



ABSTRACT

Grants – Award under 15th Central Finance Commission – Release of **Rs.295.24 crore** as second instalment of Tied Grant for the year 2020-2021 to Non-Million Plus Cities (Cantonment Boards, Municipal Corporations, Municipalities and Town Panchayats) – Sanctioned - Orders – Issued.

MUNICIPAL ADMINISTRATION AND WATER SUPPLY (FC) DEPARTMENT

G.O.(D)No.144

Dated: 27.03.2021

திருவள்ளூர், 2052
சார்வரி வருடம், பங்குனி 14

Read:

1. G.O.(Ms)No.84, Finance (FC-IV) Department, dated 31.03.2017.
2. From the Director, Finance Commission Division, Department of Expenditure, Ministry of Finance, Government of India, Letter No.F.15(2)FC-XV/FCD/2020-25, dated 01.06.2020.
3. From the Director, Finance Commission Division, Department of Expenditure, Ministry of Finance, Government of India, Letter No.F.15(3)/FC-XV/FCD/ 2020-25-ULB Release No.18/ 2020-2021, dated 10.03.2021.

ORDER:

The Ministry of Finance, Government of India in its release order third read above, among others, have sanctioned and released a sum of Rs.295,25,00,000/- (Rupees Two Hundred and Ninety Five Crore and Twenty Five Lakh only) as second instalment of Tied Grant to Non-Million Plus Cities of the State of Tamil Nadu for the year 2020-2021 as recommended by 15th Central Finance Commission.

2. The Ministry of Finance, Government of India while releasing the Grant has stated that the States while allocating grants to Urban Local Bodies in Non-Million Plus Cities should also make allotment of grants on population basis for the Cantonment Boards within their territories as per the list at Annexure 5.4 of the Finance Commission-XV Report for the year 2020-2021. For Urban Local Bodies other than Million-Plus cities, the grants should be distributed to all urban local bodies on the basis of accepted recommendations of the latest State Finance Commission (SFC) recommendations suitably modified to accommodate the Cantonment Boards. In case of non-availability of State Finance Commission recommendation for distribution within a particular category the allocations should be on the basis of population and area in the ratio of 90:10. These tied grants are to be utilized by the Local Bodies for

- (a) drinking water (including rainwater harvesting and recycling) and
(b) Solid Waste Management as recommended by Finance Commission-XV.

3. Accordingly, the Government accord sanction and release a sum of **Rs.295,24,00,000/-** (Rupees Two Hundred and Ninety Five Crore and Twenty Four Lakh only) as the second instalment of Tied Grant for the year 2020-2021 under the award of 15th Central Finance Commission to Non-Million Plus Cities (i.e) Cantonment Boards, Municipal Corporations, Municipalities and Town Panchayats as detailed below:

ULBs	Amount (in Rs.)
Cantonment Boards	90,16,661/- (Rupees ninety lakh sixteen thousand six hundred and sixty one only)
Municipal Corporations	34,70,00,000/- (Rupees thirty four crore and seventy lakh Only)
Municipalities	125,02,33,339/- (Rupees one hundred and twenty five crore two lakh thirty three thousand three hundred and thirty nine only)
Town Panchayats	134,61,50,000/- (Rupees One hundred and thirty four crore sixty one lakh and fifty thousand only)
Total	295,24,00,000/- (Rupees Two Hundred and Ninety five Crore and Twenty Four Lakh only)

4. The amount sanctioned at para 3 above shall be debited under the following heads of account:-

a. Cantonment Boards – Rs.90,16,661/- (Rupees ninety lakh sixteen thousand six hundred and sixty one only)

3604-00 Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 192 – Assistance to Municipalities/Municipal Councils – Central Sector Schemes – SD Tied Grants to Non-Million Cities for Drinking Water and Solid Waste Management as per the recommendation of 15th Finance Commission – Municipalities – 309 – Grants – in – Aid -03 Grants for Specific Schemes.

(IFHRMS DPC 3604-00-192-SD-30903)

(Old DPC 3604-00-192-SD-0934)

b. Municipal Corporations – Rs.34,70,00,000/- (Rupees thirty four crore and seventy lakh only)

3604-00 - Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 191 – Assistance to Municipal Corporations – Central Sector Schemes – SE Tied Grants to Non-Million Cities for Drinking Water and Solid Waste Management as per the recommendation of 15th Finance Commission – Corporations –309 – Grants – in – Aid-03 Grants for Specific Schemes.

(IFHRMS DPC 3604-00-191-SE-30903)

(Old DPC 3604-00-191-SE-0934)

c. Municipalities – Rs.125,02,33,339/- (Rupees one hundred and twenty five crore two lakh thirty three thousand three hundred and thirty nine only)

3604-00 Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 192 – Assistance to Municipalities/Municipal Councils – Central Sector Schemes – SD Tied Grants to Non-Million Cities for Drinking Water and Solid Waste Management as per the recommendation of 15th Finance Commission – Municipalities – 309 – Grants – in – Aid – 03 – Grants for Specific Schemes.

(IFHRMS DPC 3604-00-192-SD-30903)

(Old DPC 3604-00-192-SD-0934)

d. Town Panchayats – Rs.134,61,50,000/- (Rupees One hundred and thirty four crore and sixty one lakh and fifty thousand only)

3604-00 Compensation and Assignments to Local Bodies and Panchayat Raj Institutions – 193 – Assistance to Nagar Panchayats /Notified Area Committees or equivalent thereof – Central Sector Schemes – SD Tied Grants to Non-Million Cities for Drinking Water and Solid Waste Management as per the recommendation of 15th Finance Commission – Town Panchayats – 309 – Grants – in- Aid – 03 – Grants for Specific Schemes.

(IFHRMS DPC 3604-00-193-SD-30903)

(Old DPC 3604-00-193-SD-0932)

5. The Commissioner of Municipal Administration and Director of Town Panchayats are authorized to draw the amount sanctioned in para 3 above. The Commissioner of Municipal Administration is authorized to draw the amount as mentioned at paras 4(a), 4(b) and 4(c) above and disburse the same to the Cantonment Boards, Corporations and Municipalities respectively. The Director of Town Panchayats is authorized to draw the amount sanctioned in para 4(d) above and disburse the same to the Town Panchayats.

6. The Commissioner of Municipal Administration and the Director of Town Panchayats are requested to strictly adhere to the recommendation of the 15th Finance Commission while releasing the tied grants to Urban Local Bodies in Non-Million Plus cities, should also make allotment of grants on population basis for the Cantonment Boards within their territories as per the list at Annexure 5.4 of the Finance Commission-XV Report for the year 2020-2021.

7. The Commissioner of Municipal Administration and the Director of Town Panchayats are requested to furnish necessary Utilization Certificate towards the Utilization of funds sanctioned at para 4 above in the prescribed format for forwarding the same to the Government of India, immediately.

8. The Commissioner of Municipal Administration and the Director of Town Panchayats are requested to ensure strict compliance of Model Code of Conduct guidelines.

9. This order issues with the concurrence of Finance Department vide its U.O.No.13379/Finance (MA&WS)/2021, Dated 15.03.2021 and the Public (Election) Department vide its U.O.No.6213/Public (Election) VIII-(1)/2021, Dated 27.03.2021.

(BY ORDER OF THE GOVERNOR)

**HARMANDER SINGH
ADDITIONAL CHIEF SECRETARY TO GOVERNMENT**

Encl.:

Copy of Operational Guidelines issued by
Department of Expenditure, Ministry of Finance,
Government of India, dated 01.06.2020.

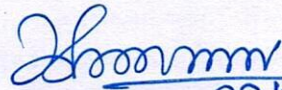
To:-

The Commissioner of Municipal Administration, Chennai-28.
The Director of Town Panchayats, Chennai - 28.
The Indian Defence Estate Services, Office of the Cantonment
Boards, St. Thomas Mount, Chennai and Wellington.
The Pay and Accounts Officer (East), Chennai - 8
The Pay and Accounts Officer (North), Chennai - 1.
The Accountant General (A&E) Chennai - 18.
The Accountant General (Audit) Chennai - 18.

Copy to:-

The Director, Finance Commission Division,
Department of Expenditure, Ministry of Finance,
Government of India, New Delhi -110 003.
The Ministry of Housing and Urban Affairs, Government of India,
Nirman Bhawan, New Delhi -110 001.
The Finance (MAWS/FC-I/FC-II/SFC-MC/W&M-I/BG-M)
Department, Chennai-9.
The Municipal Administration and Water Supply (OP2/TP2)
Department, Chennai-9.
Stock File / Spare Copy

//FORWARDED BY ORDER//


23/3/2021

SECTION OFFICER.

27/3/2021

- No. 15(2)FC-XV/FCD/ 2020-25
Government of India
Ministry of Finance
Department of Expenditure
(Finance Commission Division)

11th Block, 5th Floor,
CGO Complex, Lodi Road,
New Delhi- 110003.
Dated:- 01-06- 2020

To

The Chief Secretary,
(All State Governments)

Subject:- Issue of Operational Guidelines for the implementation of the recommendations on Local body grants contained in Chapter 5 of the Fifteenth Finance Commission (FC-XV) Report - regarding

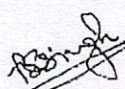
Sir,

The recommendation of Fifteenth Finance Commission (FC-XV) for the Award year 2020-21 include, inter-alia, release of grant-in-aid to State Governments for Urban Local Bodies.

2. Kindly find enclosed herewith a copy of the guidelines for release and utilization of Grants recommended by the Fifteenth Finance Commission (FC-XV) for Urban Local Bodies for information and further necessary action.

Yours faithfully,

Encl.: as above


(Dr. Bhartendu Kumar Singh)
Director(FCD)
24360647(O)
Fax : 011-2436 0174

Copy to:-
Principal Secretary/Secretary (Finance),
All State Governments.

No. 15(2)FC-XV/FCD/ 2020-25
Government of India
Ministry of Finance
Department of Expenditure
(Finance Commission Division)

Operational Guidelines for the implementation of the recommendations on Urban Local body grants contained in Chapter 5(Local Body Grants) of the Fifteenth Finance Commission (FC-XV) Report.

Introduction

1. The Fifteenth Finance Commission (FC-XV) was constituted by the President on November 27th, 2017 and was, inter-alia, mandated to recommend measures needed to augment the Consolidated Funds of the States to supplement the resources of the Panchayats and Municipalities during 2020-25. Subsequently, the Commission was mandated to submit two reports, one for the year 2020-21 and the final Report for the period 2021-22 to 2025-26. The Commission submitted its first Report covering the financial year 2020-21 to the President on 5th December, 2019.
2. The Union Government on 31-01-2020 vide Explanatory Memorandum as to the Action Taken on the Recommendations made by the Fifteenth Finance Commission in its Report for the year 2020-21 inter-alia accepted the recommendations of the FC-XV in respect of the Local Bodies.

Grants recommended

3. The FC-XV have worked out a total size of the grant for local bodies amounting to Rs. 90,000 crore for twenty-eight States. Out of this corpus, the Commission have recommended allocation of Rs. 29,250 crore for Urban Local bodies in 2020-21. The Commission have divided the urban local bodies into two categories: (a) fifty Million-Plus urban agglomerations/cities, excluding Delhi and Srinagar, and (b) all other cities and towns with less than one million population. The Commission (FC-XV) have recommend Rs. 9,229 crore for the Million-Plus cities comprising of Rs. 4400 crore allocated for Ambient Air quality and Rs. 4829 crore for Solid Waste Management & Sanitation. For all other cities and towns, the Commission (FC-XV) have recommend Rs. 20,021 crore, 50% of which will be basic (untied) and the remaining 50% as tied grant. State-wise allocation of Urban Local body grant is given in Annexure-I, attached.

Distribution of ULB grants by the States

4. Million-Plus urban agglomerations/cities:- Urban agglomerations which contain more than one Million-Plus cities, the concerned State Government, in consultation with all such entities within the urban agglomeration, shall entrust one urban local body as a nodal entity to receive the grants. This nodal entity will also have the responsibility of achieving the performance indicators for the entire urban agglomeration.
5. All other cities and towns:- For urban local bodies other than Million-Plus cities, the grants should be distributed to each urban local body on the basis of accepted recommendations of the latest State Finance Commission (SFC) suitably modified to accommodate the Cantonment Boards. In case of non-availability of SFC recommendation for distribution within a particular category, the allocations should be on the basis of population and area in the ratio of 90:10.
6. The States should also make allotment of grants on population basis for the Cantonment Boards within their territories. The list of fifty-nine Cantonment Boards in seventeen States along with the population is at Annexure-II, attached.

Note:- wherever population is to be used, figures as reported in the population Census of 2011 will be used.)

Modalities for the release of grant

7. For Million-Plus urban agglomerations/cities:-

- (i) Ministry of Environment, Forest and Climate Change (MoEF&CC) as the nodal ministry shall, in consultation with the State Governments, to develop city-wise and year-wise targets on ambient air quality targets for 2020-25 based on annual average concentrations of PM10 and PM2.5, monitor and evaluate the improvement and recommend disbursement of grants to such cities in two equal instalments. The second instalment shall be disbursed against the stipulated performance-based outcomes in terms of year-on-year improvement in air quality in January 2021 (Annex 5.5). The MoEF&CC shall publish the benchmarks as immediately as possible and recommend release of grant (Rs. Rs. 4400 crore earmarked for the year 2020-21 for Ambient Air quality) as per the instructions contained in para xiii and xiv of Chapter 5 of FC-XV Report. In case of non-achievement of improvement targets by cities, the balance undistributed fund will be distributed as per the procedure laid down by the FC-XV in para xiv of FC-XV Report.
- (ii) Ministry of Housing and Urban Affairs (MoHUA), as the nodal ministry, shall, in consultation with the State Governments, develop city-wise and year-

wise targets for 2020-25 strictly as per the parameters laid down by FC-XV in Annexure 5.6 and recommend disbursement of Solid Waste Management grant to such cities in two equal instalments. The targets will be improvements over the base year. In 2020-21, the States need to draw up a detailed project report for capacity development and address the infrastructural issues for meeting the service level benchmarks (as per details at Annex 5.6 of FC-XV Report). For the year 2020-21, the recommended amount of Rs. 4,829 crore will be disbursed to concerned cities without any condition and amount released needs to be spent exclusively for improving water and solid waste management and achieving of star ratings by the urban local bodies. Subsequent instalments will be released on the recommendation of the MoHUA based on the assessment about achievement of specified targets.

- (iii) The States need to submit detailed utilization Reports to the nodal ministries clearly indicating the items on which expenditure has been incurred in consonance with the stipulated targets and achievements.

For Non-Million-Plus cities

8. For urban local bodies other than in Million-Plus cities:-

- (i) 50% of Rs. 20021 crore will be released as basic grant(untied) and the remaining 50% will be released as tied grant in two equal instalments. While basic grants can be utilized for location specific needs except for salary and establishment expenses, tied grants are to be utilized for (a) drinking water (including rainwater harvesting and recycling) and (b) solid waste management (as per details at Annex 5.6 of FC-XV Report). These urban local bodies shall earmark one half of the tied grants each to these two critical services and this amount will be in addition to the funds received from any other source/schemes from Union/State. However, if any local body has fully saturated the needs of one category, it can utilise the funds for the other category. Subsequent instalment(s) of tied grants will be released on the recommendations of the MoHUA based on the assessment about achievement of specified targets.

Utilisation of grants

9. The States need to submit detailed utilization Reports (for Million plus cities and other than Million plus cities) to the nodal ministries clearly indicating the items on which expenditure has been incurred in consonance with the stipulated targets and achievements along with the Utilisation Certificate on format as prescribed at

Annexure-III. attached and also make these details available on the website dedicated for the purpose.

Monitoring and concurrent evaluation

10. Ministry of Housing and Urban Affairs, Govt. of India shall also monitor the implementation of the remaining recommendations of the FC-XV with regard to ULBs.

Allocation of ULBs grant for the remaining years of the award period

11. State-wise Allocation for the remaining years of the award period will be intimated to all the States in due course of time.

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