K-11019/19/2011-UPA
Government of India
Ministry of Housing & Urban Poverty Alleviation
(UPA Division)

REVISED OPERATIONAL GUIDELINES FOR SANCTION AND IMPLEMENTATION OF PROJECTS UNDER 10% LUMPSUM PROVISION FOR THE BENEFIT OF NORTH EASTERN REGION INCLUDING SIKKIM

1. Introduction:

As per the extant decision of the Government of India, 10% of the total budget provision for the Ministries/Departments will be spent on the projects/schemes of development for the North Eastern Region including Sikkim. The Scheme of 10% Lumpsum Provision for the benefit of North Eastern Region, including Sikkim has been operational in the Ministry of Housing & Urban Poverty Alleviation from the financial year 2001-2002. It is now under implementation as per guidelines of Non-Lapsable Central Pool of Resources (NLCPR). The assistance released from the Pool is tied with the project and no diversion is permissible.

2. Objective of the Scheme:

The broad objective of the scheme is to ensure speedy development in the North Eastern Region including Sikkim by increasing the flow of budgetary financing for new projects/schemes in the Region. As regards the Ministry of Housing & Urban Poverty Alleviation is concerned, projects benefiting the urban poor and low income groups will be considered for providing support under the Central Pool.

3. Coverage:

All urban areas falling under North Eastern Region and Sikkim shall be eligible for assistance under the scheme subject to availability of funds. There should be proper correlation between the population of the town and project cost to be approved with due regard to as assessment of what is needed for the town and what capacity is available for implementation. Each city/town proposed for coverage under the scheme must have a clear picture on poverty/conditions of Economically Weaker Sections and Low Income Group population and what is best needed for them. The State Secretary concerned should issue guidelines for the preparation of projects by towns based on needs analysis and proritisation.

4. Admissible Components:

Grant-in-Aid under the scheme shall be released for the following thrust areas:-

(i) Slum redevelopment/basic services to the poor localities,

(ii) Affordable housing,

(iii) Total sanitation,

(iv) Renewable energy,

(v) State/Town Resource Centre for Poverty Alleviation-cum-Skills Training Centre

(vi) Multi-utility Centre projects located in a central place and catering to the implementation of capacity building programmes for the poor, establishment of training-cum-production centres, micro-business centre, demonstration of appropriate technology, display of products manufactured by the urban poor, primary education, primary health care programme etc.

(vii) Women's markets/vendors markets/vending zones

(vii) Working women's hostel.

5. Inadmissible Components:

(i) Salary and wages.

(ii) Purchase of vehicles.

(iii) Furniture and fixtures.

(iv) Regular maintenance works.

6. Institutional arrangement at the level of Central Government to approve the projects (As per Department of Expenditure OM No. 1(3)/PF.II/2001 dated April 1, 2010):

(a) Ministry of Housing & Urban Poverty Alleviation in normal course (for proposals costing less than Rs. 25 Crore).

(b) Standing Finance Committee (SFC) (for proposals costing Rs. 25 Crores or more but less than Rs.100 Crore)

(i) Chairperson: Secretary, Ministry of Housing & Urban Poverty Alleviation.

(ii) Member-Financial Advisor of the Ministry.

(iii) Member-Joint Secretary/ Additional Secretary in-charge of the UPA Division.

(iv) Representative of any other Ministry/ Department that the Secretary/ Financial Advisor may suggest can also be invited, as per requirement.

(c) Expenditure Finance Committee (EFC):

(For proposals costing Rs. 100 Crore or more but less than Rs.300 Crore)

(i) Chairman- Secretary (HUPA).

(ii) Member- Secretary (Planning Commission) or his representative.

(iii) Member- Secretary (Department of Expenditure) or his representative.

(iv) Member- Secretary (Ministry of DoNER) - an invitee.

(v) Member Secretary- Financial Advisor of the Administrative Ministry/ Department

(d) Expenditure Finance Committee (EFC):

(For proposals costing Rs. 300 Crore and above)

(i) Chairman- Secretary (Department of Expenditure).

(ii) Member- Secretary (Planning Commission) or his representative.

(iii) Member- Secretary (HUPA).

(iv) Member- Secretary (Ministry of DoNER) - an invitee.

(v) Member Secretary- Financial Advisor of the Administrative Ministry/ Department

(e) Appraisal Limits

Limit (Rs. Crore)	**Appraisal Forum**
<25.00	Secretary(HUPA) in normal course
=25.00 & <100.00	Standing Finance Committee (SFC)
=100.00 &<300.00	Expenditure Finance Committee (EFC) chaired by Secretary of Administrative Ministry/ Department
=300.00	Public Investment Board (PIB)/ Expenditure Finance Committee (EFC) chaired by Secretary (Expenditure); Projects/ Schemes where

	financial returns are quantifiable will be considered by PIB and others by EFC.

(f) Approval Limits

Limit (Rs. Crore)	**Appraisal forum**
<25.00	Secretary of Administrative Ministry/ Department
=25.00 & <150.00	Minister-in-Charge of Ministry/ Department.
=150.00 &<300.00	Minister-in-Charge of Ministry/ Department and Minister of Finance.
= or > 300.00	Cabinet/Cabinet Committee on Economic Affairs (CCEA).

The financial limits are with reference to the total size of the project/scheme, which may include budgetary support, internal resources, external aid, loan and so on.

7. Allocation of Funds:

To ensure equitable distribution of resources amongst North-Eastern States including Sikkim, factors like existing inter-state and intra-state regional disparity, Human Development Indices (HDI) including per capita income, poverty level (BPL), density of infrastructure, population, area, terrain etc. besides performance of the States in implementing projects should be kept in mind.

8. Criteria for Submission of Proposals:

The following are the requirements to be ensured while forwarding the proposals for consideration under the scheme:

(i) The proposals should be for financing of capital projects or improving utilization of existing assets.

(ii) The proposals should be accompanied by a Detailed Project Report (DPR) and should be cleared from all administrative and regulatory angles such as land being free of encumbrance, environment clearance, observation of land use zoning under Master Plan/building byelaws etc. The DPR should be submitted after endorsement by the concerned Municipal Body (Urban Local Body) in the case of city/town level projects and Government of the State in the case of state-wide projects..

(iii) Each location-specific project would be counted as one. Clubbing many small projects into one large projects will not be allowed.

(iv) The cost of the land acquisition is not eligible for funding under the scheme.

(v) The proposal should be forwarded by the Urban Development Department/Municipal Administration (nodal department for the scheme) of the State.

(vi) The projects should be implementable within 2-3 years.

(vii) Preference shall be accorded to those projects which are included in the Prime Minister's package, if any, announced for the State/Region.

(viii) State Government should priorities proposals after considering the overall priorities of the cities/towns and state policy directions. Such priority list should be furnished at the beginning of every financial year. Any change in priority should be communicated to the Ministry alongwith the revised priority list duly approved by the competent authority.

(ix) Before considering the project proposals by this Ministry, the State Government should confirm that encumbrance-free land is available for the proposed project and will be physically made available to the implementing agency as soon as the project is sanctioned.

(x) No change in scope or design shall be permitted. In case the scope of the project gets changed due to unavoidable circumstances, revised DPR should be submitted and approval of Ministry should be taken before execution of further work.

(xi) Only those project proposals which cannot be funded under state plan should be submitted under 10% lumpsum scheme.

(xii) The State Government should ensure that external power supply and water is immediately made available on completion of project.

(xiii) Mechanism for handing over assets created and its operations and maintenance under any projects under the scheme should be clearly delineated before submission of a proposal to Ministry of Housing & Urban Poverty Alleviation.

(xiv) Funds under this scheme would not be used to substitute a budgeted ongoing project or scheme.

(xv) In case of projects involving affordable housing, the States should report their procedures for beneficiary selection and allotment of houses which should be made only to the poor and low income group categories based on a transparent procedure, before release of funds.

9. In case the project is not found viable or does not meet the requirement mentioned above for consideration under the scheme, it will be returned to the State Government/concerned agencies and the reasons communicated.

10. Procedure for Submission and Sanction of Projects:

(i) Projects should be submitted by Municipal Bodies through the Department of Urban Development/Municipal Administration (nodal department) of the respective states if included in the priority list.

(ii) State Government Secretary should certify that the specific projects submitted to the Ministry of Housing & Urban Poverty Alleviation, Government of India, are not duplicated within the State outlay. It will also be certified that the DPR for such project is not being submitted to any other authority for financial assistance.

(iii) The areas covered under the project should be those which have been included in census 2011 as towns or are township notified by the State Governments.

(iv) Ministry of Housing & Urban Poverty Alleviation will get the projects appraised through its technical wings (BMTPC/NBCC/HPL/CPWD) to ascertain technical soundness and economic viability. This, however, shall not obviate the need for due diligence and vetting at State level by its own technical agencies.

(v) In case, any of the State Government desires to get the project implemented through Central Agencies such as NBCC, BMTPC, HPL then the detailed project proposal prepared by these agencies have to be submitted and recommended by the State Government.

(vi) In case of projects involving affordable housing and slum redevelopment, the projects shall be executed with close involvement of the beneficiaries. Preference may be given to beneficiary-led execution for the projects. Wherever feasible, the State must submit proposals with beneficiary-led execution for the projects under affordable housing and slum redevelopment subject to supervision of Mohalla Committee/Urban Local Bodies, measurement and check measurement by the technical authorities under the State PWD Code before release of funds for works executed and overall monitoring by the Municipal Executive Officer/District Magistrate/Deputy Commissioner.

(vii) All projects must be completed within a definite time line and no cost/time overruns will be allowed. Better performing States which utilize funds and complete projects within the stipulated time will be given preference in sanctioning of additional projects.

(viii) Proposals relating to escalation in cost of sanctioned projects will not qualify for consideration under this scheme. Cost escalations, if any shall be met by concerned State Government.

11. Financing Pattern

(i) Funds will be released to the State Governments/Executing agency whose projects have been routed through and recommended by respective State Government.

(ii) For projects to be executed by the State Government through their agencies, the cost shall be shared by the Central and State Governments in ratio of 90:10. However, in case of projects to be executed by Central Governments agency, the sanctioning committee may provide enhanced level funding. The State will bear/waive Turnover Tax/ Work Contract Tax, or any such State level taxes where the projects are executed by a Central Agency.

12. Release of Funds

(i) Once a proposal is found suitable for support under the Scheme, the Ministry of Housing & Urban Poverty Alleviation shall release funds to the executing Central Agency/State Government Nodal Department. In case of project executed by State Agencies/Urban Local Bodies, State Government Nodal department will further release the funds to the executing agency, keeping in view the progress of the project.

(ii) Release of central share shall be in three equal instalments, depending upon the physical and financial progress. Second instalment shall be released on utilization of atleast 70% of the first instalment, and third instalment would be released on utilization of atleast 70% of the second instalment and 100% of the first instalment, which would further be subject to the provisions of the rules 212(1) of GFRs, 2005 regarding submission of Utilization Certificates.

(iii) Release under the scheme shall depend on timely submission of the Utilization Certificate and Quarterly Progress Reports to the Ministry of Housing & Urban Poverty Alleviation.

(iv) State Governments should release funds to the Executing Agency within a fortnight of receipt of the same in order to ensure timely completion of the project.

13. Submission of Utilization Certificates

(i) Utilization Certificate would be submitted by the executing agency (either a Central Agency like NBCC, BMTPC, HPL or a State Agency) based on the implementation schedule given in the original project proposal. 100% UCs in the prescribed proforma for the purpose shall have to be provided within 6 months of completion of the project.

(ii) UCs shall be issued only after the expenditure on the project has been incurred by the implementing agency.

(iii) UCs shall be duly counter-signed by the Chief Secretary/Planning Secretary/Secretary of the concerned administrative Department on behalf of the State Government/General Manager in case executing agency is from Central Government.

(iv) Release of further installments shall be recommended only after receipt of UCs and a review of the implementation of the programme/project.

14. Project Implementation Machinery & Submission of Reports

(i) The States and the executing agencies shall report quarterly the progress of the respective projects in prescribed form, indicating the cumulative achievement upto the end of the quarter under report and key issues in implementation.

(ii) The Quarterly Progress Report (QPR) should reach Additional Secretary (JNNURM)/Deputy Secretary (UPA), Ministry of Housing & Urban Poverty Alleviation within three weeks of the end of the quarter under report.

(iii) State Governments should create a Project Monitoring Unit headed by the Secretary concerned. This Unit will closely monitor all ongoing projects to ensure timely completion of the projects, undertake reporting and evaluation. The State Government should conduct a study of at lease 5 (five) identified projects every year so as to find out causes for cost- and time- over runs of projects, to identify areas for improvement and take remedial measures.

(iv) The Project Monitoring Unit shall have minimum resource personnel for guiding towns/monitoring/reporting. The State Government should combine PMU under JNNURM, Slum-free City Cell under Rajiv Awas Yojana and UPA Cell under SJSRY so as to have a capacity pool at the State/City level for all programmes for housing and urban poverty alleviation. This pool can be used to monitor and guide implementation of 10% NER scheme.

15. Monitoring Mechanism at the ULB and State's level

(i) A Committee under the Chairpersonship of District Magistrate/Deputy Commissioner shall be constituted for project-executing towns/ULBs for overall supervision, direction and monitoring of the projects sanctioned.

(ii) Concerned Secretary of the State Government shall hold monthly meetings to review the progress of the ongoing projects under the scheme and make available summary record of such meetings to the Ministry of Housing & Urban Poverty Alleviation.

(iii) In addition, each States would establish independent quality assurance teams for regular quality checks on projects being implemented.

16. Monitoring Mechanism at the Centre

(i) In the Ministry of Housing & Urban Poverty Alleviation, Government of India, Secretary (HUPA) will monitor the scheme at intervals. There will be a Monitoring Committee headed by the Additional Secretary (JNNURM) with Deputy Secretary/Director(UPA) and Director (Finance) as members. The Committee will meet once in a quarter**.**

(ii) Monitoring and evaluation of implementation of the projects shall also be undertaken through field inspections by officers of Ministry of Housing & Urban Poverty Alleviation. Also impact studies, social audits and evaluations would be conducted by the Governmental or independent agencies at the request of the Ministry with cost met under the scheme.

(iii) Third Party Inspection and Monitoring (TPIM) system of JNNURM may be followed for projects sanctioned under 10% NER projects. The third party agencies engaged under different components of JNNURM may be deployed for 10% NER projects. The cost of third party inspection and independent quality assurance will be met from scheme funds.

17. Transparency and Publicity of Information

In order to ensure that the information about development schemes being financial through the Scheme of Lumpsum provision for North Eastern

Region and Sikkim reaches the ultimate beneficiaries, i.e. the targeted population, there is a need to ensure utmost transparency and publicity of information. For this purpose, the following shall be ensured:-

(i) The State Governments should observe all the statutory formalities which include calling tenders on a competitive basis through advertisement in leading newspapers/trade journals, website etc.

(ii) State Governments should display boards at project sites, including road sides etc., indicating the name of projects, date of sanction of the project, date of commencement of the project, likely date of completion, estimated cost of the project, source of funding, name of the executing agency etc.

(iii) The possibility of executing projects on PPP basis should be explored actively rather than resorting to grant funding in all cases. This option can be considered especially in the case of low cost housing, vendors market etc.

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