribution, e.g. equity, loan, grant, etc.
- 5.2 The proposal for funding under UDF shall be sent to DDA by the Implementing Agency, with the approval of the concerned Ministry in the Central Govt. or GNCTD or the concerned urban local body, i.e., MCDs or NDMC or DDA, as the case may be.
- 5.3 The project proposal shall be technically and financially appraised by Engineering and Finance Wing of DDA, in consultation with the Implementing Agency and the sponsoring Government or the concerned urban local body.
- 5.4 The appraisal shall include examination of all the aspects of the project, including the following:
 - (i) the project meets the present and future requirements of the area/ population it aims to serve;
 - (ii) the technical parameters are sound, realistic, technically feasible and meet the various required/ recommended standard guidelines;
 - (iii) the cost estimates are reasonable and as per the PWD/ CPWD common schedule of rates or any other such schedule of rates specified by various Government organisations or regulatory authorities;
 - (iv) the project is economically viable;
 - (v) the required funding from all sources, besides UDF, has been tied up and the funding agencies have committed to such funding;
 - (vi) the Implementing Agency has the organisational capacity to execute the project as per the proposed implementation schedule and technical specifications;
 - (vii) any adverse environmental and social impact have been taken care of to minimise the same through mitigation measures and compliance with extant laws and rules in this regard; and
 - (viii) the Implementing Agency has organized and/ or accounted for the staff and other resources for project implementation and its operation & maintenance.

- 5.5 After appraisal of the project(s), VC, DDA shall ascertain the suitability of the project proposal(s) for funding under UDF. DDA shall place such project(s), along with its recommendations and a self-contained Executive Summary, before the Project Sanctioning Committee (PSC) for consideration for funding them from UDF. The recommendations should clearly indicate the following aspects of proposed funding from UDF:
- (i) amount of funding required as grant;
 - (ii) number of tranches for release of funds, and project milestones which shall trigger the release of a tranche; and
- 5.6 The PSC may accept with or without modifications, or reject the proposals placed before it. The constitution of the PSC is given in clause 8 of these Guidelines.
- 5.7 The recommendations of the PSC shall then be submitted to the Competent Authority for consideration/ approval of the proposals for funding under the UDF.

6. Pattern of funding from UDF

- 6.1 Funds from UDF shall be provided as grants to the Implementing Agency.
- 6.2 To be eligible for funding under UDF, a minimum of 20% of the cost of the project should be arranged by the Implementing Agency from sources other than UDF. However, the PSC may exempt the project from this requirement in public interest with the reasons for such exemption to be recorded in the minutes of PSC's meeting.

7. Disbursal of funds and post-sanction activities

- 7.1 After approval by the Competent Authority, the disbursal of funds shall be done by DDA in instalments according to the terms & conditions for release of funds as may be specified generally for this purpose or specifically for the project as approved by the Competent Authority.
- 7.2 DDA shall frame detailed procedure and forms for disbursal of funds, signing of agreements, monitoring progress of the projects, etc.

8. Project Sanctioning Committee (PSC)

- 8.1 The constitution of the PSC shall be as under:
- (i) Secretary (UD) - Chairperson
 - (ii) Chief Secretary, GNCTD - Member
 - (iii) JS/ AS, MoUD (dealing with DDA) - Member

- (iv) Vice Chairman, DDA - Member
 - (v) JS & FA, MoUD - Member
 - (vi) Chief Accounts Officer, DDA - Member Secretary
- 8.2 The PSC shall meet, as and when required.
- 8.3 Member Secretary, PSC shall prepare the agenda in consultation with JS/ AS, MoUD (dealing with DDA). The agenda shall be circulated to the members of PSC by Member Secretary.
- 8.4 The agenda shall, among other things, include:
- (i) summary as well as the details of the status of UDF including balance amount, forecast of balance in future after accounting year-wise for expected recoupments, existing commitments, etc., to enable the PSC to have a clear picture of the available funds;
 - (ii) a separate agenda item for each project to be considered for sanction of funding under UDF; and
 - (iii) an agenda item to apprise the PSC of the progress of implementation of projects receiving funds from UDF.
- 8.5 The decisions taken by the PSC shall be communicated in the form of minutes of PSC's meeting by Member Secretary after the approval of Chairperson, PSC.

9. Management of UDF

- 9.1 DDA shall monitor the implementation of the projects to ensure the receipt of utilization certificate in respect of the funds received by the Implementing Agency, at the time of release of each subsequent instalment of the approved grants.
- 9.2 DDA shall prepare a suitable forecast of cash flows and invest the surplus funds in short term/ long term deposits, securities, etc.
- 9.3 Within three months of the end of each financial year, DDA will furnish a statement to MoUD, with the approval of VC, DDA, consisting of the following details of UDF:
- (i) opening balance at the beginning of the year;
 - (ii) accumulation and withdrawals during the year;
 - (iii) utilization of withdrawal, project-wise, against the approved financing;
 - (iv) recoupment during the year, project-wise, relating to the withdrawal of the previous years indicating year-wise withdrawals; and
 - (v) closing balance as on 31st March of the financial year.

- 9.4 **Audit:** The accounts of UDF shall form part of the DDA annual accounts, and shall be audited by the C&AG of India, as per the existing practice in this regard.

10. Savings

- 10.1 Notwithstanding the supersession of the 1999 Guidelines for operation of UDF, anything done or any action taken or purported to have been done or taken under the 1999 Guidelines shall insofar as it is not inconsistent with the provisions of these Guidelines, be deemed to have been done or taken under the corresponding provisions of these Guidelines.
- 10.2 The supersession of the 1999 Guidelines shall not affect anything done under those Guidelines which includes funds already sanctioned, funds yet to be released, the terms and conditions of such sanction, recoupment, rates of interest unless expressly decided otherwise by the Competent Authority on the recommendation of the PSC.

11. Amendments to these guidelines and directions thereon

- 11.1 These Guidelines shall be amended, if and when the need for doing so arises, by MoUD.
- 11.2 MoUD can issue directions to clarify any aspects related to these Guidelines.
