

# **The Chhattisgarh Municipal Urban Development Fund Rules, 2003**

CHHATTISGARH

India

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### **Rule**

### **THE-CHHATTISGARH-MUNICIPAL-URBAN-DEVELOPMENT-FUND-RULES of 2003**

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The Chhattisgarh Municipal Urban Development Fund Rules, 2003 Published vide Notification No. 2699/1912/UAD/2002, dated 5-6-2003, C.G. Rajpatra (Asadharan), dated 5-6-2003 at pages 276 (3-8). In exercise of powers conferred by Section 433 of Chhattisgarh Municipal Corporation Act, 1956 (No. 23 of 1956) and Section 355 of the Chhattisgarh Municipalities Act, 1961 (No. 37 of 1961), the State Government hereby makes the following rules, in respect of transfer of entry tax on the entry of goods in local areas and other receipts to urban local bodies for mobilising additional resources for their infrastructure development.

### **1. Short title and commencement.**

- (i) These rules may be called the Chhattisgarh Municipal Urban Development Fund Rules, 2003. (ii) These rules shall come into force on the date of their publication in the Chhattisgarh Gazette.

### **2. Definitions.**

- In these rules, unless the context otherwise requires :- (a) "Act" means the Chhattisgarh Municipal Corporation Act, 1956 (No. 23 of 1956) and Chhattisgarh Municipalities Act, 1961 (No. 37 of 1961). (b) "Fund" means the fund created under these rules which includes the amount deposited in the Devolution Account and the Infrastructure Account. (c) "Year" means the financial year. (d) "Competent Officer" means the competent officer as shown in the Chhattisgarh Book of Financial Powers. (e) "Government" means the State Government of Chhattisgarh. (f) "Administrative

Department" means the Urban Planning and Development Department in the Government of Chhattisgarh.(g)"Director" means the Director of Urban Planning and Development, in the Government of Chhattisgarh.(h)"Financial Institutions" means Banks, HUDCO and other financial institutions providing loan for infrastructure development.(i)"Urban Local Bodies" means Corporations/Municipalities/ Nagar Panchayats constituted under the Act.(j)"Committee" means the Fund Management Committee constituted under these rules.

### **3. Constitution of the Fund.**

- There shall be a Fund constituted and operated at the State Level by the name "The Chhattisgarh Municipal Infrastructure Fund". The corpus of the fund shall be established in a Personal Deposit Account with token grant of one hundred rupees from the State Government.

### **4. Objectives of the Fund.**

- The objectives of the Fund are as under :-(i)Entry tax devolution on the basis of the orders of the Government of Chhattisgarh based on the population of urban local bodies as per census of 2001.(ii)Sanction of grants from the corpus for specific purposes.(iii)Channeling of grants received from the Government of Chhattisgarh or State Finance Commission or Central Finance Commission to urban local bodies.(iv)Intercept mechanism i.e. repayment of instalment of outstanding loan raised by urban local body directly from the Fund to discharge the liability of urban local bodies.(v)Undertaking responsibility for repayment of instalment of new loans being raised by urban local bodies under the receipts intercept mechanism.

### **5. Access of the Fund.**

- All eligible urban local bodies in the Chhattisgarh shall receive their share of entry tax revenue through the Fund and have access to the Fund for financing urban infrastructure provided they fulfill conditions laid down by the Committee.

### **6. Nature of the Fund.**

(1)The amount of entry tax to be paid from time to time by the State Government from the Consolidated Fund of the State to compensate the loss caused as result of abolition of Octroi Tax shall be transferred every year in the financial year as per budget provision.(2)The grants to be received from the State Government on the recommendations, of the State Finance Commission or Central Finance Commission for the improvement of basic services.(3)The grant to be given by the State Government for other purposes.(4)Funds received from any other sources.

### **7. Account of the Fund.**

- There shall be opened two accounts of the fund namely :-(1)Devolution Account.-(i)The amount of entry tax which is transferred every year to the urban local bodies as a compensation to the Octroi as

per budget provision shall be transferred to this account. But the actual amount released to the urban local bodies shall be ten per cent more than the last year or the actual net income whichever is less treating the year 2001-2002 as base year.(ii)The Finance Department, while making provision in the budget under clause (i) on the basis of net income of the tax, may deduct such amount, as fixed by the State Government from time to time, as collection charges.(iii)The stamp duty and other compensation payable to the urban bodies under the Act and which are to be paid directly shall also be transferred through this account.(iv)One per cent of the entry tax amount credited to the account shall be deposited in separate fund of Yantriki Prakoshtha to support Municipal Engineering Services and to impart technical assistance to urban local bodies.(2)Infrastructure Account.-(i)The remaining amount, after the amount of every tax provided in the budget and which has been transferred to the Devolution Account under sub-clause (1) of Rule 7 treating the year 2001-2002 as base year, shall be transferred to the Infrastructure Account.(ii)The grant to be received from the State Government on the basis of the recommendations of the Finance Commission, for the improvement of basic services shall also be transferred to the Infrastructure Account.(iii)The grant to be given for the specific capital works by the State Government shall also be transferred to the Infrastructure Account.

## **8. Expenses from the Fund.**

(1)Expenses from the Devolution Account.-(i)The amount shall be paid monthly from the Devolution Account with an increase of 10% to the amount received by the urban bodies in the base year 2001-2002 or the percentage of the actual net income whichever is less;(ii)If any urban body resolves or consents to decrease its regular grant and to include it, as a share for infrastructure development, then available amount shall be transferred into the infrastructure account;(iii)If any urban body gives its consent for repayment of its debts to financial institutions or the fulfillment of its liabilities to Government, then the equivalent amount shall be repaid to the concerned financial institution and this shall continue till the debt or liabilities are not over.(2)Expenses from Infrastructure Account. - After transferring the amount, as mentioned in the Rule 8 (1), into the devolution account, the balance amount in the state budget shall be credited to infrastructure account for the improvement of civic amenities and schemes of development of cities to be undertaken or for the new schemes sanctioned through financial institutions for which amount is to be provided. The amount shall be spent from this account mainly for the following development works :(i)Work relating to roads including repairs thereof;(ii)Necessary amount for the drinking water schemes shall include the contribution to be made available by the urban local bodies;(iii)Improvement of fire services;(iv)For any specific programme started by the State Government;(v)Management of garbage/waste;(vi)Improvement of basic amenities in Urban Local Bodies.

## **9. General Conditions Expenditure.**

(1)The competent officer shall be competent to sanction expenditure from the Nagar Vikas Nidhi up to the limits conferred on them and it shall be compulsory to follow the prescribed procedure and conditions.(2)The distribution of amount to the local bodies for expenditure shall be made according to the recognised principles and no decrease/increase can be made.(3)The criterion for

expenditure from the Infrastructure Fund shall be prescribed by the Committee and neither any project shall be taken up nor expenditure shall be incurred for this purpose against the recognized criterion.(4)A minimum of ten per cent of the fund shall be kept for emergency expenditure in Infrastructure Fund. Permission shall not be given for spending the whole amount from such account.(5)The account of the Fund shall be kept in the personal deposit account under the Public Account in the Government Treasury in the name of the Director of Urban Administration and Development and all the transactions shall be made through cheques. The cheques shall jointly be signed by the Director or a Class-I Officer nominated by him, and the Accounts Officer of the Directorate or a senior officer who is doing the work of account.

## **10. Constitution of Fund Management Committee.**

(1)A committee shall be constituted for the administration and supervision of the Fund which shall be known as Fund Management Committee which shall meet at least once in every financial year.(2)The committee shall consist of the following members, namely :-(i)Minister to the Department to be Chairman;(ii)State Minister to the Department to be Vice-Chairman;(iii)Secretary to the Government of Chhattisgarh, Urban Development, as Vice-Chairman;(iv)Special Secretary/Joint Secretary to the Government of Chhattisgarh, Finance Department;(v)The Commissioner/Director, Institutional Finance;(vi)The Commissioner/Director, Urban Development, Government of Chhattisgarh.(3)The Minister, Urban Development shall be the Chairman of the Fund Committee.(4)The Commissioner/Director of Urban Development shall be the Fund Manager.

## **11. Maintenance of Register.**

- The Fund Manager shall maintain registers for maintenance of the accounts including the following :-(i)Cash Book;(ii)Cheque Book;(iii)Pass Book;(iv)A register showing the amount received from the Government;(v)Register of loans utilized by the urban local bodies;(vi)Register of Entry tax;(vii)Register of Grants;(viii)Register of recoveries of payment of loans and interest;(ix)Abstract of monthly and yearly account of the Fund;(x)Register relating to guarantee fees;(xi)Register relating to dues of urban local bodies by various departments of Government.

## **12. Accounts and Audit.**

- The Fund Management Committee shall maintain such books of accounts which are specified in Rule 7 and other books in relation to its accounts and prepare an annual statement of accounts and balance-sheet in such form and in such manner as may be specified by the Government. The fund management shall in accordance with the instructions issued by the State Government from time to time keep the fund under PD Account.(2)The accounts of the Fund Management Committee shall be audited by such auditor in such manner and at such time as the State Government may, by general or special order, direct and the auditor so appointed shall have powers of requiring the production of documents and the furnishing of information in respect of such matters.(3)The account of the Fund Management Committee as certified by the auditor together with the audit report thereon shall be forwarded annually to the State Government within six months from closure of the

accounting year and the state government may issue such directions to the Fund Management Committee shall comply with such directions.

### **13. Annual Report and Audit Statement Accounts.**

- The annual report of the Fund Management Committee shall be prepared under the direction of the Committee and after its approval, a copy of the report shall be submitted to the State Government in the Department of Urban Administration and Development and Finance Department before the end of the July every year.

### **14. Power of Committee to borrow and lend.**

(1)The Committee may, from time to time, with the previous sanction of the State Government and subject to such conditions as the State Government may, by general/special order, determine the share of each local urban body from the amount of Entry Tax received from State Government.(2)Subject to the provisions of these rules, and such conditions and limitations as may be specified in the scheme, the Committee may, out of the corpus available develop share of Entry Tax to each urban local body and repay instalments of loan due under agreements with urban local bodies.